

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

Quarterly report on results for the financial quarter ended 30 September 2011
The figures have not been audited.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER CURRENT QUARTER ENDED	COMPARATIVE QUARTER ENDED	CUMULATIVE QUARTER 9 month CUMULATIVE TO DATE	CUMULATIVE QUARTER 9 month CUMULATIVE TO DATE
	30/09/11 RM'000	30/09/10 RM'000	30/09/11 RM'000	30/09/10 RM'000
Revenue	201,708	183,619	599,243	539,857
Cost of Sales	<u>(125,445)</u>	<u>(111,837)</u>	<u>(372,378)</u>	<u>(344,667)</u>
Gross Profit	76,263	71,782	226,865	195,190
Other Income	1,191	508	1,751	946
Distribution Expenses	(28,678)	(28,045)	(81,010)	(70,632)
Administrative Expenses	(6,659)	(5,865)	(18,063)	(16,500)
Other Operating Expenses	<u>(10,591)</u>	<u>(18,323)</u>	<u>(27,080)</u>	<u>(35,362)</u>
Results from Operating Activities	31,525	20,057	102,462	73,642
Finance Costs	(283)	-	(283)	-
Interest Income	751	275	1,797	519
Profit Before Taxation	31,994	20,332	103,976	74,161
Income Tax Expenses	<u>(8,394)</u>	<u>(7,010)</u>	<u>(24,265)</u>	<u>(21,109)</u>
Profit After Taxation	23,600	13,322	79,711	53,052
Other Comprehensive Income:				
Changes in fair value of cash flow hedge	-	(864)	-	(1,659)
Deferred tax on fair value of cash flow hedge	-	217	-	415
Total comprehensive income for the period	<u>23,600</u>	<u>12,675</u>	<u>79,711</u>	<u>51,808</u>
Profit Attributable to:				
Equity holders of the Company	23,600	12,675	79,711	51,808
Non-controlling interest	-	-	-	-
	<u>23,600</u>	<u>12,675</u>	<u>79,711</u>	<u>51,808</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>36.87</u>	<u>20.82</u>	<u>124.55</u>	<u>82.89</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 30/09/11 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/10 (Audited)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	68,488	69,803
Intangible assets	2,451	3,443
TOTAL NON-CURRENT ASSETS	70,939	73,246
Inventories	93,225	72,722
Trade and other receivables	78,466	75,176
Prepayments	983	689
Cash and cash equivalents	145,772	85,657
TOTAL CURRENT ASSETS	318,446	234,244
TOTAL ASSETS	389,385	307,490
EQUITY		
Share capital	64,000	64,000
Retained profits	190,783	133,472
Attributable to equity holders of the Company	254,783	197,472
Non-controlling interest	-	-
TOTAL EQUITY	254,783	197,472
LIABILITIES		
Deferred tax liabilities	4,051	3,757
TOTAL NON-CURRENT LIABILITIES	4,051	3,757
Trade and other payables	118,797	99,638
Provision	358	348
Current tax liabilities	11,396	6,275
CURRENT LIABILITIES	130,551	106,261
TOTAL LIABILITIES	134,602	110,018
TOTAL EQUITY AND LIABILITIES	389,385	307,490
Net assets per share attributable to ordinary equity holders of the Company (RM)	3.98	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)

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(Incorporated in Malaysia)

Quarterly report on results for the financial quarter ended 30 September 2011

The figures have not been audited.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 September 2011**

	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
<u>9 month ended 30 September 2011</u>					
Balance at beginning of period	64,000	133,472	197,472	-	197,472
Movements during the period	-	79,711	79,711	-	79,711
Dividends paid	-	(22,400)	(22,400)	-	(22,400)
Balance at end of period	<u>64,000</u>	<u>190,783</u>	<u>254,783</u>	<u>-</u>	<u>254,783</u>
<u>9 month ended 30 September 2010</u>					
Balance at beginning of period	64,000	115,985	179,985	-	179,985
Movements during the period	-	51,808	51,808	-	51,808
Dividends paid	-	(22,400)	(22,400)	-	(22,400)
Balance at end of period	<u>64,000</u>	<u>145,393</u>	<u>209,393</u>	<u>-</u>	<u>209,393</u>

(The Condensed Statement of Changes in Equity 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 September 2011
The figures have not been audited.**CONDENSED STATEMENT OF CASH FLOW**
For the period ended 30 September 2011

	9 months ended 30/09/11 RM'000	9 months ended 30/09/10 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	596,255	538,303
Cash paid to suppliers and employees	(490,961)	(470,728)
	<hr/>	<hr/>
Cash generated from operations	105,294	67,575
Income tax paid	(18,850)	(18,053)
	<hr/>	<hr/>
Net cash from operating activities	86,444	49,522
	<hr/>	<hr/>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additions of property, plant and equipment	(6,486)	(4,346)
Additions of intangible assets	(111)	-
Proceeds from disposal of property, plant and equipment	1,154	51
Interest received	1,797	519
	<hr/>	<hr/>
Net cash used in investing activities	(3,646)	(3,776)
	<hr/>	<hr/>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Interest paid	(283)	-
Dividends paid	(22,400)	(22,400)
	<hr/>	<hr/>
Net cash used in financing activities	(22,683)	(22,400)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	60,115	23,346
Cash and cash equivalents brought forward	85,657	41,732
	<hr/>	<hr/>
Cash and cash equivalents carried forward	145,772	65,078
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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 2010)

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 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 other than the a RM 2.0 million equipment impairment provision.

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 30/09/11 RM'000	Quarter ended 30/09/10 RM'000	Year to-date 30/09/11 RM'000	Year to-date 30/09/10 RM'000
In respect of the financial year ended 31 December 2010 (2010: 31 December 2009)				
Final dividends paid:				
- 5.00 sen (2010: 5.00 sen) tax exempt per RM 1.00 ordinary share	3,200	3,200	3,200	3,200
- 10.00 sen less income tax (2010: 10.00 sen less income tax) per RM 1.00 ordinary share	4,800	4,800	4,800	4,800
In respect of the financial year ending 31 December 2011				
Special interim dividend paid:				
- 30.00 sen less income tax per RM 1.00 ordinary share	14,400	14,400	14,400	14,400
	<hr/>	<hr/>	<hr/>	<hr/>
	22,400	22,400	22,400	22,400
Net dividend per share (sen)	35.00	35.00	35.00	35.00

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 8 November 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 8 November 2011 other than operating lease obligations by the Company amounting to RM4.4 million.

14. **Related Party Transactions**

The following are significant related party transactions: -

	Quarter ended 30/09/11 RM'000	9 month Year-to-Date 30/09/11 RM'000
Sales to related parties	9,069	25,952
Purchases from related parties	32,208	79,574
Know-how, Trademark License and Management Support fees	6,555	20,644
Shared services from related parties	(226)	1,967

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 10% higher compared to the preceding year's corresponding quarter mainly due to continued strong demand for the Company's liquid and powder products. The profit before taxation for the financial quarter was higher by RM11.7 million, mainly attributed to the higher sales and favourable sales mix.

16. **Comments on Material Changes in Profit Before Taxation**

The Company's revenue in the current quarter was flat compared to the preceding quarter. The profit before taxation for the current quarter was lower by RM 5.4 million mainly due to the higher imported dairy raw material costs and equipment impairment provision.

17. **Business Prospects**

The Company expects its profitable trend to continue in the fourth quarter.

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 30/09/11 RM'000	9 month Year-to-Date 30/09/11 RM'000
Income tax for current period	8,294	26,741
Deferred tax for current period	100	294
Over provision of prior years taxation	-	(2,770)
Total taxation	<u>8,394</u>	<u>24,265</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 30/09/11 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	294	(393)
At 30 Sep 2011 / 31 Dec 2010	<u>4,051</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

- There were no purchases or disposals of quoted securities during the financial period under review.
- 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 8 November 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 8 November 2011.

27. Material Litigation

There were no material litigations against the Company as at 8 November 2011.

28. Proposed Dividend

The Board of Directors declared on 15 November 2011 the payment of an interim dividend of 10.00 sen per share, less income tax, amounting to RM 4.8 million and a special interim dividend of gross 40.0 sen per ordinary share, less income tax, amounting to RM 19.2 million both in respect of the financial year ending 31 December 2011.

The dividend will be paid on 28 December 2011 to shareholders whose names appear in the Register of Members and Record of Depositors at the close of business on 13 December 2011.

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 30/09/11 RM'000	As at 31/12/10 RM'000
Total retained profits:		
- Realised profit	195,938	137,647
- Unrealised loss	(5,155)	(4,175)
Total retained profits as per statement of financial position	<u>190,783</u>	<u>133,472</u>

30. Earnings Per Share

	Current Quarter ended 30/09/11	Comparative Quarter ended 30/09/10	9 month Cumulative to-Date 30/09/11	9 month Cumulative to-Date 30/09/10
Basic earnings per share				
Profit for the period (RM'000)	23,599	13,322	79,712	53,052
Weighted average number of ordinary shares in issue ('000)	64,000	64,000	64,000	64,000
Basic earnings per share (sen)	36.87	20.82	124.55	82.89

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.

In addition, certain Other Operating Expenses related expenses were reclassified to Cost of Sales to reflect better classification of expenses.

	Comparative Quarter ended 30/09/10		9 month Cumulative to-Date	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Revenue	183,619	186,715	539,857	548,755
Distribution expenses	28,045	31,141	70,632	79,530
Cost of Sales	111,837	109,796	344,667	338,852
Other Operating Expenses	18,323	20,364	35,362	41,177

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
15 November 2011