

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, 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND TWELVE MONTHS ENDED DECEMBER 31, 2015

	INDIVIDUAL 4 TH QUARTER		CUMULATIVE 4 TH QUARTER	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	AUDITED RM'000
1 Revenue	1,355,905	1,380,295	5,572,186	5,339,481
2 Operating expenses	(1,340,874)	(1,356,759)	(5,522,080)	(5,260,074)
3 Other operating income	226	373	4,872	3,649
4 Profit from operations	15,257	23,909	54,978	83,056
5 Finance cost	(1,458)	(701)	(3,969)	(2,641)
6 Profit before taxation	13,799	23,208	51,009	80,415
7 Taxation	(3,718)	(5,931)	(14,173)	(20,504)
8 Profit for the period from operations, net of tax	10,081	17,277	36,836	59,911
10 Net profit for the period	10,081	17,277	36,836	59,911
11 Other comprehensive income :				
- Currency translation differences arising from consolidation	(12)	16	88	8
12 Total comprehensive income	10,069	17,293	36,924	59,919
13 Net profit attributable to owners of the parent	10,081	17,277	36,836	59,911
14 Total comprehensive income attributable to owners of the parent	10,069	17,293	36,924	59,919
15 Earnings per share (EPS) based on item 13 above (See Note 1 below)				
(i) EPS attributable to owners of parent	6.39	10.96	23.36	38.00

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, 2014 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015**

	31/12/2015 Unaudited RM'000	31/12/2014 Audited RM'000
1 Non Current Assets		
Property, plant and equipment	34,240	19,582
Intangible assets	1,625	2,629
Deferred tax assets	3,118	3,272
	<u>38,983</u>	<u>25,483</u>
2 Current Assets		
Inventories	563,784	473,889
Trade and other receivables	1,109,038	902,187
Derivative financial instrument	0	79
Deposits, bank and cash balances	106,905	93,923
	<u>1,779,727</u>	<u>1,470,078</u>
3 Total Assets	<u>1,818,710</u>	<u>1,495,561</u>
4 Equity		
Ordinary share capital	157,658	157,658
Share premium	24,514	24,514
Foreign currency translation reserve	156	68
Retained earnings	313,251	291,393
Equity attributable to owners of parent	<u>495,579</u>	<u>473,633</u>
5 Current Liabilities		
Trade and other payables	1,231,034	997,141
Derivative financial instrument	89	-
Borrowings	88,200	20,100
Taxation	1,071	3,832
	<u>1,320,394</u>	<u>1,021,073</u>
6 Non Current Liabilities		
Long term liabilities	2,737	855
	<u>2,737</u>	<u>855</u>
7 Total Liabilities	<u>1,323,131</u>	<u>1,021,928</u>
8 Total Equity and Liabilities	<u>1,818,710</u>	<u>1,495,561</u>
9 Net assets per share attributable to ordinary equity holders of the company (RM)	<u>3.1434</u>	<u>3.0042</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, 2014 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, 2015

	Issued and fully paid ordinary shares of RM1.00 each		Attributable to owners of the parent		Total Equity	
			Non-distributable		Distributable	
			No of shares 000	Nominal value RM'000	Share premium on ordinary shares RM'000	Foreign currency translation reserve RM'000
<u>TWELVE MONTHS ENDED DECEMBER 31, 2015</u>						
At January 1, 2015	157,658	157,658	24,514	68	291,393	473,633
Total comprehensive income for the period	-	-	-	88	36,836	36,924
Dividends	-	-	-	-	(14,978)	(14,978)
At December 31, 2015	157,658	157,658	24,514	156	313,251	495,579
<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

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, 2014 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR TWELVE MONTHS ENDED DECEMBER 31, 2015**

	31/12/15 Unaudited RM'000	31/12/14 Audited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	51,009	80,415
Adjustments for non cash flows:		
Depreciation	9,274	7,895
Amortization of trademark	1,004	985
Loss on derivatives	168	131
Gain on disposal of property, plant and equipment	(97)	(244)
Written off property, plant and equipment	117	7
Interest income	(468)	(1,278)
Interest expenses	3,969	2,641
Allowance for impairment of trade receivables	1,507	236
Inventories written off	13,851	8,819
Allowance/(write back) of inventory obsolescence	384	(299)
Net unrealised foreign exchange loss	387	873
Currency translation differences arising from consolidation	88	8
Operating profit before changes in working capital	<u>81,193</u>	<u>100,189</u>
Changes in working capital:		
Inventories	(104,130)	(85,084)
Trade and other receivables	(207,544)	(53,240)
Trade and other payables	232,821	123,869
	<u>(78,853)</u>	<u>(14,455)</u>
Interest paid	(3,976)	(2,609)
Interest received	468	1,278
Tax paid	(17,594)	(22,794)
Post-employment benefit obligation paid	(352)	(5,102)
Net cash flow (used in)/from operating activities	<u>(19,114)</u>	<u>56,507</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(21,125)	(7,002)
Purchase of intangible assets	-	(280)
Proceed from disposal of property, plant and equipment	99	271
Net cash flow used in investing activities	<u>(21,026)</u>	<u>(7,011)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing/(repayment)	68,100	(32,095)
Dividend paid	(14,978)	(35,473)
Net cash flow from/(used in) financing activities	<u>53,122</u>	<u>(67,568)</u>
CHANGES ON CASH AND CASH EQUIVALENTS	12,982	(18,072)
CASH AND CASH EQUIVALENTS B/F	93,923	111,995
CASH AND CASH EQUIVALENTS C/F	<u>106,905</u>	<u>93,923</u>
Note : Cash and cash equivalents comprise of :-		
Deposits, bank and cash balances	<u>106,905</u>	<u>93,923</u>
	<u>106,905</u>	<u>93,923</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, 2014 and the accompanying explanatory notes attached to the interim financial statements.

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The figures have not been audited

SEGMENTAL INFORMATION

	<u>Marketing & Distribution Services</u>	<u>Logistics Services</u>	<u>Others</u>	<u>Consolidated</u>
<u>For the Twelve Months Ended December 31, 2015</u>	RM'000	RM'000	RM'000	RM'000
Revenue				
Total revenue	2,523,246	2,992,255	56,685	5,572,186
Results				
Segment result	41,439	15,663	(2,124)	54,978
Finance cost				(3,969)
Taxation				(14,173)
Profit for the financial year				<u>36,836</u>
<u>As at December 31, 2015</u>				
Other Information				
Segment assets	861,525	791,302	35,675	1,688,502
Unallocated assets				130,208
Total assets				<u>1,818,710</u>
Segment liabilities	(455,557)	(669,503)	(2,411)	(1,127,471)
Unallocated liabilities				(195,660)
Total liabilities				<u>(1,323,131)</u>
Capital expenditure	2,306	2,545	19,244	24,095
Depreciation	(1,851)	(2,481)	(4,942)	(9,274)

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SEGMENTAL INFORMATION

<u>For the Twelve Months Ended December 31, 2014</u>	<u>Marketing & Distribution Services</u>	<u>Logistics Services</u>	<u>Others</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000	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>

<u>As at December 31, 2014</u>	<u>Marketing & Distribution Services</u>	<u>Logistics Services</u>	<u>Others</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000	RM'000
Other Information				
Segment assets	737,130	626,909	19,557	1,383,596
Unallocated assets				111,965
Total assets				<u>1,495,561</u>
Segment liabilities	(377,551)	(523,644)	(3,596)	(904,791)
Unallocated liabilities				(117,137)
Total liabilities				<u>(1,021,928)</u>
Capital expenditure	1,590	1,435	4,376	7,401
Depreciation	(2,087)	(2,273)	(3,535)	(7,895)

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Quarterly report on consolidated results for the financial quarter ended December 31, 2015.

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 23, 2016.

2. Accounting Policies and Basis of Preparation

The unaudited condensed consolidated interim financial statements for the current quarter and twelve months ended December 31, 2015 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, 2014.

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, 2014. The new, revised and amended MFRS and IC Interpretations, which are effective for the financial periods beginning on or after January 1, 2015, did not have any material impact on the financial results of the Group.

3. Disclosure of Audit Report Qualification and Status of Matters Raised

The auditors' report on the financial statements of the Group for the year ended December 31, 2014 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.

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

The following dividend payment was made during the year ended December 31, 2015:

	RM'000
In respect of the financial year ended December 31, 2014:	
- Final single tier dividend of 9.5 sen per share paid on August 20, 2015	<u>14,978</u>

9. Segment Information

The Group's segmental information for the financial twelve months ended December 31, 2015 and December 31, 2014 is presented separately in this interim financial report.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Profit before Tax from Operations

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

	Current quarter ended		Cumulative Year-to-Date ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	RM'000	RM'000	RM'000	RM'000
Depreciation	2,630	2,153	9,274	7,895
Amortization of trademark	251	253	1,004	985
Loss on derivatives	2,117	36	168	131
Rental income	(561)	(71)	(787)	(275)
Interest income	(72)	(217)	(468)	(1,278)
Interest expenses	1,458	701	3,969	2,641
Gain on disposal of property, plant and equipment	(33)	(117)	(97)	(244)
Allowance/(write back) for impairment of trade receivables	574	(63)	1,507	236
Inventories written off	6,035	2,764	13,851	8,819
Net allowance/(write back) of inventory obsolescence	494	(147)	384	(299)
Net unrealized foreign exchange loss/(gain)	608	(363)	387	873
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, 2015.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
13. Changes in the Composition of the Group

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

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, 2015 and December 31, 2014, as well as the balances with the related parties as at December 31, 2015 and December 31, 2014:

	Current twelve months ended December 31, 2015 RM'000	Preceding twelve months ended December 31, 2014 RM'000	Intercompany balances - due from/(to) as at	
			December 31, 2015 RM'000	December 31, 2014 RM'000
Sale of goods and services:				
- related company (goods)	2,402	2,331	488	154
- related company (rental)	787	275	-	-
- related company (human resource and information technology charges)	603	549	55	113
	<u>3,792</u>	<u>3,155</u>	<u>543</u>	<u>267</u>
Purchase of goods and services:				
- related company (goods)	60,298	58,660	(9,325)	(6,133)
- related company (management fee)	4,696	3,925	(1,039)	(671)
- related company (information technology charges)	14,374	12,057	(657)	(173)
- other related party (rental)	9,180	9,180	-	-
Others (interest):				
- immediate holding company	331	469	(23)	(1)
- intermediate holding company	447	464	(33)	(41)
- related company	46	242	-	(21)
	<u>89,372</u>	<u>84,997</u>	<u>(11,077)</u>	<u>(7,040)</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 December 31, 2015.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the quarter ended December 31, 2015 and up to February 23, 2016.

16. Capital Commitments

Authorized capital commitments not provided for in this interim financial report as at December 31, 2015 are as follows:

	RM'000
Contracted	1,683
Analyzed as follows:	
- Property, plant and equipment	<u>1,683</u>

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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD – TWELVE MONTHS ENDED DECEMBER 31, 2015**

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

1. Review of Performance

Revenues for the fourth quarter of 2015 declined by 1.8% from RM 1.38 billion in the fourth quarter of 2014 to RM 1.36 billion in the fourth quarter of 2015, while they declined by 4.9% from RM 1.43 billion in the third quarter of 2015. The key influence on this decline was the change in telecommunications client which was effective in November and which had a significant effect on revenues. With this effect removed the fourth quarter of 2015 would have grown by high single digits compared to the fourth quarter of 2014 and quite strongly compared to the preceding third quarter of 2015.

Adjusting for the telecommunications change, revenues generally grew in quarter four of 2015 assisted by gradually recovering consumer demand and season sales for Christmas and Chinese New Year.

In the fourth quarter of 2015, operating costs decreased by 1.2% compared to the fourth quarter of 2014 and by 5.5% compared to the preceding third quarter of 2015. Importantly, when comparing the fourth quarter of 2015 with the preceding third quarter of 2015, costs declined by more than the decline in revenues as costs of additional distribution center space, depreciation of new offices and increased office rental costs all stabilized while non-telecommunications revenues grew. The comparison between the fourth quarter of 2015 and the fourth quarter of 2014 shows a reduction in operating costs (1.2%) which falls short of the reduction in revenues (1.8%) which is due to the effect of the aforementioned increased operational costs which are in place to support future growth in 2016 and beyond.

Profit before tax in the fourth quarter of 2015 declined by 40.5% compared to the fourth quarter of 2014. However, profit before tax in the fourth quarter of 2015 grew by 108.7% compared to the third quarter of 2015, primarily due to improved revenues on non-telecommunications clients and decreased operating costs relative to revenue. Full year profit before tax for 2015 was 36.6% below full-year profit before tax for 2014. The reduction in profit was primarily caused by the temporary downturn of revenues as a result of current economic and market conditions and by additional costs as noted above.

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.

Revenues for the fourth quarter of 2015 were RM 623.4 million, which were 4.0% higher than revenues of RM 599.5 million in the corresponding fourth quarter of 2014 and 3.5% higher than the RM 602.3 million revenues of the preceding third quarter of 2015. This segment's improvement against prior quarter relates to improvement in consumer demand and seasonal sales for Christmas and Chinese New Year.

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The fourth quarter 2015 operating result was RM 11.8 million, which was 25.4% down on the same fourth quarter of 2014 and 116.9% up on the preceding third quarter of 2015. The full-year result is 30.7% down on the corresponding full-year result for 2014. This lower result against prior year is due to a sales mix movement towards lower margin clients and increased distribution costs.

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.

Revenues for the fourth quarter of 2015 decreased by 6.1% compared to the fourth quarter of 2014, declining from RM 763.7 million to RM 717.2 million. Fourth quarter of 2015 revenues also decreased against those of the preceding third quarter of 2015 by 11.3% from RM 808.2 million to RM 717.2 million. The main reason was the change in telecommunications client during the fourth quarter of 2015. If adjusted for this change the fourth quarter 2015 revenues would have increased significantly against the same quarter of 2014 and strongly compared to the preceding third quarter of 2015. This indicates that consumer demand strengthened in the segment when compared to the third quarter of 2015, with a particular influence from festive Christmas and Chinese New Year sales. When compared to the fourth quarter of 2014 the key factor in the increase was the inclusion of new clients, particularly in Healthcare.

The operation result for this segment in the fourth quarter of 2015 was RM 5.0 million, which is a 43.0% reduction on the same fourth quarter of 2014 and a 97.0% increase on the preceding third quarter of 2015. This reflects increased operating costs in relation to 2014 and stable costs and increasing revenues in relation to the preceding third quarter of 2015. Full-year profit before tax for 2015 was 30.2% below full-year profit before tax for 2014.

Others segment

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

Revenues were RM 15.3 million in the fourth quarter of 2015 which was down by 10.5% on the same fourth quarter of 2014. However, this was an improvement of 4.7% compared to the RM 14.6 million seen in the third quarter and this was the highest quarter in 2015. The result compared to 2014 reflects the challenging market environment currently being experienced, with a distinct effect from the implementation of Goods and Services Tax (GST) and the subsequent downturn in consumer demand. The result compared to prior quarter shows that consumer demand continues to recover although the increase due to seasonal Christmas sales was less than in prior years. At the end of the fourth quarter of 2015, Famous Amos operated 92 outlets nationwide.

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The operating result for the fourth quarter of 2015 was RM 0.9 million lower than the fourth quarter of 2014 and RM 1.4 million lower than the preceding third quarter of 2015. Both reductions were predominantly related to a year-to-date adjustment in costs indicating that the result should be considered on a full-year basis. Full-year profit before tax for 2015 was 349.6% below full-year for 2014, which is primarily related to decreased revenues as discussed above and increased costs, predominantly for investment in new Famous Amos outlets during 2014 which will support future growth as consumer demand continues to recover.

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 2015 compared to the third quarter of 2015.

3. Prospects

The Group takes a cautiously positive outlook on 2016. Market conditions remain challenging, particularly following the implementation of GST, which continues to effect consumer demand to a certain extent. However, the Group is optimistic that consumer demand has continued to recover during the fourth quarter and should continue similarly in the first quarter of 2016. A major change in client in the telecommunications business has resulted in significantly reduced revenues in the fourth quarter of 2015 and this effect will be even more significant in future periods, although profitability will not be affected due to this change.

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.

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5. Taxation

	Quarter ended December 31, 2015 RM'000	Quarter ended December 31, 2014 RM'000	Twelve months ended December 31, 2015 RM'000	Twelve months ended December 31, 2014 RM'000
Current year	3,056	6,236	14,019	21,060
Deferred tax	662	(305)	154	(556)
	<u>3,718</u>	<u>5,931</u>	<u>14,173</u>	<u>20,504</u>

The effective tax rate for the quarter ended December 31, 2015 was above the statutory rate. This was due to profit before tax for the fourth quarter of 2015 being less than the fourth quarter of 2014, while non-deductible expenses in the form of renovations in the new distribution center and Famous Amos outlets remained unchanged. In addition, non-deductible expenses in the form of depreciation of the new offices affected the current quarter. Compared to the previous quarter, the effective tax rate dropped on better performance for the quarter.

The year to date effective rate was higher than last year due to the reversal of excess deferred tax assets recognized in respect of the previous year in addition to the reasons mentioned above.

6. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed as at February 23, 2016.

7. Group Borrowings and Debt Securities

	As at December 31, 2015 RM'000
<u>Short Term Borrowings</u>	
Unsecured and fully denominated in Ringgit Malaysia:	
- Bank borrowing	68,000
- Advances from holding companies	20,200
	<u>88,200</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Disclosure of Derivatives

Type of derivatives	Contract / Notional	Fair Value
	Value 31/12/2015 RM'000	31/12/2015 RM'000
Foreign exchange contracts - less than 1 year	40,408	40,319
Total	40,408	40,319

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, 2015 resulting in an unrealized derivative loss of RM 0.1 million. The unrealized loss for the quarter ended December 31, 2015 amounted to RM 2.1 million reversing the unrealized gain of RM 2.0 million from the previous quarter.

The unrealized derivative loss as at year end was very much reduced reflecting the lower volatility of the Ringgit after contracts have been entered into. In total, an unrealized gain on derivative contracts amounting to RM 0.2 million has been charged to the statement of comprehensive income for the year ended December 31, 2015 representing the loss for the twelve months to date after reversal of the unrealized gain on derivatives of RM 0.1 million as at December 31, 2014.

9. Changes in Material Litigation

There is no material litigation as at February 23, 2016.

10. Dividend Proposed or Declared

There was no dividend declared or recommended for the quarter under review.

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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 twelve months ended December 31, 2015 are RM 10,081,000 and RM 36,836,000 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, 2015 is 157,658,076.

12. Disclosure of Realised and Unrealised Profits

	Current Financial Quarter December 31, 2015 RM'000	As at the end of preceding Financial Year December 31, 2014 RM'000
Total retained profits of DKSH Holdings (Malaysia) Berhad and its subsidiaries:		
- Realised	297,843	275,418
- Unrealised	1,946	2,513
	<hr/> 299,789	<hr/> 277,931
Consolidated adjustments	13,462	13,462
Total group retained profits as per financial statements	<hr/> 313,251 <hr/>	<hr/> 291,393 <hr/>

By Order of the Board

Chew Ann Nee (MAICSA 7030413)
Company Secretary

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

Petaling Jaya
February 23, 2016