

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended September 30, 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED SEPTEMBER 30, 2013

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--|--|--|---|
| | CURRENT YEAR QUARTER 30/09/2013 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30/09/2012 RM'000 | CURRENT YEAR TO DATE 30/09/2013 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30/09/2012 RM'000 |
| 1 Revenue | 1,292,961 | 1,196,437 | 3,824,045 | 3,536,468 |
| 2 Operating expenses | (1,269,026) | (1,178,409) | (3,759,842) | (3,480,256) |
| 3 Other operating income | 1,670 | 1,267 | 7,266 | 5,074 |
| 4 Profit from operations | 25,605 | 19,295 | 71,469 | 61,286 |
| 5 Finance cost | (1,118) | (1,927) | (3,601) | (5,852) |
| 6 Profit before taxation | 24,487 | 17,368 | 67,868 | 55,434 |
| 7 Taxation | (6,178) | (4,471) | (17,842) | (16,094) |
| 8 Net profit for the period | 18,309 | 12,897 | 50,026 | 39,340 |
| 9 Other comprehensive income:- | | | | |
| - Currency translation differences arising from consolidation | 19 | 1 | 17 | - |
| - Fair value changes on available for sale financial assets | - | - | (34) | - |
| 10 Total comprehensive income | 18,328 | 12,898 | 50,009 | 39,340 |
| 11 Net profit attributable to: | | | | |
| Owners of the parent | 17,276 | 11,815 | 46,816 | 36,452 |
| Non controlling interest | 1,033 | 1,082 | 3,210 | 2,888 |
| Net profit for the period | 18,309 | 12,897 | 50,026 | 39,340 |
| 12 Total comprehensive income attributable to: | | | | |
| Owners of the parent | 17,295 | 11,816 | 46,799 | 36,452 |
| Non controlling interest | 1,033 | 1,082 | 3,210 | 2,888 |
| Total comprehensive income | 18,328 | 12,898 | 50,009 | 39,340 |
| 13 Earnings per share based on 11 above after | | | | |
| (i) Basic (See Note 1 below) (sen) | 10.96 | 7.49 | 29.69 | 23.12 |
| (ii) Fully diluted | N/A | N/A | N/A | N/A |

Note:

1 The weighted average number of shares used in 13 above is computed : 157,658,076 shares.

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended December 31, 2012 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | AS AT END OF CURRENT QUARTER 30/09/2013 RM'000 | AS AT PRECEDING FINANCIAL YEAR END AUDITED 31/12/2012 RM'000 |
|---|--|---|
| 1 Non Current Assets | | |
| Property, plant and equipment | 42,420 | 38,310 |
| Intangible assets | 7,178 | 7,910 |
| Available for sale financial assets | - | 74 |
| Deferred tax assets | 4,134 | 4,689 |
| | 53,732 | 50,983 |
| 2 Current Assets | | |
| Inventories | 422,748 | 382,057 |
| Trade and other receivables | 877,636 | 796,281 |
| Derivative financial instrument | 10 | - |
| Deposits, bank and cash balances | 45,200 | 54,148 |
| | 1,345,594 | 1,232,486 |
| 3 Total Assets | 1,399,326 | 1,283,469 |
| 4 Equity | | |
| Ordinary share capital | 157,658 | 157,658 |
| Share premium | 24,514 | 24,514 |
| Available for sale reserve | - | 34 |
| Foreign currency translation reserve | 59 | 42 |
| Retained earnings | 137,247 | 108,562 |
| Equity attributable to owners of parent | 319,478 | 290,810 |
| Non controlling interest | 17,296 | 18,055 |
| | 336,774 | 308,865 |
| 5 Current Liabilities | | |
| Trade and other payables | 903,183 | 797,442 |
| Derivative financial instrument | - | 11 |
| Borrowings | 79,894 | 108,054 |
| Taxation | 6,594 | 6,654 |
| | 989,671 | 912,161 |
| 6 Non Current Liabilities | | |
| Borrowings | 60,245 | 44,635 |
| Post employment benefit obligation | 7,273 | 12,400 |
| Long term liabilities | 289 | 289 |
| Deferred tax liabilities | 5,074 | 5,119 |
| | 72,881 | 62,443 |
| 7 Total Liabilities | 1,062,552 | 974,604 |
| 8 Total Equity and Liabilities | 1,399,326 | 1,283,469 |
| 9 Net assets per share attributable to ordinary equity holders of the company (RM) | 2.0264 | 1.8446 |

The unaudited Condensed Consolidated Statement of Finance Position should be read in conjunction with the audited annual financial statements for the year ended December 31, 2012 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2013

| | Issued and fully paid ordinary shares of RM1.00 each | Attributable to owners of the parent | | | | | Non controlling interest | Total Equity | |
|---|--|---|-----------------------------|-----------------------------------|---|----------------------------|--------------------------|--------------|----------|
| | | Non-distributable | | Distributable | | | | | |
| | | Share premium on ordinary shares RM'000 | Revaluation reserves RM'000 | Available for sale reserve RM'000 | Foreign currency translation reserve RM'000 | Accumulated profits RM'000 | | | |
| QUARTER ENDED SEPTEMBER 30, 2013 | | | | | | | | | |
| At January 1, 2013 | 157,658 | 157,658 | 24,514 | - | 34 | 42 | 108,562 | 18,055 | 308,865 |
| Total comprehensive income for the period | - | - | - | - | (34) | 17 | 46,816 | 3,210 | 50,009 |
| Dividends | - | - | - | - | - | - | (18,131) | (3,969) | (22,100) |
| At September 30, 2013 | 157,658 | 157,658 | 24,514 | - | - | 59 | 137,247 | 17,296 | 336,774 |
| QUARTER ENDED SEPTEMBER 30, 2012 | | | | | | | | | |
| At January 1, 2012 | 157,658 | 157,658 | 24,514 | - | 29 | 15 | 46,862 | 17,977 | 247,055 |
| Total comprehensive income for the period | - | - | - | - | - | - | 36,452 | 2,888 | 39,340 |
| Dividends | - | - | - | - | - | - | (11,036) | (3,970) | (15,006) |
| At September 30, 2012 | 157,658 | 157,658 | 24,514 | - | 29 | 15 | 72,278 | 16,895 | 271,389 |

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited annual financial statements for the year ended December 31, 2012 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2013**

| | Period ended 30/09/13 RM'000 | Period ended 30/09/12 RM'000 |
|---|------------------------------------|------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Total comprehensive income attributable to owners of the parent | 46,799 | 36,452 |
| Adjustments for non cash flows: | | |
| Depreciation | 5,634 | 6,841 |
| Amortization of trademark | 732 | 732 |
| (Gain)/loss on derivatives | (21) | 238 |
| Gain on disposal of PPE | (319) | - |
| Interest income | (309) | (113) |
| Interest expenses | 3,601 | 5,852 |
| Tax expenses | 17,842 | 16,094 |
| Impairment of trade receivables | 901 | 1,531 |
| Inventories written off | 2,334 | 3,917 |
| Allowance for inventory obsolescence written back | (138) | (682) |
| Accruals for post-employment benefits obligations | 1,449 | 1,564 |
| Non-controlling interests | 3,210 | 2,888 |
| Other non cash items | 74 | 16 |
| Operating profit before changes in working capital | <u>81,789</u> | <u>75,330</u> |
| Changes in working capital: | | |
| Inventories | (42,887) | (25,611) |
| Trade and other receivables | (82,079) | (137,759) |
| Trade and other payables and provisions | 106,140 | 49,181 |
| | <u>(18,826)</u> | <u>(114,189)</u> |
| Interest paid | (3,629) | (5,904) |
| Interest received | 309 | 113 |
| Tax paid | (17,569) | (13,961) |
| Post-employment benefit obligation paid | (6,576) | (773) |
| Net cashflow from operating activities | <u>35,498</u> | <u>(59,384)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant & equipment | (9,796) | (3,812) |
| Net cashflow from investing activities | <u>(9,796)</u> | <u>(3,812)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| (Repayment)/borrowing of loans | (12,550) | 26,269 |
| Dividend paid | (22,100) | (15,006) |
| Net cashflow from financing activities | <u>(34,650)</u> | <u>11,263</u> |
| NET DECREASE IN CASH & CASH EQUIVALENTS | <u>(8,948)</u> | <u>(51,933)</u> |
| CASH AND CASH EQUIVALENTS B/F | 54,148 | 112,726 |
| CASH AND CASH EQUIVALENTS C/F | <u>45,200</u> | <u>60,793</u> |
| Note : Cash and cash equivalents comprise of :- | | |
| Deposits, bank and cash balances | 45,200 | 60,793 |
| | <u>45,200</u> | <u>60,793</u> |

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended December 31, 2012 and the accompanying explanatory notes attached to the interim financial statements.

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The figures have not been audited and are to be read in conjunction with the 2012 annual report.

SEGMENTAL INFORMATION

| | <u>Marketing & Distribution Services</u> | | | <u>Others</u> | <u>Consolidated</u> |
|--|--|---------------|---------------|---------------|---------------------|
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | | |
| For the Period Ended September 30, 2013 | | | | | |
| Revenue | | | | | |
| Total revenue | 1,705,517 | 2,074,307 | 44,221 | 3,824,045 | |
| Results | | | | | |
| Segment result | 42,466 | 23,848 | 5,155 | 71,469 | |
| Finance cost | | | | (3,601) | |
| Profit from ordinary activities before tax | | | | 67,868 | |
| As at September 30, 2013 | | | | | |
| Other Information | | | | | |
| Segment assets | 715,005 | 571,019 | 43,099 | 1,329,123 | |
| Unallocated assets | | | | 70,203 | |
| Total assets | | | | 1,399,326 | |
| Segment liabilities | (338,531) | (461,124) | (2,738) | (802,393) | |
| Unallocated liabilities | | | | (260,159) | |
| Total liabilities | | | | (1,062,552) | |
| Capital expenditure | 2,099 | 4,922 | 2,776 | 9,797 | |
| Depreciation | (1,894) | (1,078) | (2,662) | (5,634) | |

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The figures have not been audited and are to be read in conjunction with the 2011 annual report.

SEGMENTAL INFORMATION

| | <u>For the Period Ended September 30, 2012</u> | | | <u>Consolidated</u> RM'000 |
|--|--|-------------------------------------|-------------------------|-------------------------------|
| | <u>Marketing & Distribution Services</u> RM'000 | <u>Logistics Services</u> RM'000 | <u>Others</u> RM'000 | |
| Revenue | | | | |
| Total revenue | 1,556,358 | 1,941,386 | 38,724 | 3,536,468 |
| Results | | | | |
| Segment result | 32,881 | 23,373 | 5,032 | 61,286 |
| Finance cost | | | | (5,852) |
| Profit from ordinary activities before tax | | | | <u>55,434</u> |
| As at September 30, 2012 | | | | |
| Other Information | | | | |
| Segment assets | 684,096 | 523,070 | 48,380 | 1,255,546 |
| Unallocated assets | | | | 88,121 |
| Total assets | | | | <u>1,343,667</u> |
| Segment liabilities | (298,484) | (417,354) | (1,081) | (716,919) |
| Unallocated liabilities | | | | (355,359) |
| Total liabilities | | | | <u>(1,072,278)</u> |
| Capital expenditure | 1,410 | 1,081 | 1,337 | 3,828 |
| Depreciation | (2,675) | (974) | (3,192) | (6,841) |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(I) Compliance with MFRS 134: Interim Financial Reporting

1. Corporate Information

The Company is a public limited company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors.

2. Accounting Policies and Basis of Preparation

The unaudited condensed consolidated interim financial statements for the period ended September 30, 2013 have been prepared in accordance with MFRS 134 (Interim Financial Reporting) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2012.

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements of the Group for the year ended December 31, 2012. The new, revised and amended MFRS and IC Interpretations, which are effective for the financial periods beginning on or after January 1, 2013 are not anticipated to result in any material impact to the financial results of the Group.

3. Disclosure of Audit Report Qualification and Status of Matters Raised

The auditors' report on the financial statements of the Group for the year ended December 31, 2012 was not qualified.

4. Seasonal or Cyclical Factors

The Group's service segments cover primarily Consumer Goods and Healthcare businesses. Consequently, revenues are influenced by the festive seasons of Hari Raya, Christmas, Chinese New Year and Deepavali.

5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

Except for the events disclosed in section 12 of this interim financial report, there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the quarter under review.

6. Material Changes in Estimates

There were no material changes in estimates used to prepare these financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Changes in Debt and Equity Securities

There were no changes in debt and equity securities during the quarter under review.

8. Dividend Paid

A final single-tier dividend of 9 sen per share amounting to RM 14,189,227 and a special single tier dividend of 2.5 sen per share amounting to RM 3,941,452 on 157,658,076 ordinary shares of RM1.00 each, for the financial year ended December 31, 2012, were paid on August 22, 2013.

9. Segment Information

The Group's segmental information for the financial quarters ended September 30, 2013 and September 30, 2012 is presented separately in this interim financial report.

10. Profit before Tax

The following items are included in profit before tax:

| | Current quarter ended | | Cumulative Year to Date 9 months ended | |
|--|-----------------------|--------------------|--|--------------------|
| | September 30, 2013 | September 30, 2012 | September 30, 2013 | September 30, 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Depreciation | 1,890 | 2,349 | 5,634 | 6,841 |
| Amortization of trademark | 244 | 244 | 732 | 732 |
| Loss/(gain) on derivatives | 582 | 482 | (21) | 238 |
| Rental income | 40 | 96 | 113 | 288 |
| Impairment of assets | - | - | - | - |
| Exceptional items | - | - | - | - |
| Interest income | (98) | (60) | (309) | (113) |
| Interest expenses | 1,118 | 1,927 | 3,601 | 5,852 |
| (Gain)/loss on disposal of quoted/unquoted investment | - | - | - | - |
| Gain on disposal of property, plant and equipment | (4) | - | (319) | - |
| (write back)/allowance for impairment of trade receivables | (204) | 2,041 | 901 | 1,531 |
| Inventories written off | 665 | 992 | 2,334 | 3,917 |
| Allowance/(write back) for inventory obsolescence | 214 | 44 | (138) | (682) |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Valuation of Property, Plant and Equipment

Property, plant and equipment, which are stated at revalued amounts, have been brought forward without amendment from the previous annual financial statements.

12. Material Events subsequent to the end of the Financial Period

The disposal of the leasehold land, announced on May 31, 2013 was completed on October 17, 2013 and the balance of the disposal proceeds was received on October 24, 2013. The anticipated gain on the disposal of RM 97.2 million will be accounted for in the books of the Company in the fourth quarter of 2013.

The disposal of the entire 51% equity interest in DKSH Transport Agencies (M) Sdn Bhd ("DKSH TA") announced on August 30, 2013, was completed on October 29, 2013 and the proceeds was received on October 29, 2013. The anticipated gain on the disposal of RM 8.6 million will be accounted for in the books of the Company in the fourth quarter of 2013.

There were no other material events subsequent to the end of the period reported that have not been reflected in the financial statements for the quarter ended September 30, 2013.

13. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial quarter under review.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
14. Related Party Disclosures

The following table provides information on significant transactions which have been entered into with related parties during the nine-month period ended September 30, 2013 and September 30, 2012 as well as the balances with the related parties as at September 30, 2013 and September 30, 2012:

| | Current Financial Year September 30, 2013 RM'000 | Preceding Financial Year September 30, 2012 RM'000 | Intercompany balances - due from / (to) | |
|---|---|---|--|---------------------------------|
| | | | September 30, 2013 RM'000 | September 30, 2012 RM'000 |
| Sale of goods and services: | | | | |
| - related company (goods) | 1,408 | 31,316 | 171 | 3,957 |
| - related company (rental) | 113 | 288 | - | - |
| - related company (human resource and information technology charges) | 368 | 441 | 20 | 35 |
| | <u>1,889</u> | <u>32,045</u> | <u>191</u> | <u>3,992</u> |
| Purchase of goods and services: | | | | |
| - related company (goods) | 43,834 | 47,950 | (6,912) | (7,864) |
| - related company (management fee) | 3,097 | 1,768 | (1,095) | (850) |
| - related company (information technology charges) | 8,673 | 8,178 | (186) | (175) |
| - other related party (rental) | 7,733 | 9,429 | - | - |
| | | | | |
| Others (interest): | | | | |
| - immediate holding company | 282 | 46 | (33) | (36) |
| - intermediate holding company | 410 | 800 | (77) | (83) |
| | <u>64,029</u> | <u>68,171</u> | <u>(8,303)</u> | <u>(9,008)</u> |

The amounts receivable or payable between related parties are unsecured, non-interest bearing and carry credit terms between 30 to 120 days. There were no overdue balances from related parties as at September 30, 2013.

15. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the quarter ended September 30, 2013 and up to November 21, 2013.

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16. Capital Commitments

Authorized capital commitments not provided for in this interim financial report as at September 30, 2013 are as follows:

| | |
|---------------------------------|-------------|
| | RM'000 |
| Contracted | 3,668 |
| Not contracted | - |
| | <hr/> 3,668 |
| Analyzed as follows: | |
| - Property, plant and equipment | <hr/> 3,668 |

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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA
MALAYSIA SECURITIES BERHAD – 3rd QUARTER ENDED SEPTEMBER 30, 2013**

(II) Compliance with Appendix 9B of the Listing Requirements

1. Review of Performance

The Group's performance in the third quarter has continued on the positive trend set in the earlier quarters of 2013. For the first nine months of 2013, net sales grew by 8.1% from RM 3.54 billion to RM 3.82 billion. Compared to the third quarter of 2012, net sales grew by 8.1% from RM 1.20 billion to RM 1.29 billion in the same quarter of 2013, whilst net sales grew by 0.8% compared to the immediately preceding second quarter of 2013.

The Group's existing clients fuelled the growth, whilst new clients signed up over the last year both in the Consumer Goods as well as in the Healthcare business have additionally underlined the momentum.

Profit before tax increased by 22.4% from RM 55.4 million for the first nine months of 2012 to RM 67.9 million for the same nine months of 2013 based on the good sales performance, additional operating efficiencies, as well as lower financing costs. Furthermore, whilst the tax charges increased in line with higher profits, profit after tax increased by 27.2% from RM 39.3 million for the first nine months of 2012 to RM 50.0 million in the first nine months of 2013.

Comments to the Performance of the Business Segments

Marketing and Distribution Services

Under the segment Marketing and Distribution services, the Group provides the full range of services. The service portfolio ranges from marketing and sales, to distribution and logistics, invoicing and credit control, handling of inventory and trade returns, and other value added services.

Segmental net sales grew by 9.6% from RM 1,556.4 million for the first nine months in 2012 to RM 1,705.5 million for the same period of 2013. Compared to the third quarter of 2012, net sales advanced by 13.1% from RM 517.1 million to RM 584.7 million in the same quarter of 2013, whilst net sales grew by 4.1% compared to the immediately preceding quarter of 2013. The main driver for the sales growth was once again the organic growth of existing clients.

Based on good sales and operating scale efficiencies, the operating result for this segment grew by 29.2% from RM 32.9 million in the first nine months of 2012 to RM 42.5 million in the same period of 2013.

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Logistics Services

Under the segment Logistics services, the Group focuses on supply chain services ranging from import, to forwarding, warehousing and distribution, order processing, and sales collections. Sales and marketing services for clients in this segment are not usually provided by the Group, but are generally run by the clients. The businesses represented under this segment include the Healthcare business and supply chain focused parts of the Consumer Goods business, specifically the telephone card business, as well as the transport and freight forwarding business.

Net sales for this segment increased by 6.8% from RM 1,941.4 million for the first nine months of 2012 to RM 2,074.3 million for the same period of 2013. The third quarter net sales advanced by 4.1% compared to same quarter of 2012 from RM 665.8 million to RM 693.0 million, whilst net sales reduced by 1.9% compared to the strong immediately preceding second quarter of 2013. The impact on sales during the quarter under review came especially from the market environment of the highly competitive telephone card business, whilst Healthcare performed in line with annual trends.

Despite the competitive environment in the telephone card business and investments into the new Healthcare distribution centre, the segment improved the operating result by 2.0% from RM 23.4 million for the first nine months of 2012 to RM 23.8 million for the same period of 2013.

Others

The third segment consists of central overheads including property as well as smaller units, most notably the Famous Amos chocolate chip cookie chain, which forms the most important operational unit.

Net sales for this segment increased by 14.2% from RM 38.7 million for the first nine months of 2012 to RM 44.2 million for the same period of 2013. Compared to the second quarter of 2012, net sales improved 11.8% from RM 13.6 million to RM 15.2 million in the same quarter of 2013, whilst sales increased by 9% compared to the second quarter of 2013, supported by the Raya festive period. During the quarter under review, Famous Amos has also continued the expansion in its retail footprint and now operates 87 outlets nationwide.

The expansion in retail footprint and investments into the back-end infrastructure to support the future growth temporarily affected the operating result, which grew by 2.4% from RM 5.0 million for the first nine months of 2012 to RM 5.2 million for the same period of 2013.

2. Material Changes in Profit before Taxation for the Current Quarter as compared to the Immediate Preceding Quarter

Good sales growth, operating scale efficiencies and reduced financing costs further improved profit before tax compared to the second quarter of 2013.

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3. Prospects

In line with previous comments, the Group continues to maintain a positive outlook based on a well diversified portfolio of clients and customers, as well as a strong sales, marketing and distribution infrastructure with capillary distribution reach. The Group offers a comprehensive portfolio of services along the entire value chain, customized and tailor-made to business partners' specific needs. Furthermore, operational risk management processes and controls, supported by an industry leading IT system, continue to support the business.

It is expected that all three reported segments will continue on a path of sustainable and profitable growth. With this in mind, the Group has been focusing on the necessary supply chain, talent and office infrastructure to enable a continuation of this growth.

Two market trends additionally support a positive medium to long term outlook for the Group. Firstly, the growing middle class in Malaysia supports the demand for consumer goods and pharmaceutical products. Secondly, manufacturers focus increasingly on core competencies and seek specialized service providers in order to grow the market for and with them. We expect these to be positive trends for the Group.

In summary, the Group's performance is expected to continue positively for the remainder of 2013.

4. Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast for the year.

5. Taxation

| | Quarter ended September 30, 2013 RM'000 | Quarter ended September 30, 2012 RM'000 | Year to Date ended September 30, 2013 RM'000 | Year to Date ended September 30, 2012 RM'000 |
|--------------|--|--|--|--|
| Current year | 5,287 | 5,306 | 17,334 | 16,739 |
| Deferred tax | 891 | (835) | 508 | (645) |
| | <u>6,178</u> | <u>4,471</u> | <u>17,842</u> | <u>16,094</u> |

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6. Status of Corporate Proposals Announced

(a) Disposal of property

The Company announced on October 17, 2013, that the disposal of the property held under Pajakan Negeri 3696, Lot 52 Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor was completed on October 17, 2013.

The tenancy agreement in respect of the aforesaid property has become effective on October 17, 2013 for an initial period of 18 months until April 16, 2015.

(b) Disposal of the entire 51% equity interest held in DKSH TA

The Company announced on October 29, 2013, that the disposal of the entire 51% equity interest held by the Company in DKSH TA comprising 5,508 ordinary shares of RM100.00 each to Delta Express (M) Sdn Bhd for a cash consideration of RM 30,600,000 upon the terms and conditions as stipulated in the Share Sale Agreement dated August 30, 2013, was completed on October 29, 2013.

There were no other corporate proposals announced but not completed as at November 21, 2013.

7. Group Borrowings and Debt Securities

| | Quarter ended September 30, 2013 RM'000 |
|--|--|
| <u>Short Term Borrowings</u> | |
| Unsecured and fully denominated in Ringgit Malaysia: | |
| - Bankers' acceptances | 55,700 |
| - Promissory notes | 24,194 |
| - Term loans | - |
| | 79,894 |
| <u>Long Term Borrowings</u> | |
| Unsecured and fully denominated in Ringgit Malaysia: | |
| - Fixed rate term loan | 20,000 |
| - Advances from holding companies | 40,245 |
| | 60,245 |

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8. Disclosure of Derivatives

| Type of derivatives | Contract / Notional Value 30/09/2013 RM'000 | Fair Value 30/09/2013 RM'000 |
|--|--|------------------------------------|
| Foreign exchange contracts - less than 1 year | 16,253 | 16,263 |
| Total | 16,253 | 16,263 |

Foreign currency transactions in Group companies are accounted for at exchange rates ruling at transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the date of the Statement of Financial Position, unless hedged by forward foreign exchange contracts when the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the Statement of Comprehensive Income.

Future liabilities in foreign currencies are covered by forward-purchased currencies from reputable banks when their amounts and due dates are known. Forward hedges are exclusively used for bona-fide and documented trade transactions and not for speculative purposes in line with the DKSH Treasury policy.

The Group's open foreign exchange contracts have been fair valued using the current market rates as at September 30, 2013 resulting in a small unrealized derivative gain of RM 0.01 million. In total, an unrealised gain on forward contracts amounting to RM 0.02 million has been charged to the Statement of Comprehensive Income year-to-date.

9. Changes in Material Litigation

There was no change in material litigation since the date of the last annual Statement of Financial Position and up to November 21, 2013.

10. Dividend Proposed or Declared

A final single-tier dividend of 9 sen per share amounting to RM 14,189,227 and a special single tier dividend of 2.5 sen per share amounting to RM 3,941,452 on 157,658,076 ordinary shares of RM1.00 each, for the financial year ended December 31, 2012, were declared during the quarter under review and paid on August 22, 2013 to every member of the Company whose entitlement to dividends was determined on the basis of the Record of Depositors as at July 23, 2013. In comparison, the dividend paid for the financial year ended December 31, 2011 was a final single-tier dividend of 7 sen per ordinary share of RM1 each paid on August 17, 2012.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Earnings Per Share

- (a) The earnings used as the numerator in calculating basic and diluted earnings per share for the quarter under review and current year-to-date are RM 17,276,000 and RM 46,816,000 respectively.
- (b) The weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share is 157,658,076.

12. Disclosure of Realised and Unrealised Profits/Losses

| | Current Financial Year September 30, 2013 RM'000 | As at the end of preceding Financial Year December 31, 2012 RM'000 |
|--|--|--|
| Total retained profits of DKSH Holdings (Malaysia) Berhad and its subsidiaries: | | |
| - Realised | 135,122 | 106,679 |
| - Unrealised | 11,944 | 12,461 |
| | <hr/> 147,066 | <hr/> 119,140 |
| Less : consolidated adjustments | (9,819) | (10,578) |
| Total group retained profits as per financial statements | <hr/> 137,247 | <hr/> 108,562 |