

**DKSH HOLDINGS (MALAYSIA) BERHAD** (231378-A)

(Incorporated in Malaysia)

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended March 31, 2014

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED MARCH 31, 2014**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER restated	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD restated
	31/03/2014 RM'000	31/03/2013 RM'000	31/03/2014 RM'000	31/03/2013 RM'000
<b>Continuing operations</b>				
1 Revenue	1,287,013	1,243,540	1,287,013	1,243,540
2 Operating expenses	(1,268,853)	(1,229,528)	(1,268,853)	(1,229,528)
3 Other operating income	478	2,111	478	2,111
4 Profit from operations	18,638	16,123	18,638	16,123
5 Finance cost	(704)	(1,466)	(704)	(1,466)
6 Profit before taxation	17,934	14,657	17,934	14,657
7 Taxation	(4,435)	(4,057)	(4,435)	(4,057)
8 Profit for the period from continuing operations, net of tax	13,499	10,600	13,499	10,600
<b>Discontinued operations</b>				
9 Profit from discontinued operations, net of tax	-	2,167	-	2,167
10 Net profit for the period	13,499	12,767	13,499	12,767
11 Other comprehensive income :				
- Currency translation differences arising from consolidation	-	(2)	-	(2)
- Fair value changes on available for sale financial assets	-	(27)	-	(27)
12 Total comprehensive income	13,499	12,738	13,499	12,738
13 Net profit attributable to:				
Owners of the parent	13,499	11,705	13,499	11,705
Non controlling interest	-	1,062	-	1,062
Net profit for the period	13,499	12,767	13,499	12,767
14 Total comprehensive income attributable to :				
Owners of the parent	13,499	11,676	13,499	11,676
Non controlling interest	-	1,062	-	1,062
Total comprehensive income	13,499	12,738	13,499	12,738
15 Earnings per share (EPS) based on 13 above (See Note 1 below)				
(i) EPS attributable to owners of parent	8.56	7.42	8.56	7.42
(ii) EPS from discontinued operations attributable to owners of the parent	-	0.70	-	0.70
(iii) EPS from continuing operations attributable to owners of the parent	8.56	6.72	8.56	6.72

## Note:

1 The weighted average number of shares used in 15 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, 2013 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 March 31, 2014

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	AS AT END OF FINANCIAL YEAR END  31/03/2014 RM'000	AS AT PRECEDING FINANCIAL YEAR END AUDITED 31/12/2013 RM'000
<b>1 Non Current Assets</b>		
Property, plant and equipment	18,909	20,110
Intangible assets	3,090	3,334
Deferred tax assets	1,596	2,715
	<u>23,595</u>	<u>26,159</u>
<b>2 Current Assets</b>		
Inventories	431,107	397,325
Trade and other receivables	872,270	848,334
Derivative financial instrument	0	210
Deposits, bank and cash balances	104,555	111,995
	<u>1,407,932</u>	<u>1,357,864</u>
<b>3 Total Assets</b>	<u><b>1,431,527</b></u>	<u><b>1,384,023</b></u>
<b>4 Equity</b>		
Ordinary share capital	157,658	157,658
Share premium	24,514	24,514
Foreign currency translation reserve	60	60
Retained earnings	280,454	266,955
Equity attributable to owners of parent	<u>462,686</u>	<u>449,187</u>
<b>5 Current Liabilities</b>		
Trade and other payables	907,938	877,636
Derivative financial instrument	172	-
Borrowings	56,935	52,195
Taxation	3,507	4,716
	<u>968,552</u>	<u>934,547</u>
<b>6 Non Current Liabilities</b>		
Long term liabilities	289	289
	<u>289</u>	<u>289</u>
<b>7 Total Liabilities</b>	<u><b>968,841</b></u>	<u><b>934,836</b></u>
<b>8 Total Equity and Liabilities</b>	<u><b>1,431,527</b></u>	<u><b>1,384,023</b></u>
<b>9 Net assets per share attributable to ordinary equity holders of the company (RM)</b>	<u>2.9347</u>	<u>2.8491</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, 2013 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 March 31, 2014

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2014**

	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	Available for sale reserve	Foreign currency translation reserve	Accumulated profits			
	No of shares	Nominal value	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>QUARTER ENDED March 31, 2014</u>								
At January 1, 2014	157,658	157,658	24,514	-	60	266,955	-	449,187
Total comprehensive income for the period	-	-	-	-	-	13,499	-	13,499
At March 31, 2014	157,658	157,658	24,514	-	60	280,454	-	462,686
<u>QUARTER ENDED March 31, 2013</u>								
At January 1, 2013	157,658	157,658	24,514	34	42	108,562	18,055	308,865
Total comprehensive income for the period	-	-	-	(27)	(2)	11,705	1,062	12,738
At March 31, 2013	157,658	157,658	24,514	7	40	120,267	19,117	321,603

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, 2013 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 March 31, 2014

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED MARCH 31, 2014**

	Period ended 31/03/14 RM'000	Period ended 31/03/2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total comprehensive income attributable to owners of the parent	13,499	11,676
Adjustments for non cash flows:		
Depreciation	1,883	1,896
Amortization of trademark	244	244
Loss on derivatives	382	107
Gain on disposal of PPE	(2)	(156)
Interest income	(261)	(117)
Interest expenses	704	1,466
(Write back)/impairment of trade receivables	(324)	436
Inventories written off	1,379	1,012
Write back of inventory obsolescence	(80)	(9)
Accruals for post-employment benefits obligations	15	673
Income tax expenses - continuing operations	4,435	4,057
Income tax expenses - discontinued operation	-	807
Non-controlling interests	-	1,062
Net unrealised foreign exchange gain	(75)	-
Other non cash items	-	(25)
Operating profit before changes in working capital	<u>21,799</u>	<u>23,129</u>
Changes in working capital:		
Inventories	(35,081)	(6,911)
Trade and other receivables	(23,612)	(73,183)
Trade and other payables and provisions	35,415	89,915
	<u>(23,278)</u>	<u>9,821</u>
Interest paid	(696)	(1,498)
Interest received	261	117
Tax paid	(4,525)	(4,842)
Post-employment benefit obligation paid	(5,059)	(111)
<b>Net cashflow from operating activities</b>	<b><u>(11,498)</u></b>	<b><u>26,616</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment	(684)	(2,010)
Proceed from disposal of property, plant & equipment	2	172
<b>Net cashflow from investing activities</b>	<b><u>(682)</u></b>	<b><u>(1,838)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowing/(repayment) of loans	4,740	(59,389)
Dividend paid	-	-
<b>Net cashflow from financing activities</b>	<b><u>4,740</u></b>	<b><u>(59,389)</u></b>
<b>NET DECREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b><u>(7,440)</u></b>	<b><u>(34,611)</u></b>
CASH AND CASH EQUIVALENTS B/F	111,995	54,148
<b>CASH AND CASH EQUIVALENTS C/F</b>	<b><u>104,555</u></b>	<b><u>19,537</u></b>
Note : Cash and cash equivalents comprise of :-		
Deposits, bank and cash balances	104,555	19,537
	<u>104,555</u>	<u>19,537</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, 2013 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 March 31, 2014

The figures have not been audited and are to be read in conjunction with the 2013 annual report.

**SEGMENTAL INFORMATION**

	<u>Marketing &amp; Distribution Services</u>	<u>Logistics Services</u>	<u>Others</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000	RM'000
<b>For the Period Ended March 31, 2014</b>				
<b>Revenue</b>				
Total revenue	592,922	678,943	15,148	1,287,013
<b>Results</b>				
Segment result	13,480	4,278	880	18,638
Finance cost				(704)
Taxation				(4,435)
Profit for the financial year				13,499
<b>As at March 31, 2014</b>				
<b>Other Information</b>				
Segment assets	754,014	539,247	19,333	1,312,594
Unallocated assets				118,933
Total assets				1,431,527
Segment liabilities	(379,629)	(447,726)	(2,546)	(829,901)
Unallocated liabilities				(138,940)
Total liabilities				(968,841)
Capital expenditure	224	132	328	684
Depreciation	(534)	(546)	(803)	(1,883)

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

**QUARTERLY REPORT**

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

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

**SEGMENTAL INFORMATION**

**For the Period Ended March 31, 2013**

	<u>Marketing &amp; Distribution Services</u>	<u>Logistics Services</u>	<u>Others</u>	<u>Eliminations</u>	<u>Consolidated</u>
	<u>Continuing operations</u>	<u>Continuing operations</u>	<u>Continuing operations</u>		<u>Continuing operations</u>
	RM'000	RM'000	RM'000		RM'000
<b>Revenue</b>					
Total revenue	559,024	669,449	15,067	(5,523)	1,243,540
<b>Results</b>					
Segment result	11,016	3,527	1,580	(2,974)	16,123
Finance cost					(1,466)
Taxation					(4,057)
Profit for the financial year					<u>10,600</u>

	<u>Marketing &amp; Distribution Services</u>	<u>Logistics Services</u>	<u>Others</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000	RM'000
<b>As at March 31, 2013</b>				
<b>Other Information</b>				
Segment assets	691,779	550,117	1,283,141	
Unallocated assets			44,735	
Total assets			<u>1,327,876</u>	
Segment liabilities	(360,494)	(440,873)	(2,315)	(803,682)
Unallocated liabilities				(202,591)
Total liabilities				<u>(1,006,273)</u>
Capital expenditure	604	607	799	2,010
Depreciation	(736)	(319)	(841)	(1,896)

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

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended March 31, 2014.

**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 on May 20, 2014.

**2. Accounting Policies and Basis of Preparation**

The unaudited condensed consolidated interim financial statements for the quarter ended March 31, 2014 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, 2013.

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements of the Group for the year ended December 31, 2013. 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 any material impact on the financial results of the Group.

The comparative figures in the consolidated statement of comprehensive income and Segmental Report for the period ended March 31, 2013 have been restated to exclude the results of the disposed subsidiaries DKSH Transport Agencies (M) Sdn. Bhd. and Macro Consolidators (M) Sdn. Bhd. and have been disclosed separately as discontinued operations in the consolidated statement of comprehensive income.

**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, 2013 was not qualified.

**4. Seasonal or Cyclical Factors**

The Group's service segments cover primarily Consumer Goods and Healthcare businesses. Consequently, net 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**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the quarter under review.

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

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended March 31, 2014.

**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**

No dividend was paid during the quarter ended March 31, 2014.

**9. Segment Information**

The Group's segmental information for the financial quarters ended March 31, 2014 and March 31, 2013 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 March 31, 2014.

**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 ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	RM'000	RM'000	RM'000	RM'000
Depreciation	1,883	1,896	1,883	1,896
Amortization of trademark	244	244	244	244
Loss on derivatives	382	107	382	107
Rental income	(68)	(33)	(68)	(33)
Interest income	(261)	(117)	(261)	(117)
Interest expenses	704	1,466	704	1,466
Gain on disposal of property, plant and equipment	(2)	(156)	(2)	(156)
(Write back)/allowance for impairment of trade receivables	(324)	436	(324)	436
Inventories written off	1,379	1,012	1,379	1,012
Write back of inventory obsolescence	(80)	(9)	(80)	(9)
Gain on disposal of quoted/unquoted investment	-	-	-	-
Impairment of assets	-	-	-	-
Exceptional items	-	-	-	-

**11. Valuation of Property, Plant and Equipment**

Property, plant and equipment have been brought forward without amendment from the previous audited 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 March 31, 2014.

**13. Changes in the Composition of the Group**

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

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

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended March 31, 2014.

**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 quarter ended March 31, 2014 and March 31, 2013, as well as the balances with the related parties as at March 31, 2014 and March 31, 2013:

	Current Financial Year March 31, 2014 RM'000	Preceding Financial Year March 31, 2013 RM'000	Intercompany balances - due from/(to) as at	
			March 31, 2014 RM'000	March 31, 2013 RM'000
<b>Sale of goods and services:</b>				
- related company (goods)	792	332	322	153
- related company (rental)	68	45	-	-
- related company (human resource and information technology charges)	124	141	191	10
	<u>984</u>	<u>518</u>	<u>513</u>	<u>163</u>
<b>Purchase of goods and services:</b>				
- related company (goods)	13,752	12,869	(7,747)	(4,917)
- related company (management fee)	1,138	1,021	(1,300)	(1,161)
- related company (information technology charges)	2,995	2,734	(53)	(232)
- other related party (rental)	2,218	3,143	-	-
<b>Others (interest):</b>				
- immediate holding company	108	93	(34)	(30)
- intermediate holding company	84	131	(28)	(39)
	<u>20,295</u>	<u>19,991</u>	<u>(9,162)</u>	<u>(6,379)</u>

The amounts receivable from or payable to related parties are unsecured, non-interest bearing and carry credit terms between 30 to 120 days. Of the RM 513,000 due from related parties, RM 105,000 was overdue by more than 30 days, but has been settled subsequently.

**15. Changes in Contingent Liabilities or Contingent Assets**

There were no changes in contingent liabilities or contingent assets since the quarter ended March 31, 2014 and up to May 20, 2014.

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

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended March 31, 2014.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**16. Capital Commitments**

Authorized capital commitments not provided for in this interim financial report as at March 31, 2014 are as follows:

	RM'000
Contracted	901
Not contracted	-
	<hr/> 901
Analyzed as follows:	
- Property, plant and equipment	<hr/> 901

[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 March 31, 2014.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA  
MALAYSIA SECURITIES BERHAD – 1<sup>st</sup> QUARTER ENDED MARCH 31, 2014**

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

**1. Review of Performance**

The year commenced well for the Group. For the first quarter of 2014, net sales from continued operations improved by 3.5% from RM 1.2 billion in 2013 to RM 1.3 billion in 2014. Net sales from continued operations also improved by 1.3% compared to the immediately preceding fourth quarter of 2013, which recorded net sales of RM 1.3 billion. Good margin businesses performed well, whilst certain lower margin business showed a subdued performance in the first quarter of 2014. As in previous periods, the sales growth was primarily organically driven by the Group's existing clients, whilst new clients have additionally contributed to the growth.

Moreover, operating expenses have been closely monitored and scrutinized over recent quarters, whilst financing costs reduced based on the Group's higher cash holdings. Therefore, profit before tax from continued operations increased by 22.4% from RM 14.7 million in the first quarter of 2013 to RM 17.9 million in the same quarter of 2014. Profit after tax from continuing operations further improved by 27.3% from RM 10.6 million in the first quarter of 2013 to RM 13.5 million in the first quarter of 2014.

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 6.1% from RM 559.0 million in the first quarter of 2013 to a strong RM 592.9 million in the same quarter of 2014, whilst net sales grew by 5.6% compared to the fourth quarter of 2013, which recorded net sales of RM 561.5 million. Organic sales growth of the Group's existing clients remained the driver for growth.

Based on good sales performance and operating scale efficiencies, the operating result for this segment grew by 22.4% from RM 11.0 million in the first quarter of 2013 to RM 13.5 million in the same quarter of 2014.

**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.

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

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended March 31, 2014.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Net sales from continued operations grew by 1.4% from RM 669.4 million in the first quarter of 2013 to RM 678.9 million in the same quarter of 2014. As compared to the immediately preceding strong fourth quarter 2013, net sales declined by 1.8%. The better margin businesses showed a good sales performance, whilst certain lower margin business showed a slower start to the year.

The operating result from continued operations of this segment improved by 21.3% from RM 3.5 million in the first quarter of 2013 to RM 4.3 million for the quarter under review. All activities in this segment contributed to the profit growth.

**Others**

This segment consists most notably of the Famous Amos chocolate chip cookie retail chain, as well as central overheads.

Net sales increased by 0.5% from RM 15.1 million in the first quarter of 2013 to RM 15.1 million for the same quarter of 2014. Net sales however decreased 14.6% compared to the strong fourth quarter of 2013, which was supported by the year-end festivities and Chinese New Year. Famous Amos has continued the expansion in its retail footprint and as at the end of the first quarter 2014 operates 90 outlets nationwide.

The operating result for this segment reduced by 44.3% from RM 1.6 million in the first quarter of 2013 to RM 0.9 million for the quarter under review. Whilst Famous Amos performed in line with sales performance and expectations, the disposal of the Group's property in the fourth quarter of 2013 reduced the corresponding rental income leading to the decline in profit for this segment.

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

There were no material items that have affected the performance of the first quarter 2014. The fourth quarter of 2013 was however affected by the conclusion of the disposal of the Group's property and DKSH Transport Agencies (M) Sdn. Bhd. and its subsidiary.

**3. Prospects**

The Group's performance is expected to continue positively throughout 2014 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 clients' 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. It is expected that all three reported segments will contribute to sustainable, profitable growth.

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

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended March 31, 2014.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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 additional positive trends for the Group.

**4. Variance of Actual Profit from Forecast Profit**

The Group did not issue any profit forecast.

**5. Taxation**

	Quarter ended March 31, 2014 RM'000	Quarter ended March 31, 2013 RM'000	Year-to-Date ended March 31, 2014 RM'000	Year-to-Date ended March 31, 2013 RM'000
Current year	3,315	4,603	3,315	4,603
Deferred tax	1,120	(546)	1,120	(546)
	<u>4,435</u>	<u>4,057</u>	<u>4,435</u>	<u>4,057</u>

**6. Status of Corporate Proposals Announced**

There were no corporate proposals announced but not completed as at May 20, 2014.

**7. Group Borrowings and Debt Securities**

	Quarter ended March 31, 2014 RM'000
<u>Short Term Borrowings</u>	
Unsecured and fully denominated in Ringgit Malaysia:	
- Term loans	20,000
- Advances from holding companies	36,935
	<u>56,935</u>

[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 March 31, 2014.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**8. Disclosure of Derivatives**

Type of derivatives	Contract / Notional Value 31/03/2014 RM'000	Fair Value 31/03/2014 RM'000
Foreign exchange contracts - less than 1 year	21,786	21,615
<b>Total</b>	<b>21,786</b>	<b>21,615</b>

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 March 31, 2014 resulting in a unrealized derivative loss of RM 0.2 million. In total, an unrealised loss on derivative contracts amounting to RM 0.4 million has been charged to the statement of comprehensive income for the financial year-to-date representing the loss for the quarter as well as reversal of the unrealized gain on derivatives of RM 0.2 million as at December 31, 2013.

**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 May 20, 2014.

**10. Dividend Proposed or Declared**

A final single-tier dividend of 9.5 sen per share amounting to RM 14,977,517 and a special single tier dividend of 13 sen per share amounting to RM 20,495,550 on 157,658,076 ordinary shares of RM 1.00 each in respect of the financial year ended December 31, 2013 will be proposed for shareholders' approval at the forthcoming Annual General Meeting of the Company. These financial statements do not yet reflect the proposed final dividend and the proposed special dividend. The aforesaid dividends will be accounted for in the financial year ending December 31, 2014 when approved by shareholders.

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

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended March 31, 2014.

**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 for the financial year-to-date period ended March 31, 2014 are RM 13,499,000.
- (b) The weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share for the quarter under review and for the financial year-to-date period ended March 31, 2014 is 157,658,076.

**12. Disclosure of Realised and Unrealised Profits**

	Current Financial Year March 31, 2014 RM'000	As at the end of preceding Financial Year December 31, 2013 RM'000
Total retained profits of DKSH Holdings (Malaysia) Berhad and its subsidiaries:		
- Realised	292,843	285,715
- Unrealised	1,073	2,402
	<hr/> 293,916	<hr/> 288,117
Less : consolidated adjustments	(13,462)	(21,162)
<b>Total group retained profits as per financial statements</b>	<hr/> <b>280,454</b>	<hr/> <b>266,955</b>