

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended December 31, 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED DECEMBER 31, 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2012 RM'000 restated	CURRENT YEAR TO DATE 31/12/2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2012 RM'000 restated
Continuing operations				
1 Revenue	1,270,421	1,203,637	5,078,979	4,724,726
2 Operating expenses	(1,249,321)	(1,179,332)	(5,001,995)	(4,651,842)
3 Other operating income	111,184	24,356	117,943	28,958
4 Profit from operations	132,284	48,661	194,927	101,842
5 Finance cost	(882)	(1,976)	(4,483)	(7,828)
6 Profit before taxation	131,402	46,685	190,444	94,014
7 Taxation	(3,714)	(6,584)	(19,280)	(20,466)
8 Profit for the period from continuing operations, net of tax	127,688	40,101	171,164	73,548
Discontinued operations				
9 Profit from discontinued operations, net of tax	621	2,369	7,171	8,262
10 Net profit for the period	128,309	42,470	178,335	81,810
11 Other comprehensive income:-				
- Currency translation differences arising from consolidation	1	27	18	27
- Transfer to profit or loss upon disposal	-	-	(31)	-
- Fair value changes on available for sale financial assets	-	5	(3)	5
12 Total comprehensive income	128,310	42,502	178,319	81,842
13 Net profit attributable to:				
Owners of the parent	128,005	41,310	174,821	77,762
Non controlling interest	304	1,160	3,514	4,048
Net profit for the period	128,309	42,470	178,335	81,810
14 Total comprehensive income attributable to:				
Owners of the parent	128,006	41,342	174,805	77,794
Non controlling interest	304	1,160	3,514	4,048
Total comprehensive income	128,310	42,502	178,319	81,842
15 Earnings per share based on 11 above after				
(i) Basic (See Note 1 below) (sen)	81.19	26.20	110.89	49.32
(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.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended December 31, 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT END OF FINANCIAL YEAR END 31/12/2013 RM'000	AS AT PRECEDING FINANCIAL YEAR END AUDITED 31/12/2012 RM'000
1 Non Current Assets		
Property, plant and equipment	20,110	38,310
Intangible assets	3,334	7,910
Available for sale financial assets	-	74
Deferred tax assets	2,715	4,689
	<u>26,159</u>	<u>50,983</u>
2 Current Assets		
Inventories	397,325	382,057
Trade and other receivables	848,311	796,281
Derivative financial instrument	210	-
Deposits, bank and cash balances	111,995	54,148
	<u>1,357,841</u>	<u>1,232,486</u>
3 Total Assets	<u>1,384,000</u>	<u>1,283,469</u>
4 Equity		
Ordinary share capital	157,658	157,658
Share premium	24,514	24,514
Available for sale reserve	-	34
Foreign currency translation reserve	60	42
Retained earnings	266,948	108,562
Equity attributable to owners of parent	<u>449,180</u>	<u>290,810</u>
Non controlling interest	0	18,055
	<u>449,180</u>	<u>308,865</u>
5 Current Liabilities		
Trade and other payables	877,613	797,442
Derivative financial instrument	-	11
Borrowings	52,195	108,054
Taxation	4,723	6,654
	<u>934,531</u>	<u>912,161</u>
6 Non Current Liabilities		
Borrowings	-	44,635
Post employment benefit obligation	-	12,400
Long term liabilities	289	289
Deferred tax liabilities	-	5,119
	<u>289</u>	<u>62,443</u>
7 Total Liabilities	<u>934,820</u>	<u>974,604</u>
8 Total Equity and Liabilities	<u>1,384,000</u>	<u>1,283,469</u>
9 Net assets per share attributable to ordinary equity holders of the company (RM)	<u>2.8491</u>	<u>1.8446</u>

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.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended December 31, 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2013

	Issued and fully paid ordinary shares of RM1.00 each	Attributable to owners of the parent				Non controlling interest	Total Equity
		Share premium on ordinary shares	Revaluation reserves	Available for sale reserve	Foreign currency translation reserve		
	No of shares 000	Nominal value RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>QUARTER ENDED December 31, 2013</u>							
At January 1, 2013	157,658	157,658	-	34	42	108,562	308,865
Disposal of revalued property	-	-	-	-	-	1,696	1,696
Disposal of subsidiaries	-	-	-	-	-	-	(17,600)
Total comprehensive income for the period	-	-	-	(34)	18	174,821	178,319
Dividends	-	-	-	-	-	(18,131)	(22,100)
At December 31, 2013	157,658	157,658	-	-	60	266,948	449,180
<u>QUARTER ENDED December 31, 2012 (AUDITED)</u>							
At January 1, 2012	157,658	157,658	-	29	15	39,966	240,159
Disposal of revalued property	-	-	-	-	-	1,870	1,870
Total comprehensive income for the period	-	-	-	5	27	77,762	81,842
Dividends	-	-	-	-	-	(11,036)	(15,006)
At December 31, 2012	157,658	157,658	-	34	42	108,562	308,865

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.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended December 31, 2013

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2013**

	Period ended 31/12/13 RM'000	(AUDITED) Period ended 31/12/12 restated RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income attributable to owners of the parent	174,805	77,794
Adjustments for non cash flows:		
Depreciation	7,318	9,023
Amortization of trademark	976	976
Gain on derivatives	(221)	(95)
Gain on disposal of PPE	(47)	(130)
Gain on disposal of leasehold land	(99,465)	(21,645)
Gain on disposal of subsidiaries	(8,640)	-
Fair value changes on available for sale financial assets	34	-
Interest income	(676)	(225)
Interest expenses	4,483	7,828
Tax expenses	21,797	23,356
(Write back)/impairment of trade receivables	(205)	723
Inventories written off	5,152	5,944
(Write back)/allowance for inventory obsolescence written back	(137)	77
Accruals for post-employment benefits obligations	1,580	2,023
Non-controlling interests	3,514	4,048
Net unrealised foreign exchange gain	(91)	(516)
Other non cash items	(31)	(5)
Operating profit before changes in working capital	110,146	109,176
Changes in working capital:		
Inventories	(20,283)	(5,977)
Trade and other receivables	(76,288)	(115,622)
Trade and other payables and provisions	85,238	33,533
	(11,333)	(88,066)
Interest paid	(4,527)	(7,406)
Interest received	676	225
Tax paid	(24,376)	(21,428)
Post-employment benefit obligation paid	(7,031)	(1,184)
Net cashflow from operating activities	63,555	(8,683)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(14,633)	(5,960)
Proceed from disposal of subsidiaries	6,862	-
Proceed from disposal of leasehold land	124,200	30,000
Proceed from disposal of available for sale financial assets	71	-
Proceed from disposal of property, plant & equipment	386	168
Net cashflow from investing activities	116,886	24,208
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans	(100,494)	(59,097)
Dividend paid	(22,100)	(15,006)
Net cashflow from financing activities	(122,594)	(74,103)
NET DECREASE IN CASH & CASH EQUIVALENTS	57,847	(58,578)
CASH AND CASH EQUIVALENTS B/F	54,148	112,726
CASH AND CASH EQUIVALENTS C/F	111,995	54,148
Note : Cash and cash equivalents comprise of :-		
Deposits, bank and cash balances	111,995	54,148
	111,995	54,148

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.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

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

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

SEGMENTAL INFORMATION

	<u>For the Period Ended December 31, 2013</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	2,266,772	2,750,255	61,952	5,078,979
Results				
Segment result	61,413	19,312	105,562	186,287
Gain on disposal of subsidiaries	-	8,640	-	8,640
Segment result	61,413	27,952	105,562	194,927
Finance cost				(4,483)
Profit from ordinary activities before tax				190,444
Taxation				(19,280)
Profit from continuing operations, net of tax				171,164
Profit from discontinued operations, net of tax				7,171
Net profit for the period				178,335
As at December 31, 2013				
Other Information				
Segment assets	700,806	538,820	17,601	1,257,227
Unallocated assets				126,773
Total assets				1,384,000
Segment liabilities	(328,547)	(451,340)	(2,469)	(782,356)
Unallocated liabilities				(152,464)
Total liabilities				(934,820)
Capital expenditure	2,419	8,341	4,091	14,851
Depreciation	(2,455)	(1,395)	(3,468)	(7,318)

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended December 31, 2012
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 December 31, 2012</u>		
	<u>Marketing & Distribution Services</u> RM'000	<u>Logistics Services</u> RM'000	<u>Others</u> RM'000
Revenue			<u>Consolidated</u> RM'000
Total revenue	2,068,640	2,598,664	4,724,726
Results			
Segment result	50,459	21,731	101,842
Finance cost			(7,828)
Profit from ordinary activities before tax			94,014
Taxation			(20,466)
Profit from continuing operations, net of tax			73,548
Profit from discontinued operations, net of tax			8,262
Net profit for the period			81,810
As at December 31, 2012			
Other Information			
Segment assets	636,161	526,394	1,202,901
Unallocated assets			80,568
Total assets			1,283,469
Segment liabilities	(288,048)	(418,862)	(709,791)
Unallocated liabilities			(264,813)
Total liabilities			(974,604)
Capital expenditure	2,062	1,357	5,199
Depreciation	(3,552)	(1,313)	(4,158)
			(9,023)

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended December 31, 2013.

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 December 31, 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 did not have a material impact on 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, sales are influenced by the festive seasons of Chinese New Year, Hari Raya, Deepavali, and Christmas.

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

The sale of the Group's property, as well as the sale of DKSH Transport Agencies, were completed and accounted for during the quarter under review. Consequently, the results of DKSH Transport Agencies have been disclosed as discontinued operations activities in the statement of comprehensive income.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended December 31, 2013.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Material Changes in Estimates

There were no material changes in estimates used to prepare these 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 December 31, 2013 and December 31, 2012 is presented separately in this interim financial report.

[The rest of this page has been left blank intentionally]

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended December 31, 2013.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
10. Profit before Tax from Continuing Operations

The following items are included in profit before tax from continuing operations:

	Current quarter ended		Cumulative Year to Date 12 months ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
				(Audited)
	RM'000	RM'000	RM'000	RM'000
Depreciation	1,684	2,182	7,318	9,023
Amortization of trademark	244	244	976	976
Gain on derivatives	(200)	(333)	(221)	(95)
Rental income	(13)	(47)	(126)	(335)
Impairment of assets	-	-	-	-
Exceptional items	-	-	-	-
Interest income	(367)	(112)	(676)	(225)
Interest expenses	882	1,976	4,483	7,828
Gain on disposal of quoted/unquoted investment	-	-	-	-
Loss/(gain) on disposal of property, plant and equipment	272	(130)	(47)	(130)
Gain on disposal of leasehold land	(99,465)	(21,645)	(99,465)	(21,645)
Incidental cost from disposal of properties	2,198	582	2,198	582
Gain on disposal of subsidiaries	(8,640)	-	(8,640)	-
(Write back)/allowance for impairment of trade receivables	(1,106)	(808)	(205)	723
Inventories written off	2,818	2,027	5,152	5,944
Allowance/(write back) for inventory obsolescence	1	759	(137)	77

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended December 31, 2013.

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

There were no material events subsequent to the end of the period reported that have not been reflected in the financial statements for the quarter ended December 31, 2013.

13. Changes in the Composition of the Group

The Group has sold DKSH Transport Agencies and its subsidiary during the quarter under review.

[The rest of this page has been left blank intentionally]

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended December 31, 2013.

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 year ended December 31, 2013 and December 31, 2012, as well as the balances with the related parties as at December 31, 2013 and December 31, 2012:

	Current Financial Year December 31, 2013 RM'000	Preceding Financial Year December 31, 2012 (Audited) RM'000	Intercompany balances - due from / (to) as at December 31, 2013 RM'000	
			as at December 31, 2013 RM'000	as at December 31, 2012 RM'000
Sale of goods and services:				
- related company (goods)	1,572	31,919	-	3,153
- related company (rental)	126	331	-	-
- related company (human resource and information technology charges)	485	571	64	30
	<u>2,183</u>	<u>32,821</u>	<u>64</u>	<u>3,183</u>
Purchase of goods and services:				
- related company (goods)	58,501	64,118	(6,476)	(5,083)
- related company (management fee)	4,192	2,936	(1,200)	(1,195)
- related company (information technology charges)	11,844	10,425	(347)	(88)
- other related party (rental)	10,028	12,572	-	-
Others (interest):				
- immediate holding company	375	175	(30)	-
- intermediate holding company	600	1,015	(28)	(57)
	<u>85,540</u>	<u>91,241</u>	<u>(8,081)</u>	<u>(6,423)</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 December 31, 2013.

15. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the quarter ended December 31, 2013 and up to February 26, 2014.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended December 31, 2013.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Capital Commitments

Authorized capital commitments not provided for in this interim financial report as at December 31, 2013 are as follows:

	RM'000
Contracted	847
Not contracted	-
	<hr/>
	847
	<hr/>
Analyzed as follows:	
- Property, plant and equipment	<hr/> 847

[The rest of this page has been intentionally left blank]

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended December 31, 2013.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA
MALAYSIA SECURITIES BERHAD – 4th QUARTER ENDED DECEMBER 31, 2013**

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

1. Review of Performance

The year closed well for the Group, with strong sustained sales and profit performance from underlying business activities. Moreover, the sale of the Group's property and the sale of DKSH Transport Agencies were legally completed during the quarter under review, which resulted in additional, non-recurring profit.

Net sales advanced by 7.5% from RM 4.72 billion in 2012 to RM 5.08 billion for the full year 2013. Compared to the fourth quarter 2012, sales grew by 5.5% from RM 1.20 billion to RM 1.27 billion, whilst net sales declined by 1.4% compared to the third quarter 2013, which recorded the strongest quarterly sales in 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 102.6% from RM 94.0 million in 2012 to RM 190.4 million for the full year 2013. This exceptional profit before tax performance was mainly the result of the legal completion of the sale of the Group's property, as well as the sale of DKSH Transport Agencies, which added RM 97.3 million and RM 8.6 million respectively to profit before tax. When eliminating the sale of an earlier property in the fourth quarter of 2012 and the aforementioned two sales affecting the fourth quarter of 2013, profit before tax attributable to underlying business activities increased by 15.9% from RM 73.0 million in 2012 to RM 84.5 million for the full year 2013, supporting a strong close to the year.

Furthermore, the reversal of a deferred tax liability on the revaluation reserves of the sold property reduced the tax charge for the year ended 2013 and further contributed to the profit after tax performance from continued operations, which increased by 132.7% from RM 73.5 million in 2012 to RM 171.2 million in 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 strongly by 9.6% from RM 2,068.6 million in 2012 to RM 2,266.8 million for the full year 2013. Compared to the fourth quarter of 2012, net sales also grew by 9.6% from RM 512.3 million to RM 561.3 million in the same quarter of 2013. Net sales however declined by 4% compared to the very strong third quarter of 2013, which was supported by the Raya festive period. The main driver for the sales growth once again came from organic growth of existing clients.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended December 31, 2013.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Based on good sales performance and operating scale efficiencies, the operating result for this segment grew by 21.7% from RM 50.5 million in 2012 to RM 61.4 million for the full year of 2013.

Logistics Services

Under the segment Logistics services, the Group focuses on supply chain services ranging from warehousing and distribution, to order processing, and sales collections. Sales and marketing services for clients in this segment are generally not provided by the Group, but are mostly 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 sale of telephone cards.

During the quarter under review, the Group also completed the sale of DKSH Transport Agencies. This unit is therefore no longer reported in this interim financial report.

Net sales for the continued operations of this segment (ie excluding the sold DKSH Transport Agencies) increased by 5.8% from RM 2,598.7 million in 2012 to RM 2,750.3 million for the full year of 2013. Compared to the fourth quarter 2012, net sales grew by 2.8% from RM 672.7 million to RM 691.4 million in the same quarter of 2013, whilst net sales advanced 0.5% compared to the immediately preceding third quarter. The sales growth was impacted by the market environment of the highly competitive telephone card business, which contributes a material part to the segment's sales, whilst the Healthcare business performed strongly in the fourth quarter.

Based on the investments and costs relating to the move into the new Healthcare distribution center, which came in in line with plan and are expected to be temporary, the operating result for this segment saw a decline of 11.1% from RM 21.7 million in 2012 to RM 19.3 million for the full year 2013.

Others

This segment consists most notably of the Famous Amos chocolate chip cookie retail chain, as well as central overheads including property. During the quarter under review, the Group completed the sale of the Group's property, which materially contributed to the segment's profits.

Net sales increased by 7.9% from RM 57.4 million in 2012 to RM 62.0 million in 2013. This segment also recorded the strongest quarter of 2013, showing an increase of 16.6% from RM 15.2 million in the third quarter of 2013 to RM 17.7 million in the fourth quarter. Compared to the very strong fourth quarter of 2012, net sales however declined by 5.2% from RM 18.7 million to RM 17.7 million reflecting the seasonality of the business around the festive periods of Christmas and Chinese New Year. During the quarter under review, Famous Amos has also continued the expansion in its retail footprint and as at year-end 2013 operates 88 outlets nationwide.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended December 31, 2013.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Both the fourth quarter 2012, as well as the fourth quarter 2013, were affected by the sale of two separate properties the Group used to own. This segment therefore registered a strong increase in its result of 256.0% from RM 29.7 million in 2012 to RM 105.6 million in 2013 based on the sale of the larger property in the fourth quarter of 2013. When excluding the two separate property sales completed in 2012 and 2013 respectively, the segmental result reduced by 3.4% from RM 8.6 million in 2012 to RM 8.3 million in 2013. This temporary picture is a result of the expansion in retail footprint and investments into the back-end infrastructure to support the future growth of this important and promising retail business, which is further expected to grow.

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

The quarter under review was affected by the sale of the Group's property resulting in a gain of RM 97.3 million, as well as the sale of DKSH Transport Agencies, which resulted in a gain of RM 8.6 million, compared to the third quarter of 2013.

3. Prospects

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 a 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. With this, the Group expects sustained growth of existing businesses, as well as the addition of new clients based on strong business development initiatives.

Moreover, the Group has reemphasised its focus on its core business and laid the foundations for future growth by completing the sale of DKSH Transport Agencies and the sale of the Group's property, whilst commissioning a new state-of-the-art distribution center to serve Healthcare clients and customers. It is expected that all three reported segments will continue on a path of sustainable and profitable 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 in 2014.

4. Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended December 31, 2013.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Taxation

	Quarter ended December 31, 2013 RM'000	Quarter ended December 31, 2012 RM'000	Year to Date ended December 31, 2013 RM'000	Year to Date ended December 31, 2012 RM'000
Current year	5,934	6,517	20,812	21,140
Deferred tax	(2,220)	67	(1,532)	(674)
	<u>3,714</u>	<u>6,584</u>	<u>19,280</u>	<u>20,466</u>

6. Status of Corporate Proposals Announced

There were no corporate proposals announced as at February 26, 2014.

7. Group Borrowings and Debt Securities

	Quarter ended December 31, 2013 RM'000
<u>Short Term Borrowings</u>	
Unsecured and fully denominated in Ringgit Malaysia:	
- Term loans	20,000
- Advances from holding companies	32,195
	<u>52,195</u>

8. Disclosure of Derivatives

Type of derivatives	Contract / Notional Value 31/12/2013 RM'000	Fair Value 31/12/2013 RM'000
Foreign exchange contracts		
- less than 1 year	18,250	18,460
Total	<u>18,250</u>	<u>18,460</u>

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.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended December 31, 2013.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Group's open foreign exchange contracts have been fair valued using the current market rates as at December 31, 2013 resulting in an unrealized derivative gain of RM 0.2 million. In total, an unrealised gain on forward contracts amounting to RM 0.2 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 February 26, 2014.

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 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.

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 128,005,000 and RM 174,821,000 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

	Current Financial Year December 31, 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	285,708	106,679
- Unrealised	2,402	12,461
	288,110	119,140
Less : consolidated adjustments	(21,162)	(10,578)
Total group retained profits as per financial statements	266,948	108,562