

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)
(Incorporated in Malaysia)

Quarterly report on results for the financial quarter ended 31 March 2010
The figures have not been audited.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER CURRENT QUARTER ENDED	COMPARATIVE QUARTER ENDED	CUMULATIVE QUARTER 3 month CUMULATIVE TO DATE	CUMULATIVE 3 month CUMULATIVE TO DATE
	31/03/10 RM'000	31/03/09 RM'000	31/03/10 RM'000	31/03/09 RM'000
Revenue	173,111	168,566	173,111	168,566
Cost of Sales	<u>(108,714)</u>	<u>(122,686)</u>	<u>(108,714)</u>	<u>(122,686)</u>
Gross Profit	64,397	45,880	64,397	45,880
Other Income	230	171	230	171
Interest Income	101	6	101	6
Distribution Costs	(20,596)	(20,183)	(20,596)	(20,183)
Administrative Expenses	(5,323)	(4,726)	(5,323)	(4,726)
Other operating Expenses	<u>(10,526)</u>	<u>(8,481)</u>	<u>(10,526)</u>	<u>(8,481)</u>
Profit From Operations	28,283	12,667	28,283	12,667
Finance Costs	-	(1)	-	(1)
Profit Before Taxation	28,283	12,666	28,283	12,666
Taxation	<u>(7,471)</u>	<u>(3,913)</u>	<u>(7,471)</u>	<u>(3,913)</u>
Profit After Taxation	<u>20,812</u>	<u>8,753</u>	<u>20,812</u>	<u>8,753</u>
Attributable to:				
Equity holders of the Company	20,812	8,753	20,812	8,753
Minority Interest	-	-	-	-
	<u>20,812</u>	<u>8,753</u>	<u>20,812</u>	<u>8,753</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>32.52</u>	<u>13.68</u>	<u>32.52</u>	<u>13.68</u>

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2009)

DUTCH LADY MILK INDUSTRIES BERHAD

(5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 31/03/10 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/09 (Audited)
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, Plant and Equipment	78,738	78,621
Prepaid leased payments	3,687	3,706
Intangibles assets	4,530	4,879
	86,955	87,206
CURRENT ASSETS		
Inventories	70,923	57,552
Trade receivables	88,263	86,630
Other receivables and prepaid expenses	3,534	2,401
Amounts owing by related companies	8,943	5,469
Cash and bank balances	47,139	41,732
TOTAL CURRENT ASSETS	218,802	193,784
TOTAL ASSETS	305,757	280,990
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued Capital	64,000	64,000
Unappropriated Profit	136,797	115,985
Equity attributable to equity holders of the Company	200,797	179,985
Minority Interest	-	-
TOTAL EQUITY	200,797	179,985
NON-CURRENT LIABILITIES		
Deferred Tax Liabilities	4,150	4,150
	4,150	4,150
CURRENT LIABILITIES		
Trade payables	58,705	53,547
Other payables and accrued expenses	18,583	16,438
Amount owing to related companies	17,614	21,920
Provisions	300	283
Current tax liabilities	5,608	4,667
	100,810	96,855
TOTAL LIABILITIES	104,960	101,005
TOTAL EQUITY AND LIABILITIES	305,757	280,990
Net assets per share attributable to ordinary equity holders of the Company (RM)	3.14	2.81

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2009)

DUTCH LADY MILK INDUSTRIES BERHAD

(5063-V)

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF CHANGES IN EQUITY
For the period ended 31 March 2010**

	<u>Issued Capital</u> RM'000	<u>Distributable Reserve - Unappropriated profit</u> RM'000	<u>Attributable to equity holders of the Company</u> RM'000	<u>Minority Interest</u> RM'000	<u>Total</u> RM'000
3 months ended 31 March 2010					
Balance at beginning of period	64,000	115,985	179,985	-	179,985
Movements during the period (Cumulative)	-	20,812	20,812	-	20,812
Balance at end of period	<u>64,000</u>	<u>136,797</u>	<u>200,797</u>	<u>-</u>	<u>200,797</u>
3 months ended 31 March 2009					
Balance at beginning of period	64,000	97,585	161,585	-	161,585
Movements during the period (Cumulative)	-	8,753	8,753	-	8,753
Balance at end of period	<u>64,000</u>	<u>106,338</u>	<u>170,338</u>	<u>-</u>	<u>170,338</u>

(The Condensed Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2009)

DUTCH LADY MILK INDUSTRIES BERHAD

(5063-V)

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CASH FLOWS
For the period ended 31 March 2010

	3 months ended 31/03/10 RM'000	3 months ended 31/03/09 RM'000
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	167,100	170,240
Cash paid to suppliers and employees	(152,943)	(168,418)
	<hr/>	<hr/>
Cash generated from operations	14,157	1,822
Income tax paid	(6,530)	(2,614)
	<hr/>	<hr/>
Net cash from/ (used in) operating activities	7,627	(792)
	<hr/> <hr/>	<hr/> <hr/>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additions of property, plant and equipment	(2,319)	(1,155)
Additions of intangible assets	(3)	(388)
Proceeds from disposal of property, plant and equipment	1	5
Interest received	101	6
	<hr/>	<hr/>
Net cash used in investing activities	(2,220)	(1,532)
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CASH FLOWS USED IN FINANCING ACTIVITIES		
Interest paid	-	(1)
	<hr/>	<hr/>
Net cash used in financing activities	-	(1)
	<hr/> <hr/>	<hr/> <hr/>
Net increase/ (decrease) in cash and cash equivalents	5,407	(2,325)
Cash and cash equivalents brought forward	41,732	23,792
	<hr/>	<hr/>
Cash and cash equivalents carried forward	47,139	21,467
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(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2009)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)
(Incorporated in Malaysia)

NOTES

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (FRS) 134 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Company as at and for the year ended 31 December 2009.

The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2009 except as described below:

FRS 101 (revised), Presentation of Financial Statements

The Company has applied revised FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Company presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per ordinary share.

2. Auditors' Report of Preceding Annual Financial Statements

The auditors' report of the Company in respect of the annual audited financial statements for the year ended 31 December 2009 was not subject to any audit qualifications.

3. Seasonal and Cyclical Factors

The milk and milk related business can be influenced by the weather and major festivals.

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

6. Changes in Estimates

There were no changes in estimates of amounts reported in the current quarter or changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

7. Changes in Debt and Equity

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period under review.

8. Dividends

There were no dividends paid for the financial quarter under review.

9. Segmental Analysis

No segmental information has been provided as the Company operates principally in Malaysia and in one major business segment.

10. Valuation of prepaid leased payments

There were no changes or amendments to the valuation of prepaid leased payments from the previous annual audited financial statements.

11. Subsequent Events

There were no material subsequent events as at 11 May 2010 that will affect the financial results of the financial period under review.

12. Changes in Composition of the Company

There were no changes in the composition of the Company during the financial period under review.

13. Contingent Liabilities

There were no other contingent liabilities as at 11 May 2010 other than operating lease obligations by the Company amounting to RM3.9 million.

14. Related Party Transactions

The following are significant related party transactions:-

	Quarter ended 31/03/10 RM'000	Year-to-date 31/03/10 RM'000
Sales to related parties	9,556	9,556
Purchases from related parties	30,569	30,569
Know-how and Trademark License fees	4,612	4,612
Call centre services from related party	281	281

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

15. Review of Results (Against preceding year corresponding period)

The Company's revenue for the financial quarter was 2.7% higher compared to the preceding year's corresponding quarter. The profit before taxation for the financial quarter was however, significantly higher at RM28.3 million, mainly attributed to better sales mix and favourable dairy raw material prices.

16. Comments on Material Changes in Profit Before Taxation

The profit before taxation for the current quarter was higher at RM28.3 million compared to the preceding quarter of RM23.0 million, mainly due to lower spending on marketing activities.

17. Business Prospects

The Board expects that the year 2010 will be challenging due to world dairy raw material prices that are expected to increase significantly later in the year and intense market competition.

18. Statement on Revenue or Profit Estimate, Forecast, Projection or Internal Targets Previously Announced or Disclosed in a Public Document

Not applicable.

19. Profit Forecast

The Company did not issue any profit forecast during the financial period under review.

20. Taxation

Taxation is made up as follows: -

	As at end of quarter 31/03/10 RM'000	3 month Year to-date 31/03/10 RM'000
Income tax for current period	7,471	7,471
Deferred tax for current period	-	-
Total taxation	<u>7,471</u>	<u>7,471</u>

21. Deferred Tax Liabilities

	As at end of quarter 31/03/10 RM'000	As at 31/12/09 RM'000
At 1 January 2010 (2009)	4,150	2,300
Recognised in the statement of comprehensive income	-	1,850
At 31 Mar 2010 (31 Dec 2009)	<u>4,150</u>	<u>4,150</u>

22. Sale of Unquoted Investments and / or Properties

There were no sales of investments or properties during the financial period under review.

23. Purchase or Disposal of Quoted Securities

- a) There were no purchases or disposals of quoted securities during the financial period under review.
- b) There were no investments in quoted securities as at the end of the financial period under review.

24. Corporate Proposals

There were no corporate proposals announced but not completed as at 11 May 2010.

25. Company Borrowings

There were no borrowings or debt securities as at the end of the reporting period.

26. Off Balance Sheet Financial Instruments

There were no financial instruments with off-balance sheet risk as at 11 May 2010.

27. Material Litigation

There were no material litigations against the Company as at 11 May 2010.

28. Proposed Dividend

At the Annual General Meeting to be held on 19 May 2010, a final dividend in respect of the financial year ended 31 December 2009 of gross 10.0 sen per ordinary share less income tax, and 5.0 sen per ordinary share, tax exempt, amounting to a total net dividend of RM 8.0 million, will be proposed for approval by shareholders.

In addition, the Board of Directors had, on 18 May 2010, declared a special interim dividend in respect of the financial year ending 31 December 2010 of gross 30.0 sen per ordinary share, less income tax, amounting to RM 14.40 million.

If approved, both dividends will be paid out on 1 July 2010.

29. Earnings Per Share

	Current Quarter ended 31/03/10	Comparative Quarter ended 31/03/09	3 month Cumulative to-date 31/03/10	3 month Cumulative to-date 31/03/09
Basic earnings per share				
Profit after taxation (RM'000)	20,812	8,753	20,812	8,753
Weighted average number of ordinary shares in issue ('000)	64,000	64,000	64,000	64,000
Basic earnings per share (sen)	32.52	13.68	32.52	13.68

The Company does not have in issue any financial instrument or other contract that may entitle its holders to ordinary shares and therefore dilute its basic earnings per share.

By Order of the Board
Huang Shi Chin
Company Secretary
18 May 2010