

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

(Incorporated in Malaysia)

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended June 30, 2014

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2014**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2013 RM'000	CURRENT YEAR TO DATE 30/06/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2013 RM'000
<b>Continuing operations</b>				
1 Revenue	1,361,014	1,277,148	2,648,027	2,520,688
2 Operating expenses	(1,342,221)	(1,256,544)	(2,611,074)	(2,486,072)
3 Other operating income	1,487	3,129	1,965	5,240
4 Profit from operations	20,280	23,733	38,918	39,856
5 Finance cost	(527)	(1,017)	(1,231)	(2,483)
6 Profit before taxation	19,753	22,716	37,687	37,373
7 Taxation	(5,296)	(6,042)	(9,731)	(10,099)
8 Profit for the period from continuing operations, net of tax	14,457	16,674	27,956	27,274
<b>Discontinued operations</b>				
9 Profit from discontinued operations, net of tax	-	2,276	-	4,443
10 Net profit for the period	14,457	18,950	27,956	31,717
11 Other comprehensive income :				
- Currency translation differences arising from consolidation	(7)	-	(7)	(2)
- Fair value changes on available for sale financial assets	-	(34)	-	(34)
12 Total comprehensive income	14,450	18,916	27,949	31,681
13 Net profit attributable to:				
Owners of the parent	14,457	17,835	27,956	29,540
Non controlling interest	-	1,115	-	2,177
Net profit for the period	14,457	18,950	27,956	31,717
14 Total comprehensive income attributable to :				
Owners of the parent	14,450	17,828	27,949	29,504
Non controlling interest	-	1,115	-	2,177
Total comprehensive income	14,450	18,943	27,949	31,681
15 Earnings per share (EPS) based on 13 above (See Note 1 below)				
(i) EPS attributable to owners of parent	9.17	11.31	17.73	18.74
(ii) EPS from discontinued operations attributable to owners of the parent	-	0.74	-	1.44
(iii) EPS from continuing operations attributable to owners of the parent	9.17	10.58	17.73	17.30

**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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	AS AT END OF CURRENT QUARTER  30/06/2014 RM'000	AS AT PRECEDING FINANCIAL YEAR END AUDITED 31/12/2013 RM'000
<b>1 Non Current Assets</b>		
Property, plant and equipment	18,221	20,110
Intangible assets	2,846	3,334
Deferred tax assets	2,067	2,715
	23,134	26,159
<b>2 Current Assets</b>		
Inventories	460,848	397,325
Trade and other receivables	910,420	848,334
Derivative financial instrument	0	210
Deposits, bank and cash balances	147,301	111,995
	1,518,569	1,357,864
<b>3 Total Assets</b>	<b>1,541,703</b>	<b>1,384,023</b>
<b>4 Equity</b>		
Ordinary share capital	157,658	157,658
Share premium	24,514	24,514
Foreign currency translation reserve	53	60
Retained earnings	259,438	266,955
Equity attributable to owners of parent	441,663	449,187
<b>5 Current Liabilities</b>		
Trade and other payables	1,049,402	877,636
Derivative financial instrument	225	-
Borrowings	44,465	52,195
Taxation	5,659	4,716
	1,099,751	934,547
<b>6 Non Current Liabilities</b>		
Long term liabilities	289	289
	289	289
<b>7 Total Liabilities</b>	<b>1,100,040</b>	<b>934,836</b>
<b>8 Total Equity and Liabilities</b>	<b>1,541,703</b>	<b>1,384,023</b>
<b>9 Net assets per share attributable to ordinary equity holders of the company (RM)</b>	<b>2.8014</b>	<b>2.8491</b>

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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED JUNE 30, 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 RM'000	Available for sale reserve RM'000	Foreign currency translation reserve RM'000	Accumulated profits RM'000		
<u>QUARTER ENDED June 30, 2014</u>							
At January 1, 2014	157,658	24,514	-	60	266,955	-	449,187
Total comprehensive income for the period	-	-	-	(7)	27,956	-	27,949
Dividends	-	-	-	-	(35,473)	-	(35,473)
At June 30, 2014	157,658	24,514	-	53	259,438	-	441,663
<u>QUARTER ENDED June 30, 2013</u>							
At January 1, 2013	157,658	24,514	34	42	108,562	18,055	308,865
Total comprehensive income for the period	-	-	(34)	(2)	29,540	2,177	31,681
Dividends	-	-	-	-	(18,131)	(3,969)	(22,100)
At June 30, 2013	157,658	24,514	-	40	119,971	16,263	318,446

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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED JUNE 30, 2014**

	Period ended 30/06/14 RM'000	Period ended 30/06/13 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total comprehensive income attributable to owners of the parent	27,949	29,504
Adjustments for non cash flows:		
Depreciation	3,780	3,744
Amortization of trademark	488	488
Loss/(gain) on derivatives	435	(603)
Gain on disposal of PPE	(126)	(315)
Interest income	(638)	(211)
Interest expenses	1,231	2,483
(Write back)/impairment of trade receivables	(125)	1,105
Inventories written off	4,206	3,090
Write back of inventory obsolescence	(369)	(352)
Accruals for post-employment benefits obligations	29	970
Income tax expenses - continuing operations	9,731	10,099
Income tax expenses - discontinued operation	-	1,565
Non-controlling interests	-	2,177
Net unrealised foreign exchange loss	1,253	171
Other non cash items	-	(16)
Operating profit before changes in working capital	<u>47,844</u>	<u>53,899</u>
Changes in working capital:		
Inventories	(67,360)	(6,371)
Trade and other receivables	(61,961)	(103,231)
Trade and other payables and provisions	140,146	141,114
	<u>10,825</u>	<u>31,512</u>
Interest paid	(1,223)	(2,511)
Interest received	638	211
Tax paid	(8,140)	(8,731)
Post-employment benefit obligation paid	(5,143)	(289)
<b>Net cashflow from operating activities</b>	<u><b>44,801</b></u>	<u><b>74,091</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment	(1,905)	(6,019)
Proceed from disposal of property, plant & equipment	140	355
<b>Net cashflow from investing activities</b>	<u><b>(1,765)</b></u>	<u><b>(5,664)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loans	(7,730)	(70,426)
Dividend paid	-	(3,969)
<b>Net cashflow from financing activities</b>	<u><b>(7,730)</b></u>	<u><b>(74,395)</b></u>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>35,306</b>	<b>(5,968)</b>
CASH AND CASH EQUIVALENTS B/F	111,995	54,148
<b>CASH AND CASH EQUIVALENTS C/F</b>	<u><b>147,301</b></u>	<u><b>48,180</b></u>
Note : Cash and cash equivalents comprise of :-		
Deposits, bank and cash balances	147,301	48,180
	<u>147,301</u>	<u>48,180</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.

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

**SEGMENTAL INFORMATION**

	<u>For the Period Ended June 30, 2014</u>		
	<u>Marketing &amp; Distribution Services</u> RM'000	<u>Logistics Services</u> RM'000	<u>Others</u> RM'000
<b>Revenue</b>			<b>Consolidated</b> RM'000
Total revenue	1,213,177	1,405,972	2,648,027
<b>Results</b>			
Segment result	29,077	8,794	38,918
Finance cost			(1,231)
Taxation			(9,731)
Profit for the financial year			<u>27,956</u>
<b>As at June 30, 2014</b>			
<b>Other Information</b>			
Segment assets	776,554	578,539	1,374,990
Unallocated assets			166,713
Total assets			<u>1,541,703</u>
Segment liabilities	(415,919)	(507,430)	(926,541)
Unallocated liabilities			(173,499)
Total liabilities			<u>(1,100,040)</u>
Capital expenditure	666	534	1,905
Depreciation	(1,060)	(1,115)	(1,605)
			(3,780)

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

**SEGMENTAL INFORMATION**

For the Period Ended June 30, 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>Discontinued operations</u>	<u>Continuing operations</u>	<u>Discontinued operations</u>	<u>Continuing operations</u>	<u>Discontinued operations</u>			<u>Continuing operations</u>	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000				RM'000
Revenue										
Total revenue	1,120,790		1,370,885	10,984	29,013		(10,984)			2,520,688
<b>Results</b>										
Segment result	26,919		9,781	6,008	3,156		(6,008)			39,856
Finance cost										(2,483)
Taxation										(10,099)
Profit for the financial year										<u>27,274</u>

As at June 30, 2013	<u>Marketing &amp; Distribution Services</u>		<u>Logistics Services</u>		<u>Others</u>		<u>Consolidated</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Other Information</b>								
Segment assets	718,757		554,591	39,689	1,313,037			
Unallocated assets					72,848			
Total assets					<u>1,385,885</u>			
Segment liabilities	(376,528)		(462,036)	(1,807)	(840,371)			
Unallocated liabilities					(227,068)			
Total liabilities					<u>(1,067,439)</u>			
Capital expenditure	1,565		2,775	1,679	6,019			
Depreciation	(1,326)		(694)	(1,724)	(3,744)			

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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 on August 26, 2014.

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

The unaudited condensed consolidated interim financial statements for the quarter ended June 30, 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, 2014 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 June 30, 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.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**6. Material Changes in Estimates**

There were no material changes in estimates used to prepare these interim 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 9.5 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, for the financial year ended December 31, 2013, were paid on August 21, 2014.

**9. Segment Information**

The Group's segmental information for the financial quarters ended June 30, 2014 and June 30, 2013 is presented separately in this interim financial report.

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**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	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	RM'000	RM'000	RM'000	RM'000
Depreciation	1,897	1,848	3,780	3,744
Amortization of trademark	244	244	488	488
Loss/(gain) on derivatives	53	(710)	435	(603)
Rental income	(70)	(40)	(138)	(73)
Interest income	(377)	(94)	(638)	(211)
Interest expenses	527	1,017	1,231	2,483
Gain on disposal of property, plant and equipment	(124)	(159)	(126)	(315)
(Write back)/allowance for impairment of trade receivables	199	669	(125)	1,105
Inventories written off	2,827	2,078	4,206	3,090
Write back of inventory obsolescence	(289)	(343)	(369)	(352)
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 interim financial statements for the quarter ended June 30, 2014.

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

There were no changes in the composition of the Group during the 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 quarter ended June 30, 2014 and June 30, 2013, as well as the balances with the related parties as at June 30, 2014 and June 30, 2013:

	Current Financial Year June 30, 2014 RM'000	Preceding Financial Year June 30, 2013 RM'000	Intercompany balances - due from/(to) as at	
			June 30, 2014 RM'000	June 30, 2013 RM'000
<b>Sale of goods and services:</b>				
- related company (goods)	289	805	1	247
- related company (rental)	138	73	-	-
- related company (human resource and information technology charges)	265	256	67	17
	<u>692</u>	<u>1,134</u>	<u>68</u>	<u>264</u>
<b>Purchase of goods and services:</b>				
- related company (goods)	29,932	28,344	(6,920)	(8,030)
- related company (management fee)	2,259	2,025	(1,166)	(1,030)
- related company (information technology charges)	5,797	5,849	(149)	(348)
- other related party (rental)	4,590	5,438	-	-
<b>Others (interest):</b>				
- immediate holding company	222	184	(38)	(31)
- intermediate holding company	164	255	(35)	(43)
	<u>42,964</u>	<u>42,095</u>	<u>(8,308)</u>	<u>(9,482)</u>

The amounts receivable from or payable to 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 June 30, 2014.

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

There were no changes in contingent liabilities or contingent assets since the quarter ended June 30, 2014 and up to August 26, 2014.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**16. Capital Commitments**

Authorized capital commitments not provided for in this interim financial report as at June 30, 2014 are as follows:

Contracted	RM'000
Not contracted	1,083
	-
	<hr/> 1,083
Analyzed as follows:	
- Property, plant and equipment	<hr/> 1,083

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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA  
MALAYSIA SECURITIES BERHAD – 2<sup>nd</sup> QUARTER ENDED JUNE 30, 2014**

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

1. **Review of Performance**

Growth in net sales for continuing operations remained robust in the second quarter of 2014, advancing by 6.6% from RM 1.3 billion in the second quarter of 2013 to RM 1.4 billion in the same quarter of 2014. Net sales from continuing operations also improved by 5.7% over the first quarter of 2014, which registered net sales of RM 1.3 billion. As in previous periods, the sales growth was organically driven by the Group's existing clients, whilst new clients have additionally contributed to the growth.

Compared to the very strong second quarter of 2013, operating costs increased due to increased rental costs for the new Healthcare distribution center as well as office rental, whilst the financing costs reduced due to the Group's increased cash balances. Moreover, costs relating to the move into the new Healthcare distribution center temporarily affected the quarter under review in the Logistics segment. Profit before tax from continuing operations increased by 0.8% from RM 37.4 million in the strong second quarter of 2013 to RM 37.7 million in the second quarter of 2014. Profit after tax from continuing operations further improved by 2.5% from RM 27.3 million in the second quarter of 2013 to RM 28.0 million in the second 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 10.4% from RM 561.8 million in the second quarter of 2013 to a strong RM 620.3 million in the same quarter of 2014. Net sales also grew by 4.6% compared to the good first quarter of 2014, which recorded net sales of RM 592.9 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 8.0% from RM 26.9 million in the first six months of 2013 to RM 29.1 million in the same period of 2014.

**Logistics Services**

Under the segment Logistics services, the Group provides 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.

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Segmental net sales from continuing operations grew by 3.6% from RM 701.4 million in the second quarter of 2013 to RM 727.0 million in the same quarter of 2014. As compared to the first quarter of 2014, net sales improved by 7.1%.

The operating result from continuing operations of this segment declined by 10.1% from RM 9.8 million in the first six months of 2013 to RM 8.8 million in the same period of 2014 based on the increased rental costs for the new Healthcare distribution center and temporary costs relating to the move into the new distribution center.

**Others**

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

Segmental net sales declined by 1.5% from RM 13.9 million in the second quarter of 2013 to RM 13.7 million for the same quarter of 2014. Net sales also decreased by 9.4% compared to the first quarter of 2014 based on a more challenging retail market environment. Nevertheless, Famous Amos has continued the expansion of its retail footprint and as at the end of the second quarter of 2014 operates 92 outlets nationwide.

The operating result for this segment declined by 66.8% from RM 3.2 million in the first six months of 2013 to RM 1.0 million for the same period of 2014. Whilst Famous Amos' operating result developed in line with sales performance, 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 second quarter of 2014.

**3. Prospects**

The Group's performance is expected to continue positively for the remainder of 2014 based on continued focus on growing existing clients and customers, as well as the Group's focus on promising new business development.

Moreover, the client and customer portfolio remains well diversified and supported by a strong sales, marketing and distribution infrastructure with a capillary distribution reach. With a scalable business model, 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 existing businesses as well as new clients. It is expected that the Marketing and Distribution segment, as well as the Logistics segment, will contribute to sustainable, profitable growth.

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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 increasingly focus on core competencies and seek specialized service providers in order to grow the market for and with them.

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

The Group did not issue any profit forecast.

**5. Taxation**

	Quarter ended June 30, 2014 RM'000	Quarter ended June 30, 2013 RM'000	Year-to-Date ended June 30, 2014 RM'000	Year-to-Date ended June 30, 2013 RM'000
Current year	5,767	5,827	9,082	10,430
Deferred tax	(471)	215	649	(331)
	<u>5,296</u>	<u>6,042</u>	<u>9,731</u>	<u>10,099</u>

**6. Status of Corporate Proposals Announced**

There were no corporate proposals announced but not completed as at August 26, 2014.

**7. Group Borrowings and Debt Securities**

	Quarter ended June 30, 2014 RM'000
<u>Short Term Borrowings</u>	
Unsecured and fully denominated in Ringgit Malaysia:	
- Term loans	20,000
- Advances from holding companies	24,465
	<u>44,465</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**8. Disclosure of Derivatives**

Type of derivatives	Contract / Notional Value 30/06/2014 RM'000	Fair Value 30/06/2014 RM'000
Foreign exchange contracts - less than 1 year	20,438	20,213
<b>Total</b>	<b>20,438</b>	<b>20,213</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 June 30, 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 two quarters to date 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 August 26, 2014.

**10. Dividend Proposed or Declared**

Following the shareholders' approval obtained at the Company's Annual General Meeting on June 24, 2014, 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, for the financial year ended December 31, 2013, were paid on August 21, 2014 to every member of the Company whose entitlement to dividends was determined on the basis of the Record of Depositors of the Company as at July 23, 2014.

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**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 June 30, 2014 are RM 14,457,000 and RM 27,956,000 respectively.
- (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 June 30, 2014 is 157,658,076.

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

	Current Financial Year June 30, 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	271,349	285,715
- Unrealised	1,551	2,402
	<hr/> 272,900	<hr/> 288,117
Less : consolidated adjustments	(13,462)	(21,162)
<b>Total group retained profits as per financial statements</b>	<hr/> <b>259,438</b>	<hr/> <b>266,955</b>