

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

(Incorporated in Malaysia)

## QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and nine months ended September 30, 2014

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER  
AND NINE MONTHS ENDED SEPTEMBER 30, 2014**

	INDIVIDUAL 3 <sup>RD</sup> QUARTER		CUMULATIVE 3 <sup>RD</sup> QUARTER	
	30/09/2014	30/09/2013 restated	30/09/2014	30/09/2013 restated
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
1 Revenue	1,311,159	1,287,870	3,959,186	3,808,558
2 Operating expenses	(1,292,241)	(1,267,109)	(3,903,315)	(3,753,181)
3 Other operating income	1,311	2,026	3,276	7,266
4 Profit from operations	20,229	22,787	59,147	62,643
5 Finance cost	(709)	(1,118)	(1,940)	(3,601)
6 Profit before taxation	19,520	21,669	57,207	59,042
7 Taxation	(4,842)	(5,467)	(14,573)	(15,566)
8 Profit for the period from continuing operations, net of tax	14,678	16,202	42,634	43,476
<b>Discontinued operations</b>				
9 Profit from discontinued operations, net of tax	-	2,107	-	6,550
10 Net profit for the period	14,678	18,309	42,634	50,026
11 Other comprehensive income :				
- Currency translation differences arising from consolidation	(1)	19	(8)	17
- Fair value changes on available for sale financial assets	-	(34)	-	(34)
12 Total comprehensive income	14,677	18,294	42,626	50,009
13 Net profit attributable to:				
Owners of the parent	14,678	17,276	42,634	46,816
Non controlling interest	-	1,033	-	3,210
Net profit for the period	14,678	18,309	42,634	50,026
14 Total comprehensive income attributable to :				
Owners of the parent	14,677	17,295	42,626	46,799
Non controlling interest	-	1,033	-	3,210
Total comprehensive income	14,677	18,328	42,626	50,009
15 Earnings per share (EPS) based on 13 above (See Note 1 below)				
(i) EPS attributable to owners of parent	9.31	10.96	27.04	29.69
(ii) EPS from discontinued operations attributable to owners of the parent	-	0.68	-	2.12
(iii) EPS from continuing operations attributable to owners of the parent	9.31	10.28	27.04	27.58

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 and nine months ended September 30, 2014

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2014**

	30/09/2014	31/12/2013
	RM'000	AUDITED RM'000
1 Non Current Assets		
Property, plant and equipment	18,301	20,110
Intangible assets	2,602	3,334
Deferred tax assets	2,967	2,715
	<u>23,870</u>	<u>26,159</u>
2 Current Assets		
Inventories	517,606	397,325
Trade and other receivables	894,109	848,334
Derivative financial instrument	115	210
Deposits, bank and cash balances	76,961	111,995
	<u>1,488,791</u>	<u>1,357,864</u>
3 Total Assets	<u><u>1,512,661</u></u>	<u><u>1,384,023</u></u>
4 Equity		
Ordinary share capital	157,658	157,658
Share premium	24,514	24,514
Foreign currency translation reserve	52	60
Retained earnings	274,116	266,955
Equity attributable to owners of parent	<u>456,340</u>	<u>449,187</u>
5 Current Liabilities		
Trade and other payables	979,807	877,636
Derivative financial instrument	-	-
Borrowings	71,020	52,195
Taxation	5,205	4,716
	<u>1,056,032</u>	<u>934,547</u>
6 Non Current Liabilities		
Long term liabilities	289	289
	<u>289</u>	<u>289</u>
7 Total Liabilities	<u><u>1,056,321</u></u>	<u><u>934,836</u></u>
8 Total Equity and Liabilities	<u><u>1,512,661</u></u>	<u><u>1,384,023</u></u>
9 Net assets per share attributable to ordinary equity holders of the company (RM)	<u>2.8945</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 and nine months ended September 30, 2014

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED SEPTEMBER 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			
			No of shares 000	Nominal value RM'000	Share premium on ordinary shares RM'000			Available for sale reserve RM'000
<b><u>NINE MONTHS ENDED SEPTEMBER 30, 2014</u></b>								
At January 1, 2014	157,658	157,658	24,514	-	60	266,955	-	449,187
Total comprehensive income for the period	-	-	-	-	(8)	42,634	-	42,626
Dividends	-	-	-	-	-	(35,473)	-	(35,473)
At September 30, 2014	157,658	157,658	24,514	-	52	274,116	-	456,340
<b><u>NINE MONTHS ENDED SEPTEMBER 30, 2013</u></b>								
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

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 and nine months ended September 30, 2014

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

	30/09/14 RM'000	30/09/13 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total comprehensive income attributable to owners of the parent	42,626	46,799
Adjustments for non cash flows:		
Depreciation	5,742	5,634
Amortization of trademark	732	732
Loss/(gain) on derivatives	95	(21)
Gain on disposal of property, plant and equipment	(127)	(319)
Interest income	(1,061)	(309)
Interest expenses	1,940	3,601
Impairment of trade receivables	299	901
Inventories written off	6,055	4,001
Write back of inventory obsolescence	(152)	(138)
Accruals for post-employment benefits obligations	29	1,449
Income tax expenses - continuing operations	14,573	15,566
Income tax expenses - discontinued operation	-	2,276
Non-controlling interests	-	3,210
Net unrealised foreign exchange loss/(gain)	1,236	(424)
Other non cash items	10	74
Operating profit before changes in working capital	<u>71,997</u>	<u>83,032</u>
Changes in working capital:		
Inventories	(126,184)	(44,554)
Trade and other receivables	(45,806)	(82,079)
Trade and other payables	106,007	106,188
	<u>(65,983)</u>	<u>(20,445)</u>
Interest paid	(1,932)	(3,629)
Interest received	1,061	309
Tax paid	(14,604)	(17,569)
Post-employment benefit obligation paid	(5,106)	(6,576)
<b>Net cashflow from operating activities</b>	<u><b>(14,567)</b></u>	<u><b>35,122</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(3,960)	(9,796)
Proceed from disposal of property, plant and equipment	141	376
<b>Net cashflow from investing activities</b>	<u><b>(3,819)</b></u>	<u><b>(9,420)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowing/(repayment) of loans	18,825	(12,550)
Dividend paid	(35,473)	(22,100)
<b>Net cashflow from financing activities</b>	<u><b>(16,648)</b></u>	<u><b>(34,650)</b></u>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<u><b>(35,034)</b></u>	<u><b>(8,948)</b></u>
CASH AND CASH EQUIVALENTS B/F	111,995	54,148
<b>CASH AND CASH EQUIVALENTS C/F</b>	<u><u><b>76,961</b></u></u>	<u><u><b>45,200</b></u></u>
Note : Cash and cash equivalents comprise of :		
Deposits, bank and cash balances	76,961	45,200
	<u><u>76,961</u></u>	<u><u>45,200</u></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 and nine months ended September 30, 2014

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

**SEGMENTAL INFORMATION**

<u>For the Nine Months Ended September 30, 2014</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>Revenue</b>				
Total revenue	1,799,605	2,115,515	44,066	3,959,186
<b>Results</b>				
Segment result	43,986	13,753	1,408	59,147
Finance cost				(1,940)
Taxation				(14,573)
Profit for the financial year				<u>42,634</u>
<b><u>As at September 30, 2014</u></b>				
<b>Other Information</b>				
Segment assets	763,156	635,814	19,328	1,418,298
Unallocated assets				94,363
Total assets				<u>1,512,661</u>
Segment liabilities	(367,985)	(520,941)	(218)	(889,144)
Unallocated liabilities				(167,177)
Total liabilities				<u>(1,056,321)</u>
Capital expenditure	1,077	1,073	1,810	3,960
Depreciation	(1,572)	(1,686)	(2,484)	(5,742)

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

(Incorporated in Malaysia)

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter and nine months ended September 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 Nine Months Ended September 30, 2013</u>	<u>Marketing &amp; Distribution Services</u>	<u>Logistics Services</u>	<u>Others</u>	<u>Eliminations</u>	<u>Consolidated Continuing operations</u>	
	<u>Continuing operations</u>	<u>Continuing operations</u>	<u>Discontinued operations</u>			<u>Continuing operations</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Revenue</b>						
Total revenue	1,705,517	2,058,820	16,431	44,221	(16,431)	3,808,558
<b>Results</b>						
Segment result	42,466	15,022	8,826	5,155	(8,826)	62,643
Finance cost						(3,601)
Taxation						(15,566)
Profit for the financial year						<u>43,476</u>

<u>As at September 30, 2013</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>Other Information</b>				
Segment assets	715,005	571,019	43,099	1,329,123
Unallocated assets				70,203
Total assets				<u>1,399,326</u>
Segment liabilities	(338,531)	(461,124)	(2,738)	(802,393)
Unallocated liabilities				(260,159)
Total liabilities				<u>(1,062,552)</u>
Capital expenditure	2,099	4,922	2,776	9,797
Depreciation	(1,894)	(1,078)	(2,662)	(5,634)

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

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended September 30, 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 November 13, 2014.

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

The unaudited condensed consolidated interim financial statements for the current quarter and nine months ended September 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 comparative quarter and nine months ended September 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 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.

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

**QUARTERLY REPORT**

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**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.

**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 nine months ended September 30, 2014 and September 30, 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 September 30, 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	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
	RM'000	RM'000	RM'000	RM'000
Depreciation	1,962	1,890	5,742	5,634
Amortization of trademark	244	244	732	732
(Gain)/loss on derivatives	(340)	582	95	(21)
Rental income	(66)	(40)	(204)	(113)
Interest income	(423)	(98)	(1,061)	(309)
Interest expenses	709	1,118	1,940	3,601
Gain on disposal of property, plant and equipment	(1)	(4)	(127)	(319)
Allowance/(write back) for impairment of trade receivables	424	(204)	299	901
Inventories written off	1,849	665	6,055	4,001
Allowance/(write back) of inventory obsolescence	217	214	(152)	(138)
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 nine months ended September 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.

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

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended September 30, 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 nine months ended September 30, 2014 and September 30, 2013, as well as the balances with the related parties as at September 30, 2014 and September 30, 2013:

	Current nine months ended September 30, 2014 RM'000	Preceding nine months ended September 30, 2013 RM'000	Intercompany balances - due from/(to) as at	
			September 30, 2014 RM'000	September 30, 2013 RM'000
<b>Sale of goods and services:</b>				
- related company (goods)	1,261	1,408	78	171
- related company (rental)	204	113	-	-
- related company (human resource and information technology charges)	406	368	47	20
	<u>1,871</u>	<u>1,889</u>	<u>125</u>	<u>191</u>
<b>Purchase of goods and services:</b>				
- related company (goods)	43,856	43,834	(5,969)	(6,912)
- related company (management fee)	3,336	3,097	(1,070)	(1,095)
- related company (information technology charges)	9,254	8,673	(365)	(186)
- other related party (rental)	7,213	7,733	-	-
<b>Others (interest):</b>				
- immediate holding company	342	282	(40)	(33)
- intermediate holding company	385	410	(141)	(77)
	<u>64,386</u>	<u>64,029</u>	<u>(7,585)</u>	<u>(8,303)</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 September 30, 2014.

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

There were no changes in contingent liabilities or contingent assets since the quarter ended September 30, 2014 and up to November 13, 2014.

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

**QUARTERLY REPORT**

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**16. Capital Commitments**

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

	RM'000
Contracted	923
Not contracted	-
	<hr/>
	923
	<hr/>
Analyzed as follows:	
- Property, plant and equipment	<hr/> 923 <hr/>

[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 September 30, 2014.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – NINE MONTHS ENDED SEPTEMBER 30, 2014**

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

**1. Review of Performance**

Net sales from continuing operations of the Group grew by 4.0% from RM 3.81 billion for the first nine months of 2013 to RM 3.96 billion for the first nine months of 2014. Compared to the third quarter 2013, net sales from continuing operations grew by 1.8% from RM 1.29 billion to RM 1.31 billion in the same quarter of 2014. Net sales from continuing operations declined by 3.7% compared to the strong second quarter 2014, which was supported by stronger sales in preparation of the Raya festive period. 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 third quarter of 2013, operating costs increased due to increased rental costs for the new Healthcare distribution center and office rental, whilst the financing costs reduced for the year-to-date period due to the Group's increased cash balances. Moreover, costs relating to the move into the new Healthcare distribution center temporarily affected the performance in the earlier part of the year and with this the year-to-date performance in the Logistics segment.

Profit before tax from continuing operations decreased by 3.1% from RM 59.0 million for the first nine months of 2013 to RM 57.2 million for the same period of 2014. Profit after tax from continuing operations declined by 1.9% from RM 43.5 million in the first nine months of 2013 to RM 42.6 million in the first nine months of 2014.

Comments to the Performance of the Business Segments

**Marketing and Distribution Segment**

Under the segment Marketing and Distribution, 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 5.5% from RM 1.71 billion in the first nine months of 2013 to RM 1.80 billion in the same period of 2014. Compared to the third quarter 2013, net sales advanced by 0.3% from RM 584.7 million to RM 586.4 million in the same quarter of 2014. Net sales declined by 5.5% compared to the second quarter 2014, which recorded sales of RM 620.3 million. Organic sales growth of the Group's existing clients were the driver for growth in this segment.

The operating result for this segment grew by 3.6% from RM 42.5 million for the first nine months of 2013 to RM 44.0 million in the same period of 2014.

**Logistics Segment**

Under the segment Logistics, the Group provides supply chain services ranging from warehousing and distribution, to order processing and sales collections. Sales and marketing

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

**QUARTERLY REPORT**

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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.

Segmental net sales from continuing operations grew by 2.8% from RM 2.06 billion for the first nine months of 2013 to RM 2.12 billion in 2014. Compared to the third quarter 2013, net sales grew by 3.1% from RM 687.9 million to RM 709.5 million in the same quarter 2014, whilst net sales from continuing operations declined by 2.4% compared to the second quarter 2014 which reported sales of RM 727.0 million. Organic sales growth of the Group's existing clients was the driver for growth in this segment, whilst new services for existing clients as well as new clients have further supported growth.

The operating result from continuing operations of this segment declined by 8.4% from RM 15.0 million in the first nine months of 2013 to RM 13.8 million in the same period of 2014 due to the increased rental costs for the new Healthcare distribution center and temporary costs incurred in the earlier part of 2014 relating to the move into the new Healthcare 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 0.4% from RM 44.2 million in the first nine months of 2013 to RM 44.1 million in the same period of 2014 based on a challenging retail market environment. Moreover, net sales remained unchanged compared to the third quarter of 2013, which recorded net sales of RM 15.2 million. Net sales, however, grew 10.6% compared to the immediately preceding second quarter 2014, which recorded net sales of RM 13.7 million. Furthermore, Famous Amos has continued the expansion of its retail footprint and as at the end of the third quarter of 2014 operates 93 outlets nationwide.

The operating result for this segment declined by 72.7% from RM 5.1 million to RM 1.4 million in the first nine months of 2014. Whilst Famous Amos' operating result developed in line with sales performance and investments into new retail outlets, the disposal of the Group's property in the fourth quarter of 2013 reduced the corresponding rental income, which used to be accounted for in this segment, 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 third quarter of 2014.

**3. Prospects**

The Group remains cautiously optimistic for the remainder of the year based on positive sales growth of core clients and business development activities with new clients, which are well underway in the Marketing and Distribution segment as well as the Logistics segment.

The additional costs from office rental and from the new Healthcare distribution center are furthermore in line with the Group's plans and mitigated by business growth. However, the

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

**QUARTERLY REPORT**

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

temporary additional costs incurred during the earlier part of 2014 from the move in the new Healthcare distribution center still affect the Group's performance for the year-to-date period. These costs are not expected to reoccur and would therefore not affect future performance.

Separately, 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.

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 September 30, 2014 RM'000	Quarter ended September 30, 2013 RM'000	Nine months ended September 30, 2014 RM'000	Nine months ended September 30, 2013 RM'000
Current year	5,742	4,448	14,824	14,878
Deferred tax	(900)	1,019	(251)	688
	<u>4,842</u>	<u>5,467</u>	<u>14,573</u>	<u>15,566</u>

The effective tax rate for the quarter ended September 2014 was below the statutory rate and was lower than the previous quarter ended June 2014 due to a reduction in deferred tax liability compared to the previous financial year end. The effective tax rate for the nine months ended September 2013 was higher compared to the same period of 2014 due to non-deductible tax expenses relating to depreciation on the Group's property in 2013.

**6. Status of Corporate Proposals Announced**

There were no corporate proposals announced but not completed as at November 13, 2014.

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

**QUARTERLY REPORT**

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**7. Group Borrowings and Debt Securities**

	As at September 30, 2014 RM'000
<u>Short Term Borrowings</u>	
Unsecured and fully denominated in Ringgit Malaysia:	
- Term loans	20,000
- Advances from holding companies	51,020
	<u>71,020</u>

**8. Disclosure of Derivatives**

Type of derivatives	Contract / Notional Value 30/09/2014 RM'000	Fair Value 30/09/2014 RM'000
Foreign exchange contracts - less than 1 year	19,511	19,626
<b>Total</b>	<u><b>19,511</b></u>	<u><b>19,626</b></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.

The Group's open foreign exchange contracts have been fair valued using the current market rates as at September 30, 2014 resulting in a unrealized derivative gain of RM 0.1 million. In total, an unrealised loss on derivative contracts amounting to RM 0.1 million has been charged to the statement of comprehensive income for the nine months ended September 30, 2014 representing the loss for the three 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 is no material litigation as at November 13, 2014.

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

**QUARTERLY REPORT**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**10. Dividend Proposed or Declared**

There was no dividend declared or recommended for the current financial period ended September 30, 2014.

**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 nine months ended September 30, 2014 are RM 14,678,000 and RM 42,634,000 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 nine months ended September 30, 2014 is 157,658,076.

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

	Current Financial Year September 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	285,126	285,715
- Unrealised	2,452	2,402
	287,578	288,117
Less : consolidated adjustments	(13,462)	(21,162)
<b>Total group retained profits as per financial statements</b>	<b>274,116</b>	<b>266,955</b>

By Order of the Board

Andre' Chai P'o-Lieng (MAICSA 7062106)  
Company Secretary

Petaling Jaya  
13 November 2014