

Quarterly rpt on consolidated results for the financial period ended 30 Jun 2015

DKSH HOLDINGS (MALAYSIA) BERHAD

Financial Year End 31 Dec 2015
 Quarter 2 Qtr
 Quarterly report for the financial period ended 30 Jun 2015
 The figures have not been audited
Attachments

[DKSH Q2 2015 Quarterly Report.pdf](#)
 685.2 kB

- Default Currency
- Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 30 Jun 2015

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	1,372,006	1,361,014	2,791,138	2,648,027
2 Profit/(loss) before tax	13,787	19,753	30,598	37,687
3 Profit/(loss) for the period	10,017	14,457	22,242	27,956
4 Profit/(loss) attributable to ordinary equity holders of the parent	10,017	14,457	22,242	27,956
5 Basic earnings/(loss) per share (Subunit)	6.35	9.17	14.11	17.73
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7Net assets per share attributable to ordinary equity holders of the parent (\$\$)	3.0505	3.0042

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.

Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Announcement Info

Company Name	DKSH HOLDINGS (MALAYSIA) BERHAD
Stock Name	DKSH
Date Announced	25 Aug 2015
Category	Financial Results
Reference Number	FRA-19082015-00027

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and six months ended June 30, 2015

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER
AND SIX MONTHS ENDED JUNE 30, 2015**

	INDIVIDUAL 2 ND QUARTER		CUMULATIVE 2 ND QUARTER	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
1 Revenue	1,372,006	1,361,014	2,791,138	2,648,027
2 Operating expenses	(1,358,975)	(1,342,221)	(2,761,868)	(2,611,074)
3 Other operating income	1,467	1,487	2,525	1,965
4 Profit from operations	14,498	20,280	31,795	38,918
5 Finance cost	(711)	(527)	(1,197)	(1,231)
6 Profit before taxation	13,787	19,753	30,598	37,687
7 Taxation	(3,770)	(5,296)	(8,356)	(9,731)
8 Profit for the period from continuing operations, net of tax	10,017	14,457	22,242	27,956
10 Net profit for the period	10,017	14,457	22,242	27,956
11 Other comprehensive income :				
- Currency translation differences arising from consolidation	27	(7)	34	(7)
12 Total comprehensive income	10,044	14,450	22,276	27,949
13 Net profit attributable to owners of the parent	10,017	14,457	22,242	27,956
14 Total comprehensive income attributable to owners of the parent	10,044	14,450	22,276	27,949
15 Earnings per share (EPS) based on item 13 above (See Note 1 below)				
(l) EPS attributable to owners of parent	6.35	9.17	14.11	17.73

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 JUNE 30, 2015**

	30/06/2015 Unaudited RM'000	31/12/2014 Audited RM'000
1 Non Current Assets		
Property, plant and equipment	25,549	19,582
Intangible assets	2,127	2,629
Deferred tax assets	3,853	3,272
	<u>31,529</u>	<u>25,483</u>
2 Current Assets		
Inventories	557,333	473,889
Trade and other receivables	1,088,034	902,187
Derivative financial instrument	762	79
Deposits, bank and cash balances	67,897	93,923
	<u>1,714,026</u>	<u>1,470,078</u>
3 Total Assets	<u>1,745,555</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	102	68
Retained earnings	298,657	291,393
Equity attributable to owners of parent	<u>480,931</u>	<u>473,533</u>
5 Current Liabilities		
Trade and other payables	1,245,515	997,141
Borrowings	15,150	20,100
Taxation	3,177	3,832
	<u>1,263,842</u>	<u>1,021,073</u>
6 Non Current Liabilities		
Long term liabilities	782	855
	<u>782</u>	<u>855</u>
7 Total Liabilities	<u>1,264,624</u>	<u>1,021,928</u>
8 Total Equity and Liabilities	<u>1,745,555</u>	<u>1,495,561</u>
9 Net assets per share attributable to ordinary equity holders of the company (RM)	<u>3.0505</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 SIX MONTHS ENDED JUNE 30, 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>SIX MONTHS ENDED JUNE 30, 2015</u>						
At January 1, 2015	157,658	157,658	24,514	68	291,393	473,633
Total comprehensive income for the period	-	-	-	34	22,242	22,276
Dividends	-	-	-	-	(14,978)	(14,978)
At June 30, 2015	157,658	157,658	24,514	102	298,657	480,931
<u>SIX MONTHS ENDED JUNE 30, 2014</u>						
At January 1, 2014	157,658	157,658	24,514	60	266,955	449,187
Total comprehensive income for the period	-	-	-	(7)	27,956	27,949
Dividends	-	-	-	-	(35,473)	(35,473)
At June 30, 2014	157,658	157,658	24,514	53	259,438	441,663

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 THE SIX MONTHS ENDED JUNE 30, 2015**

	30/06/15 Unaudited RM'000	30/06/14 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	30,598	37,687
Adjustments for non cash flows:		
Depreciation	4,084	3,780
Amortization of trademark	502	488
(Gain)/loss on derivatives	(683)	435
Gain on disposal of property, plant and equipment	(17)	(126)
Interest income	(355)	(638)
Interest expenses	1,197	1,231
Allowance/(write-back of) for impairment of trade receivables	422	(125)
Inventories written off	4,870	4,206
Allowance/(write back) of inventory obsolescence	101	(369)
Accruals for post-employment benefits obligations	29	29
Net unrealised foreign exchange loss	32	1,253
Currency translation differences arising from consolidation	34	(7)
Other non cash items	-	-
Operating profit before changes in working capital	<u>40,814</u>	<u>47,844</u>
Changes in working capital:		
Inventories	(88,415)	(67,360)
Trade and other receivables	(185,942)	(61,961)
Trade and other payables	233,652	140,146
	<u>(40,705)</u>	<u>10,825</u>
Interest paid	(1,194)	(1,223)
Interest received	355	638
Tax paid	(9,919)	(8,140)
Post-employment benefit obligation paid	(169)	(5,143)
Net cash flow from operating activities	<u>(10,818)</u>	<u>44,801</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,275)	(1,905)
Proceed from disposal of property, plant and equipment	17	140
Net cash flow from investing activities	<u>(10,258)</u>	<u>(1,765)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment	(4,950)	(7,730)
Net cash flow from financing activities	<u>(4,950)</u>	<u>(7,730)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(26,026)</u>	<u>35,306</u>
CASH AND CASH EQUIVALENTS B/F	93,923	111,995
CASH AND CASH EQUIVALENTS C/F	<u>67,897</u>	<u>147,301</u>
Note : Cash and cash equivalents comprise of :-		
Deposits, bank and cash balances	67,897	147,301
	<u>67,897</u>	<u>147,301</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 Six Months Ended June 30, 2015</u>	RM'000	RM'000	RM'000	RM'000
Revenue				
Total revenue	1,297,543	1,466,802	26,793	2,791,138
Results				
Segment result	24,247	8,197	(649)	31,795
Finance cost				(1,197)
Taxation				(8,356)
Profit for the financial year				<u>22,242</u>
<u>As at June 30, 2015</u>				
Other Information				
Segment assets	881,836	745,615	28,197	1,655,648
Unallocated assets				89,907
Total assets				<u>1,745,555</u>
Segment liabilities	(503,573)	(633,036)	(2,756)	(1,139,365)
Unallocated liabilities				(125,259)
Total liabilities				<u>(1,264,624)</u>
Capital expenditure	1,259	1,698	7,095	10,052
Depreciation	(1,025)	(1,247)	(1,812)	(4,084)

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SEGMENTAL INFORMATION

<u>For the Six Months Ended June 30, 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	1,213,177	1,405,972	28,878	2,648,027
Results				
Segment result	29,077	8,794	1,047	38,918
Finance cost				(1,231)
Taxation				(9,731)
Profit for the financial year				<u>27,956</u>
<u>As at June 30, 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	776,554	578,539	19,897	1,374,990
Unallocated assets				166,713
Total assets				<u>1,541,703</u>
Segment liabilities	(415,919)	(507,430)	(3,192)	(926,541)
Unallocated liabilities				(173,499)
Total liabilities				<u>(1,100,040)</u>
Capital expenditure	666	534	705	1,905
Depreciation	(1,060)	(1,115)	(1,605)	(3,780)

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(I) Compliance with MFRS 134: Interim Financial Reporting

1. Corporate Information

The Company is a public limited company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on August 25, 2015.

2. Accounting Policies and Basis of Preparation

The unaudited condensed consolidated interim financial statements for the current quarter and six months ended June 30, 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.

6. Material Changes in Estimates

There were no material changes in estimates used to prepare these interim financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Changes in Debt and Equity Securities

There were no changes in debt and equity securities during the quarter under review.

8. Dividend Paid

No dividend was paid for the quarter under review.

9. Segment Information

The Group's segmental information for the financial six months ended June 30, 2015 and June 30, 2014 is presented separately in this interim financial report.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Profit before Tax from Continuing Operations

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

	Current quarter ended		Cumulative Year-to-Date ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	RM'000	RM'000	RM'000	RM'000
Depreciation	1,951	1,897	4,084	3,780
Amortization of trademark	251	244	502	488
(Gain)/loss on derivatives	(579)	53	(683)	435
Rental income	(103)	(70)	(172)	(138)
Interest income	(115)	(377)	(355)	(638)
Interest expenses	711	527	1,197	1,231
Gain on disposal of property, plant and equipment	(6)	(124)	(17)	(126)
Allowance/(write back) for impairment of trade receivables	2	199	422	(125)
Inventories written off	2,546	2,827	4,870	4,206
Allowance/(write back) of inventory obsolescence	81	(289)	101	(369)
Net unrealized foreign exchange (gain)/loss	(129)	1,328	32	1,253
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 six months ended June 30, 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 six months ended June 30, 2015 and June 30, 2014, as well as the balances with the related parties as at June 30, 2015 and June 30, 2014:

	Current six months ended June 30, 2015 RM'000	Preceding six months ended June 30, 2014 RM'000	Intercompany balances - due from/(to) as at	
			June 30, 2015 RM'000	June 30, 2014 RM'000
Sale of goods and services:				
- related company (goods)	1,054	1,459	218	1
- related company (rental)	172	138	-	-
- related company (human resource and information technology charges)	301	270	52	67
	<u>1,527</u>	<u>1,867</u>	<u>270</u>	<u>68</u>
Purchase of goods and services:				
- related company (goods)	29,120	29,328	(6,084)	(6,920)
- related company (management fee)	2,368	2,259	(1,312)	(1,166)
- related company (information technology charges)	6,937	5,797	(209)	(149)
- other related party (rental)	4,590	4,590	-	-
Others (interest):				
- immediate holding company	227	222	(38)	(38)
- intermediate holding company	107	164	(28)	(35)
- related company	46	165	-	(12)
	<u>43,395</u>	<u>42,525</u>	<u>(7,671)</u>	<u>(8,320)</u>

The amounts receivable from or payable to related parties are unsecured, non-interest bearing and carry credit terms between 30 to 120 days. There were no overdue balances from related parties as at June 30, 2015.

15. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the quarter ended June 30, 2015 and up to August 25, 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 June 30, 2015 are as follows:

	RM'000
Contracted	10,134
Not contracted	5,660
	<u>15,794</u>
Analysed as follows:	
- Property, plant and equipment	<u>15,794</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD – SIX MONTHS ENDED JUNE 30, 2015**

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

1. **Review of Performance**

Compared to the second quarter of 2014, revenues grew by 0.8% from RM 1.36 billion to RM 1.37 billion in the same quarter of 2015, whilst compared to the first quarter of 2015, revenues decreased by 3.3%. A reduction in revenues was observed following the implementation of Goods and Services Tax (GST) and recovery in consumer demand is progressing on a monthly basis, although it remains below pre-GST levels. The Group is optimistic that consumer demand will continue to recover over the remainder of the year. This reduction was partially offset by the year-on-year growth in the Group's existing clients, while new clients, particularly in the Consumer Goods and Healthcare Business Units contributed as well.

Compared to the second quarter of 2014, operating costs increased by 1.2%, which is largely in line with revenue growth and mainly due to increased rental costs for additional warehouse space for new Consumer Goods clients.

Profit before tax decreased by 30.2% compared to the second quarter of 2014 due to the higher operating costs described above. Profit after tax declined by 30.7% from RM 14.5 million to RM 10.9 million, again due to the increased operating costs.

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 second quarter of 2014, revenues increased by 4.5% from RM 620.3 million to RM 648.1 million in the same quarter of 2015, whilst revenues experienced a small 0.2% decline compared to the first quarter of 2015, which recorded sales of RM 649.5 million.

Compared to the second quarter of 2014, the operating result for this segment declined by 17.2% from RM 15.6 million in 2014 to RM 12.9 million in the same period of 2015, due to a sales mix movement towards lower margin clients and increased distribution costs, the latter related predominantly to costs in connection with moving the Kota Kinabalu distribution center.

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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 second quarter of 2014, revenues reduced by 2.2% from RM 727.0 million to RM 711.3 million in the same quarter of 2015, while revenue was down by 5.9% compared to the first quarter of 2015 which reported sales of RM 755.5 million. The key contribution to the decline in revenue was a reduction in consumer demand following the introduction of the GST on April 1, 2015.

The operating result of this segment reduced by 46.7% from RM 4.5 million in the second quarter of 2014 to RM 2.4 million in the second quarter of 2015 based on the above discussed reduction in revenues.

Others segment

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

Revenue declined by 7.7% from RM 13.7 million in the second quarter of 2014 to RM 12.7 million in the same quarter of 2015, whilst revenue decreased by 10.3% compared to the immediately preceding first quarter of 2015, which recorded net sales of RM 14.1 million. The variance to the prior year's result is predominantly due to the continued challenging retail environment, especially in connection with the introduction of the GST, while the variance to the previous quarter is largely influenced by seasonal sales in the GST introduction. At the end of the second quarter of 2015, Famous Amos operated 93 outlets nationwide.

The operating result for this segment declined from RM 0.2 million in the second quarter of 2014 to a loss of RM 0.8 million in the second quarter of 2015. The lower operating result is due to the reduction in revenues noted above and on-going investment in further outlets to militate against the challenging retail environment.

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

There were no material items that have affected the performance of the second quarter of 2015 compared to the first quarter of 2015.

3. Prospects

The Group takes a cautiously positive outlook on 2015. This is mainly due to new business development, resulting in various sizeable new clients which are supporting 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 carried out in June 2015 are therefore important and timely to support this growth.

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The Group successfully executed the implementation of the GST on April 1, 2015, with no business interruption.

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 June 30, 2015 RM'000	Quarter ended June 30, 2014 RM'000	Six months ended June 30, 2015 RM'000	Six months ended June 30, 2014 RM'000
Current year	4,126	5,767	8,937	9,082
Deferred tax	(356)	(471)	(581)	649
	<u>3,770</u>	<u>5,296</u>	<u>8,356</u>	<u>9,731</u>

The effective tax rate for the quarter and six months ended June 30, 2015 was above the statutory rate and last year's due to high non-deductible expenses in the form of renovations in the new warehouse and Famous Amos outlets and reversal of excess deferred tax assets recognized in respect of the previous year.

6. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed as at August 25, 2015.

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7. Group Borrowings and Debt Securities

	As at June 30, 2015 RM'000
<u>Short Term Borrowings</u>	
Unsecured and fully denominated in Ringgit Malaysia:	
- Advances from holding companies	15,150
	<u>15,150</u>

8. Disclosure of Derivatives

Type of derivatives	Contract / Notional Value 30/06/2015 RM'000	Fair Value 30/06/2015 RM'000
Foreign exchange contracts		
- less than 1 year	18,822	19,584
Total	<u>18,822</u>	<u>19,584</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 June 30, 2015 resulting in a unrealized derivative gain of RM 0.8 million. The unrealized gain for the quarter ended June 30, 2015 amounted to RM 0.6 million due to the weakening ringgit after contracts have been entered into. In total, an unrealized gain on derivative contracts amounting to RM 0.7 million has been charged to the statement of comprehensive income for the six months ended June 30, 2015 representing the gain for the first six months to date in addition to 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 August 25, 2015.

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

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended June 30, 2015.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Dividend Proposed or Declared

The final single tier dividend of 9.5 sen per share in respect of the financial year ended December 31, 2014, was approved by shareholders at the Twenty-Third Annual General Meeting held on June 25, 2015 and paid on August 20, 2015.

No dividend was declared or recommended for the quarter under review.

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 six months ended June 30, 2015 are RM 10,017,000 and RM 22,242,000 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 six months ended June 30, 2015 is 157,658,076.

12. Disclosure of Realised and Unrealised Profits

	Current Financial Quarter June 30, 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	281,452	275,418
- Unrealised	3,743	2,513
	<hr/> 285,195	<hr/> 277,931
Consolidated adjustments	13,462	13,462
Total group retained profits as per financial statements	<hr/> 298,657 <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
August 25, 2015