

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and twelve months ended December 31, 2014

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER
AND TWELVE MONTHS ENDED DECEMBER 31, 2014**

	INDIVIDUAL 4 TH QUARTER		CUMULATIVE 4 TH QUARTER	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	Audited RM'000
Continuing operations				
1 Revenue	1,380,295	1,277,065	5,339,481	5,085,623
2 Operating expenses	(1,357,198)	(1,240,371)	(5,260,513)	(4,993,552)
3 Other operating income	812	95,591	4,088	102,857
4 Profit from operations	23,909	132,285	83,056	194,928
5 Finance cost	(701)	(882)	(2,641)	(4,483)
6 Profit before taxation	23,208	131,403	80,415	190,445
7 Taxation	(5,931)	(3,708)	(20,504)	(19,274)
8 Profit for the period from continuing operations, net of tax	17,277	127,695	59,911	171,171
Discontinued operations				
9 Profit from discontinued operations, net of tax	-	621	-	7,171
10 Net profit for the period	17,277	128,316	59,911	178,342
11 Other comprehensive income :				
- Currency translation differences arising from consolidation	16	1	8	18
- Fair value changes on available for sale financial assets	-	(34)	-	(34)
12 Total comprehensive income	17,293	128,283	59,919	178,326
13 Net profit attributable to:				
Owners of the parent	17,277	128,012	59,911	174,828
Non controlling interest	-	304	-	3,514
Net profit for the period	17,277	128,316	59,911	178,342
14 Total comprehensive income attributable to :				
Owners of the parent	17,293	128,013	59,919	174,812
Non controlling interest	-	304	-	3,514
Total comprehensive income	17,293	128,317	59,919	178,326
15 Earnings per share (EPS) based on item 13 above (See Note 1 below)				
(i) EPS attributable to owners of parent	10.96	81.20	38.00	110.89
(ii) EPS from discontinued operations attributable to owners of the parent	-	0.20	-	2.32
(iii) EPS from continuing operations attributable to owners of the parent	10.96	80.99	38.00	108.57

Note:

1 The weighted average number of shares used in item 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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(Incorporated in Malaysia)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014**

	31/12/2014 Unaudited RM'000	31/12/2013 Audited RM'000
1 Non Current Assets		
Property, plant and equipment	19,582	20,110
Intangible assets	2,629	3,334
Deferred tax assets	3,272	2,715
	<u>25,483</u>	<u>26,159</u>
2 Current Assets		
Inventories	473,889	397,325
Trade and other receivables	902,050	848,334
Derivative financial instrument	79	210
Deposits, bank and cash balances	93,916	111,995
	<u>1,469,934</u>	<u>1,357,864</u>
3 Total Assets	<u>1,495,417</u>	<u>1,384,023</u>
4 Equity		
Ordinary share capital	157,658	157,658
Share premium	24,514	24,514
Foreign currency translation reserve	68	60
Retained earnings	291,393	266,955
Equity attributable to owners of parent	<u>473,633</u>	<u>449,187</u>
5 Current Liabilities		
Trade and other payables	996,997	877,636
Derivative financial instrument	-	-
Borrowings	20,100	52,195
Taxation	3,832	4,716
	<u>1,020,929</u>	<u>934,547</u>
6 Non Current Liabilities		
Long term liabilities	855	289
	<u>855</u>	<u>289</u>
7 Total Liabilities	<u>1,021,784</u>	<u>934,836</u>
8 Total Equity and Liabilities	<u>1,495,417</u>	<u>1,384,023</u>
9 Net assets per share attributable to ordinary equity holders of the company (RM)	<u>3.0042</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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE TWELVE MONTHS ENDED DECEMBER 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		RM'000		
		Share premium on ordinary shares	Available for sale reserve	Share on translation reserve	Accumulated profits			
	No of shares	Nominal value	Share premium on ordinary shares	Available for sale reserve	Share on translation reserve <td>Accumulated profits</td> <td>RM'000</td>	Accumulated profits	RM'000	
	000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>TWELVE MONTHS ENDED DECEMBER 31, 2014</u>								
At January 1, 2014	157,658	157,658	24,514	-	60	266,955	449,187	
Total comprehensive income for the period	-	-	-	-	8	59,911	59,919	
Dividends	-	-	-	-	-	(35,473)	(35,473)	
At December 31, 2014	157,658	157,658	24,514	-	68	291,393	473,633	
<u>TWELVE MONTHS ENDED DECEMBER 31, 2013</u>								
At January 1, 2013	157,658	157,658	24,514	34	42	108,562	308,865	
Total comprehensive income for the period	-	-	-	(34)	18	174,828	178,326	
Dividends	-	-	-	-	-	(18,131)	(3,969)	
Disposal of revalued property	-	-	-	-	-	1,696	1,696	
Disposal of subsidiaries	-	-	-	-	-	-	(17,600)	
At December 31, 2013	157,658	157,658	24,514	-	60	266,955	449,187	

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 TWELVE MONTHS ENDED DECEMBER 31, 2014**

	31/12/14 Unaudited RM'000	31/12/13 Audited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income attributable to owners of the parent	59,919	174,812
Adjustments for non cash flows:		
Depreciation	7,895	7,494
Amortization of trademark	985	976
Loss/(gain) on derivatives	131	(221)
Gain on disposal of property, plant and equipment	(244)	(99,798)
Written off property, plant and equipment	7	287
Gain on disposal of subsidiaries	-	(8,640)
Interest income	(1,278)	(714)
Interest expenses	2,641	4,483
Allowance/(write-back of) for impairment of trade receivables	236	(35)
Inventories written off	8,819	5,152
Write back of inventory obsolescence	(301)	(137)
Accruals for post-employment benefits obligations	68	1,627
Income tax expenses - continuing operations	20,504	19,274
Income tax expenses - discontinued operation	-	2,517
Non-controlling interests	-	3,514
Net unrealised foreign exchange loss/(gain)	872	(460)
Other non cash items	-	4
Operating profit before changes in working capital	<u>100,254</u>	<u>110,135</u>
Changes in working capital:		
Inventories	(85,082)	(20,283)
Trade and other receivables	(53,103)	(76,480)
Trade and other payables	124,300	85,780
	<u>(13,885)</u>	<u>(10,983)</u>
Interest paid	(2,678)	(4,937)
Interest received	1,278	714
Tax paid	(22,794)	(24,377)
Post-employment benefit obligation paid	(5,109)	(6,958)
Net cash flow from operating activities	<u>57,066</u>	<u>63,594</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(7,568)	(14,671)
Purchase of intangible assets	(280)	-
Proceed from disposal of subsidiaries	-	6,862
Proceed from disposal of available for sale financial assets	-	70
Proceed from disposal of property, plant & equipment	271	124,586
Net cash flow from investing activities	<u>(7,577)</u>	<u>116,847</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans	(32,095)	(100,494)
Dividend paid	(35,473)	(22,100)
Net cash flow from financing activities	<u>(67,568)</u>	<u>(122,594)</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	<u>(18,079)</u>	<u>57,847</u>
CASH AND CASH EQUIVALENTS B/F	111,995	54,148
CASH AND CASH EQUIVALENTS C/F	<u>93,916</u>	<u>111,995</u>
Note : Cash and cash equivalents comprise of :-		
Deposits, bank and cash balances	93,916	111,995
	<u>93,916</u>	<u>111,995</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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Quarterly report on consolidated results for the financial quarter and twelve months ended December 31, 2014
The figures have not been audited

SEGMENTAL INFORMATION

For the Twelve Months Ended December 31, 2014

	<u>Marketing & Distribution Services</u> RM'000	<u>Logistics Services</u> RM'000	<u>Others</u> RM'000	<u>Consolidated</u> RM'000
Revenue				
Total revenue	2,399,072	2,879,263	61,146	5,339,481
Results				
Segment result	59,760	22,445	851	83,056
Finance cost				(2,641)
Taxation				(20,504)
Profit for the financial year				<u>59,911</u>
As at December 31, 2014				
Other Information				
Segment assets	737,130	626,909	19,557	1,383,596
Unallocated assets				111,821
Total assets				<u>1,495,417</u>
Segment liabilities	(377,661)	(523,644)	(3,596)	(904,901)
Unallocated liabilities				(116,883)
Total liabilities				<u>(1,021,784)</u>
Capital expenditure	1,590	1,435	4,376	7,401
Depreciation	(2,087)	(2,273)	(3,535)	(7,895)

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SEGMENTAL INFORMATION**For the Twelve Months Ended December 31, 2013**

	<u>Marketing & Distribution Services</u>	<u>Logistics Services</u>	<u>Others</u>	<u>Eliminations</u>	<u>Consolidated operations</u>
	<u>Continuing operations</u>	<u>Continuing operations</u>	<u>Continuing operations</u>		
	RM'000	RM'000	RM'000		RM'000
Revenue					
Total revenue	2,272,376	2,751,295	18,305	(18,305)	5,085,623
Results					
Segment result	61,414	28,444	9,688	(9,688)	194,928
Finance cost					(4,483)
Taxation					(19,274)
Profit for the financial year					171,171

	<u>Marketing & Distribution Services</u>	<u>Logistics Services</u>	<u>Others</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000	RM'000
As at December 31, 2013				
Other Information				
Segment assets	700,816	538,834	17,601	1,257,251
Unallocated assets			126,772	126,772
Total assets			1,384,023	1,384,023
Segment liabilities	(328,556)	(451,354)	(2,469)	(782,379)
Unallocated liabilities				(152,457)
Total liabilities				(934,836)
Capital expenditure	2,419	8,381	4,090	14,890
Depreciation	(2,455)	(1,571)	(3,468)	(7,494)

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
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Quarterly report on consolidated results for the financial quarter ended December 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 February 26, 2015.

2. Accounting Policies and Basis of Preparation

The unaudited condensed consolidated interim financial statements for the current quarter and twelve months ended December 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, 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 twelve months ended December 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 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.

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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

The following dividend payment was made during the financial year ended December 31, 2014:

	RM
In respect of the financial year ended December 31, 2013:	
- a final single tier dividend of 9.5 sen per share, on 157,658,076 ordinary shares was paid on August 21, 2014	14,977,517
- a special single tier dividend of 13 sen per share, on 157,658,076 ordinary shares was paid on August 21, 2014	20,495,550
	<u>35,473,067</u>

9. Segment Information

The Group's segmental information for the financial twelve months ended December 31, 2014 and December 31, 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	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	RM'000	RM'000	RM'000	RM'000
Depreciation	2,153	1,860	7,895	7,494
Amortization of trademark	253	244	985	976
Loss/(gain) on derivatives	36	(200)	131	(221)
Rental income	(71)	(13)	(275)	(126)
Interest income	(217)	(405)	(1,278)	(714)
Interest expenses	701	882	2,641	4,483
Gain on disposal of property, plant and equipment	(117)	(99,479)	(244)	(99,798)
(Write back)/allowance for impairment of trade receivables	(63)	(936)	236	(35)
Inventories written off	2,764	1,151	8,819	5,152
Allowance/(write back) of inventory obsolescence	(149)	1	(301)	(137)
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 twelve months ended December 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.

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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 twelve months ended December 31, 2014 and December 31, 2013, as well as the balances with the related parties as at December 31, 2014 and December 31, 2013:

	Current twelve months ended December 31, 2014 RM'000	Preceding twelve months ended December 31, 2013 RM'000	Intercompany balances - due from/(to) as at	
			December 31, 2014 RM'000	December 31, 2013 RM'000
Sale of goods and services:				
- related company (goods)	1,713	1,567	154	-
- related company (rental)	275	126	-	-
- related company (human resource and information technology charges)	549	485	113	64
	<u>2,537</u>	<u>2,178</u>	<u>267</u>	<u>64</u>
Purchase of goods and services:				
- related company (goods)	59,189	58,501	(6,133)	(6,476)
- related company (management fee)	3,925	4,192	(671)	(1,200)
- related company (information technology charges)	12,057	11,705	(173)	(347)
- other related party (rental)	9,180	10,028	-	-
Others (interest):				
- immediate holding company	464	375	(41)	(30)
- intermediate holding company	469	600	(1)	(28)
	<u>85,284</u>	<u>85,401</u>	<u>(7,019)</u>	<u>(8,081)</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 267,000 due from related parties, RM 35,000 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 December 31, 2014 and up to February 26, 2015.

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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 December 31, 2014 are as follows:

Contracted	RM'000
	1,723
Not contracted	20,946
	<hr/>
	22,669
Analyzed as follows:	
- Property, plant and equipment	<hr/>
	22,669

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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD – TWELVE MONTHS ENDED DECEMBER 31, 2014**

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

1. Review of Performance

Compared to the fourth quarter 2013, net sales from continuing operations grew strongly by 8.1% from RM 1.28 billion to RM 1.38 billion in the same quarter of 2014, whilst net sales from continuing operations increased by 5.3% compared to the third quarter 2014, which recorded sales of RM 1.31 billion. For the full year 2014, net sales from continuing operations of the Group grew by 5.0% from RM 5.09 billion in 2013 to RM 5.34 billion in 2014. As in previous periods, the sales growth was driven by the Group's existing clients, whilst new clients especially in the Healthcare business have additionally contributed to the growth.

Compared to the year 2013, operating costs increased mainly 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.

Profit before tax for the year 2013 was positively impacted by the sale of the Group's property and the disposal of DKSH Transport Agencies (M) Sdn. Bhd., which resulted in extraordinary gains of RM 97.3 million and RM 8.6 million respectively. Therefore, profit before tax from continuing operations decreased by 57.8% from RM 190.4 million in 2013 to RM 80.4 million in 2014. After elimination of the extraordinary gains in 2013, the profit before tax performance declined marginally by 4.8% from RM 84.5 million in 2013 to RM 80.4 million for the full year 2014, mainly due to subdued performance in higher margin businesses and the additional rental costs for offices and the distribution center in the Logistics segment. Profit after tax declined by 65.0% from RM 171.2 million to RM 59.9 million, again due to the extraordinary gains in 2013. After elimination of these extraordinary gains, the profit after tax declined by 3.4% from RM 62.0 million to RM 59.9 million.

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.

Compared to the fourth quarter 2013, net sales advanced by 5.8% from RM 566.9 million to RM 599.5 million in the same quarter of 2014, whilst net sales also advanced by 2.2% compared to the third quarter 2014, which recorded sales of RM 586.4 million. For the full year 2014, segmental net sales grew by 5.6% from RM 2.27 billion in 2013 to RM 2.40 billion in 2014. Organic sales growth of the Group's existing clients was the driver for growth in this segment.

Compared to the very strong operating result in the fourth quarter 2013, the operating result for this segment declined by 2.7% from RM 61.4 million in 2013 to RM 59.8 million in the same period of 2014, due to a comparatively higher sales contribution of lower margin products in 2014.

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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 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.

Compared to the fourth quarter 2013, net sales grew by a strong 10.3% from RM 692.5 million to RM 763.7 million in the same quarter 2014, whilst net sales from continuing operations increased by 7.6% compared to the third quarter 2014, which reported sales of RM 709.5 million. For the full year 2014, segmental net sales from continuing operations grew by 4.7% from RM 2.75 billion in 2013 to RM 2.88 billion in 2014. Sales of the Group's existing clients in the Healthcare business was the driver for growth in this segment, whilst new business development resulting in new services for existing clients, as well as new clients, has further supported growth.

The operating result from continuing operations of this segment grew strongly by 13.3% from RM 19.8 million in 2013 to RM 22.4 million in the full year 2014 based on a strong performance in the Healthcare business.

Others segment

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

Compared to the fourth quarter 2013, net sales declined by 3.7% from RM 17.7 million in the fourth quarter 2013 to RM 17.1 million in the same quarter of 2014, whilst net sales grew by 12.5% compared to the immediately preceding third quarter 2014, which recorded net sales of RM 15.2 million. For the full year 2014, segmental net sales declined by 1.3% from RM 62.0 million in 2013 to RM 61.1 million for the full year 2014 based on a challenging retail market environment, which affected the sales for Famous Amos. Furthermore, Famous Amos has continued the expansion of its retail footprint and as at the end of the fourth quarter of 2014 operates 95 outlets nationwide.

The operating result for this segment declined substantially from RM 105.1 million in 2013 to RM 0.9 million for the full year 2014. The drop in operating results is a consequence of the sale of the Group's property in the fourth quarter 2013, a reduction in corresponding rental income in this segment after the sale, as well as continued investments in the retail footprint and infrastructure of Famous Amos to secure further sales growth.

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 fourth quarter of 2014 compared to the third quarter of 2014.

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3. Prospects

The Group takes a generally positive outlook on 2015. This is mainly due to new business development, resulting in various sizeable new clients which are expected to support the underlying sales growth of the existing client base. The investments the Group has undertaken in distribution centers in 2014 and the move to the new offices mid 2015 are therefore important and timely to support this growth.

The Group is well prepared for the implementation of the Goods and Services Tax (GST) on April 1, 2015. The implementation of the tax is however expected to create stronger seasonality patterns than in other years. With this, the Group expects stronger sales before the implementation of GST which should positively affect the first quarter of 2015. Sales are further expected to be softer for the months immediately after the GST implementation and are expected to normalise in the latter part of 2015.

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 healthcare 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 December 31, 2014 RM'000	Quarter ended December 31, 2013 RM'000	Twelve months ended December 31, 2014 RM'000	Twelve months ended December 31, 2013 RM'000
Current year	6,236	5,928	21,060	20,806
Deferred tax	(305)	(2,220)	(556)	(1,532)
	<u>5,931</u>	<u>3,708</u>	<u>20,504</u>	<u>19,274</u>

The effective tax rate for the quarter ended December 31, 2014 remains above the statutory rate due to non-deductible expenses and is comparable to earlier quarters of 2014. The effective tax rate for the quarter and twelve months ended December 31, 2013 was lower compared to the similar periods ended December 31, 2014 due to non-taxable income relating to disposal of the Group's property in 2013 and reversal of Deferred Tax Liability on the revaluation of disposed property.

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6. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed as at February 26, 2015.

7. Group Borrowings and Debt Securities

	As at December 31, 2014 RM'000
<u>Short Term Borrowings</u>	
Unsecured and fully denominated in Ringgit Malaysia:	
- Advances from holding companies	20,100
	20,100
	20,100

8. Disclosure of Derivatives

Type of derivatives	Contract / Notional Value 31/12/2014 RM'000	Fair Value 31/12/2014 RM'000
Foreign exchange contracts		
- less than 1 year	13,868	13,947
Total	13,868	13,947

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 December 31, 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 twelve months ended December 31, 2014 representing the loss for the four 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 February 26, 2015.

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10. Dividend Proposed or Declared

There was no dividend declared or recommended for the current financial period ended December 31, 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 twelve months ended December 31, 2014 are RM 17,277,000 and RM 59,911,000 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 twelve months ended December 31, 2014 is 157,658,076.

12. Disclosure of Realised and Unrealised Profits

	Current Financial Year December 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	302,421	285,715
- Unrealised	2,434	2,402
	<hr/> 304,855	<hr/> 288,117
Less : consolidated adjustments	(13,462)	(21,162)
Total group retained profits as per financial statements	<hr/> 291,393	<hr/> 266,955

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13. Comparatives

The following comparatives were restated to conform to the current year's presentation:

Statement of Comprehensive Income for the twelve months ended December 31, 2013	As previously stated	Restatement	As restated
	RM'000	RM'000	RM'000
Revenue	5,079,177	6,446	5,085,623
Other operating income	109,303	(6,446)	102,857
Segment Report for the twelve months ended December 31, 2013			
Revenue			
- Marketing & distribution services	2,266,970	5,406	2,272,376
- Logistics Services-continuing operations	2,750,255	1,040	2,751,295
- Logistics Services-discontinued operations	18,305	-	18,305
- Others	61,952	-	61,952
- Elimination	(18,305)	-	(18,305)
Total Revenue	5,079,177	6,446	5,085,623

With effect from January 1, 2014, income from value added services which was previously recognized as part of Other Operating Income was re-classified to Revenue. The restatement of 2013 figures was to ensure comparability and does not have an impact on the financial results, or the earnings per share, of the financial year.

By Order of the Board

Andre' Chai P'o-Lieng (MAICSA 7062103)
Company Secretary

Chew Ann Nee (MAICSA 7030413)
Company Secretary

Petaling Jaya
26 February 2015