

DUTCH LADY MILK INDUSTRIES BERHAD

(5063-V)

(Incorporated in Malaysia)

Quarterly report on results for the financial quarter ended 30 June 2012
The figures have not been audited.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|-----------------------------|---------------------------------|----------------------------------|----------------------------------|
| | CURRENT QUARTER ENDED | COMPARATIVE QUARTER ENDED | 6 month CUMULATIVE TO DATE | 6 month CUMULATIVE TO DATE |
| | 30/06/12 RM'000 | 30/06/11 RM'000 | 30/06/12 RM'000 | 30/06/11 RM'000 |
| Revenue | 217,548 | 200,892 | 431,601 | 397,535 |
| Cost of Sales | (135,371) | (123,751) | (270,299) | (247,000) |
| Gross Profit | 82,177 | 77,141 | 161,302 | 150,535 |
| Other Income | 384 | 430 | 580 | 560 |
| Distribution Expenses | (27,608) | (26,560) | (55,440) | (52,332) |
| Administrative Expenses | (6,486) | (5,680) | (12,780) | (11,404) |
| Other Operating Expenses | (8,688) | (8,639) | (17,145) | (16,420) |
| Results from Operating Activities | 39,779 | 36,692 | 76,517 | 70,939 |
| Finance Costs | (675) | - | (1,407) | - |
| Interest Income | 1,485 | 739 | 2,596 | 1,045 |
| Profit Before Taxation | 40,589 | 37,431 | 77,706 | 71,984 |
| Income Tax Expenses | (10,599) | (9,656) | (20,250) | (15,871) |
| Profit After Taxation | 29,990 | 27,775 | 57,456 | 56,113 |
| Other Comprehensive Income | - | - | - | - |
| Total comprehensive income for the period | 29,990 | 27,775 | 57,456 | 56,113 |
| Profit Attributable to: | | | | |
| Equity holders of the Company | 29,990 | 27,775 | 57,456 | 56,113 |
| Non-controlling interest | - | - | - | - |
| | 29,990 | 27,775 | 57,456 | 56,113 |
| EARNINGS PER SHARE | | | | |
| - Basic earnings per share (sen) (Based on 64,000,000 ordinary shares) | 46.86 | 43.40 | 89.78 | 87.68 |

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011)

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

Quarterly report on results for the financial quarter ended 30 June 2012

CONDENSED STATEMENT OF FINANCIAL POSITION

| | AS AT END OF CURRENT QUARTER 30/06/12 (Unaudited) | AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/11 (Audited) |
|--|--|--|
| | RM'000 | RM'000 |
| ASSETS | | |
| Property, plant and equipment | 69,764 | 71,602 |
| Intangible assets | 1,691 | 2,446 |
| TOTAL NON-CURRENT ASSETS | 71,455 | 74,048 |
| Inventories | 88,930 | 93,448 |
| Trade and other receivables | 41,912 | 36,714 |
| Prepayments | 1,170 | 1,161 |
| Cash and cash equivalents | 182,526 | 193,143 |
| TOTAL CURRENT ASSETS | 314,538 | 324,466 |
| TOTAL ASSETS | 385,993 | 398,514 |
| EQUITY | | |
| Share capital | 64,000 | 64,000 |
| Retained profits | 169,410 | 195,154 |
| Attributable to equity holders of the Company | 233,410 | 259,154 |
| Non-controlling interest | - | - |
| TOTAL EQUITY | 233,410 | 259,154 |
| LIABILITIES | | |
| Deferred tax liabilities | 4,170 | 4,051 |
| TOTAL NON-CURRENT LIABILITIES | 4,170 | 4,051 |
| Trade and other payables | 126,500 | 121,832 |
| Provision | 388 | 375 |
| Current tax liabilities | 21,525 | 13,102 |
| CURRENT LIABILITIES | 148,413 | 135,309 |
| TOTAL LIABILITIES | 152,583 | 139,360 |
| TOTAL EQUITY AND LIABILITIES | 385,993 | 398,514 |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | 3.65 | 4.05 |

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

Quarterly report on results for the financial quarter ended 30 June 2012

The figures have not been audited.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2012**

| | Share <u>Capital</u> RM'000 | Distributable Retained <u>profits</u> RM'000 | Attributable to equity holders of <u>the Company</u> RM'000 | Non- Controlling <u>Interest</u> RM'000 | <u>Total</u> RM'000 |
|---------------------------------------|-----------------------------------|---|---|--|------------------------|
| 6 month ended 30 June 2012 | | | | | |
| Balance at beginning of period | 64,000 | 195,154 | 259,154 | - | 259,154 |
| Movements during the period | - | 57,456 | 57,456 | - | 57,456 |
| Dividends paid | - | (83,200) | (83,200) | - | (83,200) |
| Balance at end of period | <u>64,000</u> | <u>169,410</u> | <u>233,410</u> | <u>-</u> | <u>233,410</u> |
| 6 month ended 30 June 2011 | | | | | |
| Balance at beginning of period | 64,000 | 133,472 | 197,472 | - | 197,472 |
| Movements during the period | - | 56,113 | 56,113 | - | 56,113 |
| Dividends payable | - | (22,400) | (22,400) | - | (22,400) |
| Balance at end of period | <u>64,000</u> | <u>167,185</u> | <u>231,185</u> | <u>-</u> | <u>231,185</u> |

(The Condensed Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011)

DUTCH LADY MILK INDUSTRIES BERHAD

(5063-V)

(Incorporated in Malaysia)

Quarterly report on results for the financial quarter ended 30 June 2012
The figures have not been audited.**CONDENSED STATEMENT OF CASH FLOW**
For the year ended 30 June 2012

| | 6 months ended 30/06/12 RM'000 | 6 months ended 30/06/11 RM'000 |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash receipts from customers and other receivables | 426,955 | 381,815 |
| Cash paid to suppliers and employees | (342,060) | (319,109) |
| | <hr/> | <hr/> |
| Cash generated from operations | 84,895 | 62,706 |
| Income tax paid | (11,708) | (9,497) |
| | <hr/> | <hr/> |
| Net cash from operating activities | 73,187 | 53,209 |
| | <hr/> | <hr/> |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | |
| Additions of property, plant and equipment | (1,883) | (6,191) |
| Proceeds from disposal of property, plant and equipment | 90 | 25 |
| Interest received | 2,596 | 1,045 |
| | <hr/> | <hr/> |
| Net cash generated from / (used in) investing activities | 803 | (5,121) |
| | <hr/> | <hr/> |
| CASH FLOWS USED IN FINANCING ACTIVITIES | | |
| Interest paid | (1,407) | - |
| Dividends paid | (83,200) | - |
| | <hr/> | <hr/> |
| Net cash used in financing activities | (84,607) | - |
| | <hr/> | <hr/> |
| Net (decrease) / increase in cash and cash equivalents | (10,617) | 48,088 |
| Cash and cash equivalents brought forward | 193,143 | 85,657 |
| | <hr/> | <hr/> |
| Cash and cash equivalents carried forward | 182,526 | 133,745 |
| | <hr/> <hr/> | <hr/> <hr/> |

(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011)

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 the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, 'Interim Financial Reporting' in Malaysia and with IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the most recent audited financial statements of the Company as at and for the year ended 31 December 2011.

These are the Company's interim financial statements for part of the period covered by the Company's first MFRS framework annual financial statements and MFRS 1, 'First-time Adoption of Malaysian Financial Reporting Standards' had been applied.

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 2011 was not subject to any audit qualification.

3. Seasonal and Cyclical Factors

The dairy and dairy 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

| | Quarter ended 30/06/12 RM'000 | Quarter ended 30/06/11 RM'000 | Year to-date 30/06/12 RM'000 | Year to-date 30/06/11 RM'000 |
|---|-------------------------------------|-------------------------------------|------------------------------------|------------------------------------|
| In respect of the financial year ended 31 December 2011 (2011: 31 December 2010) Final dividends payable: | | | | |
| - NIL (2010: 5.00 sen) tax exempt per RM 1.00 ordinary share | - | 3,200 | - | 3,200 |
| - NIL (2010: 10.00 sen less income tax) per RM 1.00 ordinary share | - | 4,800 | - | 4,800 |
| | | | | |
| In respect of the financial year ending 31 December 2012 Interim dividends paid: | | | | |
| - 50.00 sen (2011: NIL) per RM 1.00 ordinary share | 32,000 | - | 32,000 | - |
| | | | | |
| Special interim dividend paid / payable: | | | | |
| - 80.00 sen (2011: 30.00 sen less income tax) per RM 1.00 ordinary share | 51,200 | 14,400 | 51,200 | 14,400 |
| | | | | |
| | 83,200 | 22,400 | 83,200 | 22,400 |
| | | | | |
| Net dividend per share (sen) | 130.00 | 35.00 | 130.00 | 35.00 |

9. Segmental Analysis

The Company operates principally in Malaysia and in one major business segment. As such, only one reportable segment analysis is prepared. The Company's Board of Directors (the chief operating decision maker) reviews internal management reports at least on a quarterly basis.

| | Quarter ended 30/06/12 RM'000 | Quarter ended 30/06/11 RM'000 |
|-----------------------|-------------------------------------|-------------------------------------|
| Segment profit | | |
| Revenue | 217,548 | 200,892 |
| Profit After Taxation | 29,990 | 27,775 |

10. Subsequent Events

There were no material subsequent events as at 21 August 2012 that will affect the financial results of the financial period under review.

11. Changes in Composition of the Company

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

12. Contingent Liabilities

There were no other contingent liabilities as at 21 August 2012 other than operating lease obligations by the Company amounting to RM6.7 million.

13. Related Party Transactions

The following are significant related party transactions: -

| | Quarter ended 30/06/12 RM'000 | 6 month Year-to-Date 30/06/12 RM'000 |
|---|-------------------------------------|---|
| Sales to related parties | 8,595 | 16,467 |
| Purchases from related parties | 26,843 | 46,243 |
| Know-how, Trademark License and Management Support fees | 7,214 | 14,932 |
| Shared services from related parties | 963 | 1,931 |

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

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

Revenue in the current quarter increased by 8% compared to the preceding year's corresponding quarter, mainly due to strong sales in the Company's powder and liquid milk products. Profit before taxation for the current quarter was RM 3.4 million higher at RM 40.6 million mainly attributable to the higher revenue for the quarter and favourable sales mix as the Company exited the low margin creamer business in Q3 2011.

Revenue for the first half year of 2012 grew by 8% compared to corresponding period in 2011. The growth was contributed by strong sales in the Company's powder and liquid milk products. Profit before tax increased by 8% mainly contributed by the higher revenue and favourable sales mix.

15. Comments on Material Changes in Profit Before Taxation

The Company's revenue in the current quarter was 2% higher compared to the preceding quarter mainly contributed by higher sales of liquid milk products. The profit before taxation for the current quarter was higher by RM 3.5 million mainly due to the higher sales volume and favourable sales mix during the quarter.

16. Business Prospects

The general uncertainty over the world's economy may impact consumer spending. Despite the high dairy raw material prices, the Board of Directors of the Company is cautiously optimistic on its 2012 outlook given the strength of its Dutch Lady brand and strong market position.

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

Not applicable.

18. Profit Forecast

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

19. Taxation

Taxation is made up as follows: -

| | Quarter ended 30/06/12 RM'000 | 6 month Year-to-Date 30/06/12 RM'000 |
|--|-------------------------------------|---|
| Income tax for current period | 10,480 | 20,131 |
| Deferred tax for current period | 119 | 119 |
| Over provision of prior years taxation | - | - |
| Total taxation | <u>10,599</u> | <u>20,250</u> |

The effective tax rate for the period under review is higher than the statutory tax rate mainly due to certain expenses incurred that was disallowed for tax purposes.

The taxation for last year same quarter was lower than the statutory tax rate mainly due to the release of over provisions in prior years' taxes following tax clearance by Inland Revenue Board.

20. Deferred Tax Liabilities

| | Quarter ended 30/06/12 RM'000 | As at 31/12/11 RM'000 |
|---|-------------------------------------|-----------------------------|
| At 1 January | 4,051 | 3,757 |
| Recognised in the statement of comprehensive income | 119 | 294 |
| At period end | <u>4,170</u> | <u>4,051</u> |

21. Corporate Proposals

There were no corporate proposals announced as at 21 August 2012.

22. Company Borrowings

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

23. Material Litigation

There were no material litigations against the Company as at 21 August 2012.

24. Proposed Dividend

The Company did not propose any dividends for the current quarter.

25. Retained Profits

The breakdown of the retained profits of the Company as at 30 June 2012, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

| | Year to-date 30/06/12 RM'000 | Year to-date 31/12/11 RM'000 |
|--|------------------------------------|------------------------------------|
| Total retained profits: | | |
| - Realised profit | 173,645 | 199,155 |
| - Unrealised loss | (4,235) | (4,003) |
| Total retained profits as per statement of financial position | <u>169,410</u> | <u>195,152</u> |

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

26. Earnings Per Share

| | Current Quarter ended 30/06/12 | Comparative Quarter ended 30/06/11 | 6 month Cumulative to-Date 30/06/12 | 6 month Cumulative to-Date 30/06/11 |
|---|---|---|--|--|
| Basic earnings per share | | | | |
| Profit for the period (RM'000) | 29,990 | 27,775 | 57,456 | 56,113 |
| Weighted average number of ordinary shares in issue ('000) | 64,000 | 64,000 | 64,000 | 64,000 |
| Basic earnings per share (sen) | 46.86 | 43.40 | 89.78 | 87.68 |

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.

27. Notes to the Condensed Statement of Comprehensive Income

| | Year to- date 30/06/12 RM'000 | Year to- date 30/06/11 RM'000 |
|--|--|--|
| Interest income | 2,596 | 1,045 |
| Interest expense | (1,407) | - |
| Depreciation of property, plant and equipment | (3,684) | (4,221) |
| Amortisation of intangible assets | (752) | (717) |
| Write (back)/down of inventories | (1,212) | 1,046 |
| Gain/(Loss) on disposal of property, plant and equipment | 20 | (20) |
| Net gain/(loss) on foreign exchange | | |
| - Realised | (35) | 653 |
| - Unrealised | (65) | (909) |

By Order of the Board
Huang Shi Chin
Izreen Fara Binti Ismail
Joint Company Secretaries
28 August 2012