

DUTCH LADY MILK INDUSTRIES BERHAD

(5063-V)

(Incorporated in Malaysia)

Quarterly report on results for the financial quarter ended 30 June 2011
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
	30/06/11 RM'000	30/06/10 RM'000	30/06/11 RM'000	30/06/10 RM'000
Revenue	200,892	185,784	397,535	356,238
Cost of Sales	<u>(123,751)</u>	<u>(120,342)</u>	<u>(247,000)</u>	<u>(229,056)</u>
Gross Profit	77,141	65,442	150,535	127,182
Other Income	430	208	560	438
Distribution Expenses	(26,560)	(24,648)	(52,332)	(42,587)
Administrative Expenses	(5,680)	(5,312)	(11,404)	(10,635)
Other operating Expenses	<u>(8,639)</u>	<u>(10,287)</u>	<u>(16,420)</u>	<u>(20,813)</u>
Results from Operating Activities	36,692	25,403	70,939	53,585
Interest Income	739	143	1,045	244
Profit Before Taxation	37,431	25,546	71,984	53,829
Income Tax Expenses	<u>(9,656)</u>	<u>(6,628)</u>	<u>(15,871)</u>	<u>(14,099)</u>
Profit After Taxation	27,775	18,918	56,113	39,730
Other Comprehensive Income:				
Changes in fair value of cash flow hedge	-	(795)	-	(795)
Deferred tax on fair value of cash flow hedge	-	198	-	198
Total comprehensive income for the period	<u>27,775</u>	<u>18,321</u>	<u>56,113</u>	<u>39,133</u>
Profit Attributable to:				
Equity holders of the Company	27,775	18,321	56,113	39,133
Non-controlling interest	-	-	-	-
	<u>27,775</u>	<u>18,321</u>	<u>56,113</u>	<u>39,133</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>43.40</u>	<u>29.56</u>	<u>87.68</u>	<u>62.08</u>

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2010)

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CONDENSED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 30/06/11 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/10 (Audited)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	71,293	69,803
Intangible assets	3,923	3,443
TOTAL NON-CURRENT ASSETS	75,216	73,246
Inventories	82,240	72,722
Trade and other receivables	95,141	75,176
Prepayments	785	689
Cash and cash equivalents	133,745	85,657
TOTAL CURRENT ASSETS	311,911	234,244
TOTAL ASSETS	387,127	307,490
EQUITY		
Share capital	64,000	64,000
Retained profits	167,185	133,472
Attributable to equity holders of the Company	231,185	197,472
Non-controlling interest	-	-
TOTAL EQUITY	231,185	197,472
LIABILITIES		
Deferred tax liabilities	3,951	3,757
TOTAL NON-CURRENT LIABILITIES	3,951	3,757
Trade and other payables	139,159	99,638
Provision	377	348
Current tax liabilities	12,455	6,275
CURRENT LIABILITIES	151,991	106,261
TOTAL LIABILITIES	155,942	110,018
TOTAL EQUITY AND LIABILITIES	387,127	307,490
Net assets per share attributable to ordinary equity holders of the Company (RM)	3.61	3.09

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2010)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

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Quarterly report on results for the financial quarter ended 30 June 2011
The figures have not been audited.**CONDENSED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2011**

	Share Capital RM'000	Distributable Retained profits RM'000	Attributable to equity holders of the Company RM'000	Non- Controlling Interest RM'000	Total RM'000
6 months 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	64,000	167,185	231,185	-	231,185
6 months ended 30 June 2010					
Balance at beginning of period	64,000	115,985	179,985	-	179,985
Movements during the period	-	39,133	39,133	-	39,133
Dividends payable	-	(22,400)	(22,400)	-	(22,400)
Balance at end of period	64,000	132,718	196,718	-	196,718

(The Condensed Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2010)

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**CONDENSED STATEMENT OF CASH FLOW
For the period ended 30 June 2011**

	6 months ended 30/06/11 RM'000	6 months ended 30/06/10 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	381,815	343,601
Cash paid to suppliers and employees	(319,109)	(304,903)
	<hr/>	<hr/>
Cash generated from operations	62,706	38,698
Income tax paid	(9,497)	(11,530)
	<hr/>	<hr/>
Net cash from operating activities	53,209	27,168
	<hr/>	<hr/>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additions of property, plant and equipment	(4,994)	(2,284)
Additions of intangible assets	(1,197)	-
Proceeds from disposal of property, plant and equipment	25	200
Interest received	1,045	244
	<hr/>	<hr/>
Net cash used in investing activities	(5,121)	(1,840)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	48,088	25,328
Cash and cash equivalents brought forward	85,657	41,732
	<hr/>	<hr/>
Cash and cash equivalents carried forward	133,745	67,060
	<hr/> <hr/>	<hr/> <hr/>

(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2010)

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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 most recent audited financial statements of the Company for the year ended 31 December 2010.

The accounting policies and presentation adopted by the Company in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2010, other than the reclassification as detailed in Note 31.

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 2010 was not subject to any audit qualifications.

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

There were no dividends paid for the financial period 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 lease payments

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

11. Subsequent Events

There were no material subsequent events as at 11 August 2011 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 August 2011 other than operating lease obligations by the Company amounting to RM5.1 million.

14. Related Party Transactions

The following are significant related party transactions:-

	Quarter ended 30/06/11 RM'000	6 month Year-to-Date 30/06/11 RM'000
Sales to related parties	8,349	16,883
Purchases from related parties	27,750	47,366
Know-how, Trademark License and Management Support fees	8,370	14,089
Shared services from related party	933	2,193

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 current quarter was 8% higher compared to the preceding year's corresponding quarter mainly due to the higher demand for liquid and powder milk. The profit before taxation for the financial quarter was higher by RM11.9 million, mainly attributed to the higher sales, favourable sales mix and favorable exchange rate on imported materials.

16. 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 due to the high demand for liquid milk. The profit before taxation for the current quarter increased by RM 2.9 million was mainly due to the higher sales and favourable sales mix.

17. Business Prospects

Despite the commendable first half results, dairy raw material prices remain on a rising trend and these will pose challenges. The Board is however confident that the current year's profit will surpass that of the previous financial year.

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: -

	Quarter ended 30/06/11 RM'000	6 month Year-to-Date 30/06/11 RM'000
Income tax for current period	9,462	18,447
Deferred tax for current period	194	194
Over provision of prior years taxation	-	(2,770)
Total taxation	<u>9,656</u>	<u>15,871</u>

The effective tax rate for the period under review is 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.

21. Deferred Tax Liabilities

	Quarter ended 30/06/11 RM'000	As at 31/12/10 RM'000
At 1 January 2011 / 2010	3,757	4,150
Recognised in the statement of comprehensive income	194	(393)
At 30 June 2011 / 31 Dec 2010	<u>3,951</u>	<u>3,757</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 as at 11 August 2011.

25. Company Borrowings

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

26. Financial Instruments

There were no financial instruments with off-balance sheet risk as at 11 August 2011.

27. Material Litigation

There were no material litigations against the Company as at 11 August 2011.

28. Proposed Dividend

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

29. Realised and unrealised profits

The breakdown of the retained profits of the Company for the period, into realised and unrealised profits, is as follows:

	As at 30/06/11 RM'000	As at 31/12/10 RM'000
Total retained profits:		
- Realised profit	172,045	137,647
- Unrealised loss	(4,860)	(4,175)
Total retained profits as per statement of financial position	<u>167,185</u>	<u>133,472</u>

30. Earnings Per Share

	Current Quarter ended 30/06/11	Comparative Quarter ended 30/06/10	6 month Cumulative to-Date 30/06/11	6 month Cumulative to-Date 30/06/10
Basic earnings per share				
Profit for the period (RM'000)	27,775	18,918	56,113	39,730
Weighted average number of ordinary shares in issue ('000)	64,000	64,000	64,000	64,000
Basic earnings per share (sen)	43.40	29.56	87.68	62.08

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.

31. Comparative figures

Certain comparative figures have been re-presented to reflect the reclassification of certain expenses from Distribution Expenses to Revenue to be consistent with the Company's Revenue recognition policy.

	Comparative Quarter ended 30/6/2010		6 month Cumulative to-Date	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Revenue	185,784	188,929	356,238	362,040
Distribution expenses	24,648	27,793	42,587	48,389

The reclassification has no financial impact to the comprehensive income of the Company for the preceding year's corresponding quarter.

By Order of the Board
Huang Shi Chin
Company Secretary
18 Aug 2011