

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

Quarterly report on results for the financial quarter ended 31 December 2011
The figures have not been audited.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|-----------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| | CURRENT QUARTER ENDED | COMPARATIVE QUARTER ENDED | 12 month CUMULATIVE TO DATE | 12 month CUMULATIVE TO DATE |
| | 31/12/11 RM'000 | 31/12/10 RM'000 | 31/12/11 RM'000 | 31/12/10 RM'000 |
| Revenue | 211,404 | 156,768 | 810,647 | 696,625 |
| Cost of Sales | <u>(133,985)</u> | <u>(103,322)</u> | <u>(506,175)</u> | <u>(447,961)</u> |
| Gross Profit | 77,419 | 53,446 | 304,472 | 248,664 |
| Other Income | 310 | 201 | 2,060 | 1,147 |
| Distribution Expenses | (25,170) | (21,496) | (106,180) | (92,128) |
| Administrative Expenses | (8,071) | (6,157) | (26,134) | (22,657) |
| Other Operating Expenses | <u>(7,579)</u> | <u>(10,415)</u> | <u>(34,846)</u> | <u>(45,805)</u> |
| Results from Operating Activities | 36,909 | 15,579 | 139,372 | 89,221 |
| Finance Costs | (636) | - | (919) | - |
| Interest Income | 1,303 | 364 | 3,100 | 883 |
| Profit Before Taxation | <u>37,576</u> | <u>15,943</u> | <u>141,553</u> | <u>90,104</u> |
| Income Tax Expenses | <u>(9,206)</u> | <u>(5,108)</u> | <u>(33,471)</u> | <u>(26,217)</u> |
| Profit After Taxation | 28,370 | 10,835 | 108,082 | 63,887 |
| Other Comprehensive Income | - | - | - | - |
| Total comprehensive income for the period | <u>28,370</u> | <u>10,835</u> | <u>108,082</u> | <u>63,887</u> |
| Profit Attributable to: | | | | |
| Equity holders of the Company | 28,370 | 10,835 | 108,082 | 63,887 |
| Non-controlling interest | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>28,370</u> | <u>10,835</u> | <u>108,082</u> | <u>63,887</u> |
| EARNINGS PER SHARE | | | | |
| - Basic earnings per share (sen) (Based on 64,000,000 ordinary shares) | <u>44.33</u> | <u>16.93</u> | <u>168.88</u> | <u>99.82</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 31/12/11 (Unaudited) | AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/10 (Audited) |
|--|--|--|
| | RM'000 | RM'000 |
| ASSETS | | |
| Property, plant and equipment | 71,601 | 69,803 |
| Intangible assets | 2,447 | 3,443 |
| TOTAL NON-CURRENT ASSETS | 74,048 | 73,246 |
| Inventories | 93,448 | 72,722 |
| Trade and other receivables | 36,713 | 75,176 |
| Prepayments | 1,161 | 689 |
| Cash and cash equivalents | 193,143 | 85,657 |
| TOTAL CURRENT ASSETS | 324,465 | 234,244 |
| TOTAL ASSETS | 398,513 | 307,490 |
| EQUITY | | |
| Share capital | 64,000 | 64,000 |
| Retained profits | 195,154 | 133,472 |
| Attributable to equity holders of the Company | 259,154 | 197,472 |
| Non-controlling interest | - | - |
| TOTAL EQUITY | 259,154 | 197,472 |
| LIABILITIES | | |
| Deferred tax liabilities | 4,051 | 3,757 |
| TOTAL NON-CURRENT LIABILITIES | 4,051 | 3,757 |
| Trade and other payables | 121,831 | 99,638 |
| Provision | 375 | 348 |
| Current tax liabilities | 13,102 | 6,275 |
| CURRENT LIABILITIES | 135,308 | 106,261 |
| TOTAL LIABILITIES | 139,359 | 110,018 |
| TOTAL EQUITY AND LIABILITIES | 398,513 | 307,490 |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | 4.05 | 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)

(Incorporated in Malaysia)

Quarterly report on results for the financial quarter ended 31 December 2011

The figures have not been audited.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 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>12 month ended 31 December 2011</u> | | | | | |
| Balance at beginning of period | 64,000 | 133,472 | 197,472 | - | 197,472 |
| Movements during the period | - | 108,082 | 108,082 | - | 108,082 |
| Dividends paid | - | (46,400) | (46,400) | - | (46,400) |
| Balance at end of period | <u>64,000</u> | <u>195,154</u> | <u>259,154</u> | <u>-</u> | <u>259,154</u> |
| <u>12 month ended 31 December 2010</u> | | | | | |
| Balance at beginning of period | 64,000 | 115,985 | 179,985 | - | 179,985 |
| Movements during the period | - | 63,887 | 63,887 | - | 63,887 |
| Dividends paid | - | (46,400) | (46,400) | - | (46,400) |
| Balance at end of period | <u>64,000</u> | <u>133,472</u> | <u>197,472</u> | <u>-</u> | <u>197,472</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)

(Incorporated in Malaysia)

Quarterly report on results for the financial quarter ended 31 December 2011
The figures have not been audited.**CONDENSED STATEMENT OF CASH FLOW**
For the year ended 31 December 2011

| | 12 months ended 31/12/11 RM'000 | 12 months ended 31/12/10 RM'000 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash receipts from customers and other receivables | 849,446 | 730,398 |
| Cash paid to suppliers and employees | (661,156) | (607,007) |
| | <hr/> | <hr/> |
| Cash generated from operations | 188,290 | 123,391 |
| Income tax paid | (26,350) | (25,002) |
| | <hr/> | <hr/> |
| Net cash from operating activities | 161,940 | 98,389 |
| | <hr/> | <hr/> |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | |
| Additions of property, plant and equipment | (10,882) | (9,089) |
| Additions of intangible assets | (823) | (136) |
| Proceeds from disposal of property, plant and equipment | 1,470 | 278 |
| Interest received | 3,100 | 883 |
| | <hr/> | <hr/> |
| Net cash used in investing activities | (7,135) | (8,064) |
| | <hr/> | <hr/> |
| CASH FLOWS USED IN FINANCING ACTIVITIES | | |
| Interest paid | (919) | - |
| Dividends paid | (46,400) | (46,400) |
| | <hr/> | <hr/> |
| Net cash used in financing activities | (47,319) | (46,400) |
| | <hr/> | <hr/> |
| Net increase in cash and cash equivalents | 107,486 | 43,925 |
| Cash and cash equivalents brought forward | 85,657 | 41,732 |
| | <hr/> | <hr/> |
| Cash and cash equivalents carried forward | 193,143 | 85,657 |
| | <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)

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 29.

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 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 other than an equipment impairment provision of RM 2.0 million.

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 31/12/11 RM'000 | Quarter ended 31/12/10 RM'000 | Year to-date 31/12/11 RM'000 | Year to-date 31/12/10 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 |
| - 10.00 sen less income tax (2010: 10.00 sen less income tax) per RM 1.00 ordinary share | - | - | 4,800 | 4,800 |
| In respect of the financial year ended 31 December 2011 (2010: 31 December 2010) | | | | |
| - 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 |
| Special interim dividend paid: | | | | |
| - 30.00 sen less income tax (2010: 30.00 sen less income tax) per RM 1.00 ordinary share | - | - | 14,400 | 14,400 |
| Special interim dividend paid | | | | |
| - 40.00 sen less income tax (2010: 40.00 sen less income tax) per RM 1.00 ordinary share | 19,200 | 19,200 | 19,200 | 19,200 |
| | <u>24,000</u> | <u>24,000</u> | <u>46,400</u> | <u>46,400</u> |
| Net dividend per share (sen) | 37.50 | 37.50 | 72.50 | 72.50 |

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 17 February 2012 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 17 February 2012 other than operating lease obligations by the Company amounting to RM6.8 million.

14. Related Party Transactions

The following are significant related party transactions: -

| | Quarter ended 31/12/11 RM'000 | Year-to-date 31/12/11 RM'000 |
|---|-------------------------------------|------------------------------------|
| Sales to related parties | 9,419 | 35,206 |
| Purchases from related parties | 18,903 | 103,025 |
| Know-how, Trademark License and Management Support fees | 5,034 | 21,130 |
| Shared services from related parties | 1,327 | 3,294 |

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)

Revenue in the current quarter surged by 35% compared to the preceding year's corresponding quarter, mainly due to strong sales in the Company's powder and liquid products. Profit before taxation for the current quarter was RM 21.6 million higher at RM 37.5 million mainly attributable to the record sales for the quarter and favourable sales mix.

For the year, the Company achieved sales of RM 810 million, 16% higher than the preceding year, led by continued strong consumer demand for the Company's products, in particular the successful launch of Dutch Lady Growing Up Milk with 5x DHA in January 2011.

The Company achieved record profit before taxation for the year of RM 141 million compared to RM 90 million in the previous year, despite the higher dairy raw material prices. The higher profit before taxation was mainly attributable to volume growth, minimal price increase adjustments to compensate for higher dairy raw material costs, tight control over sales and operational costs with lower asset impairment provision in 2011.

16. Comments on Material Changes in Profit Before Taxation

The Company's revenue in the current quarter was 5% higher compared to the preceding quarter mainly contributed by higher sales of powder products. The profit before taxation for the current quarter was higher by RM 5.6 million mainly due to the higher volume in sales and better sales mix.

17. Business Prospects

For 2012, 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 relatively optimistic on its 2012 outlook given the strength of its Dutch Lady brand and strong market position.

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 31/12/11 RM'000 | Year to-date 31/12/11 RM'000 |
|--|-------------------------------------|------------------------------------|
| Income tax for current period | 9,206 | 35,947 |
| Deferred tax for current period | - | 294 |
| Over provision of prior years taxation | - | (2,770) |
| Total taxation | <u>9,206</u> | <u>33,471</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 the Inland Revenue Board.

21. Deferred Tax Liabilities

| | Quarter ended 31/12/11 RM'000 | Year to-date 31/12/10 RM'000 |
|---|-------------------------------------|------------------------------------|
| At 1 January | 3,757 | 4,150 |
| Recognised in the statement of comprehensive income | 294 | (393) |
| At 31 December | <u>4,051</u> | <u>3,757</u> |

22. Corporate Proposals

There were no corporate proposals announced as at 17 February 2012.

23. **Company Borrowings**

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

24. **Material Litigation**

There were no material litigations against the Company as at 17 February 2012.

25. **Proposed Dividend**

The Board of Directors declared on 24 February 2012 the payment of a single-tier interim dividend of 50.0 sen per ordinary share of RM1.00 each, amounting to RM 32.0 million and a single-tier special interim dividend of 80.0 sen per ordinary share of RM1.00 each, amounting to RM 51.2 million in respect of the financial year ending 31 December 2012.

The proposed dividends will be paid on 21 May 2012 to shareholders whose names appear in the Register of Members and Record of Depositors at the close of business on 30 April 2012.

26. **Retained Profits**

The following analysis of realised and unrealised retained profits is prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

| | Year to-date 31/12/11 RM'000 | Year to-date 31/12/10 RM'000 |
|--|------------------------------------|------------------------------------|
| Total retained profits: | | |
| - Realised profit | 199,155 | 137,647 |
| - Unrealised loss | (4,003) | (4,175) |
| Total retained profits as per statement of financial position | <u>195,152</u> | <u>133,472</u> |

The disclosure of realised and unrealised profits above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

27. Earnings Per Share

| | Quarter ended 31/12/11 | Quarter ended 31/12/10 | Year to- date 31/12/11 | Year to- date 31/12/10 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| Basic earnings per share | | | | |
| Profit for the period (RM'000) | 28,370 | 10,835 | 108,802 | 63,887 |
| Weighted average number of ordinary shares in issue ('000) | 64,000 | 64,000 | 64,000 | 64,000 |
| Basic earnings per share (sen) | 44.33 | 16.93 | 168.88 | 99.82 |

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.

28. Notes to the Condensed Statements of Comprehensive Income

| | Quarter ended 31/12/11 RM'000 | Quarter ended 31/12/10 RM'000 | Year to- date 31/12/11 RM'000 | Year to- date 31/12/10 RM'000 |
|--|--|--|--|--|
| Interest income | 1,303 | 364 | 3,100 | 883 |
| Interest expense | (636) | - | (919) | - |
| Depreciation of property, plant and equipment | 433 | 2,056 | 6,962 | 8,702 |
| Amortisation of intangible assets | 376 | 354 | 1,479 | 1,413 |
| Write down of inventories | 76 | 170 | 435 | 896 |
| (Gain) / Loss on disposal of property, plant and equipment | (1,154) | (78) | (1,251) | 325 |
| Impairment loss recognised/(reversed) | | | | |
| - Property, plant and equipment | - | 4,605 | 2,000 | 12,308 |
| - Trade receivables | - | - | 68 | (251) |
| Net (gain)/loss on foreign exchange | | | | |
| - Realised | (1,364) | (5,645) | 423 | (12,411) |
| - Unrealised | 1,426 | 583 | (48) | 418 |

29. 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 31/12/10 | | 12 month Cumulative to-Date | |
|-----------------------|---------------------------------------|--------------------------------------|--------------------------------|--------------------------------------|
| | As restated RM'000 | As previously stated RM'000 | As restated RM'000 | As previously stated RM'000 |
| Revenue | 156,768 | 161,833 | 696,625 | 710,588 |
| Distribution expenses | 21,496 | 26,561 | 92,128 | 106,091 |

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
24 February 2012