

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

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED	COMPARATIVE QUARTER ENDED	3 month CUMULATIVE TO DATE	3 month CUMULATIVE TO DATE
	31/03/11 RM'000	31/03/10 RM'000	31/03/11 RM'000	31/03/10 RM'000
Revenue	196,643	170,454	196,643	170,454
Cost of Sales	<u>(122,126)</u>	<u>(108,714)</u>	<u>(122,126)</u>	<u>(108,714)</u>
Gross Profit	74,517	61,740	74,517	61,740
Other Income	130	230	130	230
Distribution Expenses	(25,772)	(17,939)	(25,772)	(17,939)
Administrative Expenses	(5,724)	(5,323)	(5,724)	(5,323)
Other operating Expenses	<u>(8,905)</u>	<u>(10,526)</u>	<u>(8,905)</u>	<u>(10,526)</u>
Results from Operating Activities	34,246	28,182	34,246	28,182
Interest Income	307	101	307	101
Profit Before Taxation	34,553	28,283	34,553	28,283
Income Tax Expenses	<u>(6,215)</u>	<u>(7,471)</u>	<u>(6,215)</u>	<u>(7,471)</u>
Profit After Taxation	28,338	20,812	28,338	20,812
Other Comprehensive Income	-	-	-	-
Total comprehensive income for the period	<u>28,338</u>	<u>20,812</u>	<u>28,338</u>	<u>20,812</u>
Attributable to:				
Equity holders of the Company	28,338	20,812	28,338	20,812
Minority Interest	-	-	-	-
	<u>28,338</u>	<u>20,812</u>	<u>28,338</u>	<u>20,812</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>44.28</u>	<u>32.52</u>	<u>44.28</u>	<u>32.52</u>

(The Condensed Statement of Comprehensive Income 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 March 2011
The figures have not been audited.

CONDENSED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 31/03/11 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/10 (Audited)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	68,385	69,803
Intangible assets	3,949	3,443
TOTAL NON-CURRENT ASSETS	72,334	73,246
Inventories	72,444	72,722
Trade and other receivables	96,880	75,176
Prepayments	638	689
Cash and cash equivalents	96,241	85,657
TOTAL CURRENT ASSETS	266,203	234,244
TOTAL ASSETS	338,537	307,490
EQUITY		
Share capital	64,000	64,000
Retained profits	161,810	133,472
Attributable to equity holders of the Company	225,810	197,472
Minority interest	-	-
TOTAL EQUITY	225,810	197,472
LIABILITIES		
Deferred tax liabilities	3,757	3,757
TOTAL NON-CURRENT LIABILITIES	3,757	3,757
Trade and other payables	102,387	99,638
Provision	362	348
Current tax liabilities	6,221	6,275
CURRENT LIABILITIES	108,970	106,261
TOTAL LIABILITIES	112,727	110,018
TOTAL EQUITY AND LIABILITIES	338,537	307,490
Net assets per share attributable to ordinary equity holders of the Company (RM)	3.53	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 March 2011
The figures have not been audited.**CONDENSED STATEMENT OF CHANGES IN EQUITY**
For the period ended 31 March 2011

	Share Capital RM'000	Distributable Retained profits RM'000	Attributable to equity holders of the Company RM'000	Minority Interest RM'000	Total RM'000
3 months ended 31 March 2011					
Balance at beginning of period	64,000	133,472	197,472	-	197,472
Movements during the period	-	28,338	28,338	-	28,338
Balance at end of period	<u>64,000</u>	<u>161,810</u>	<u>225,810</u>	<u>-</u>	<u>225,810</u>
3 months ended 31 March 2010					
Balance at beginning of period	64,000	115,985	179,985	-	179,985
Movements during the period	-	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>

(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 March 2011
The figures have not been audited.

CONDENSED STATEMENT OF CASH FLOW
For the period ended 31 March 2011

	3 months ended 31/03/11 RM'000	3 months ended 31/03/10 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	178,924	167,100
Cash paid to suppliers and employees	(160,857)	(152,943)
Cash generated from operations	18,067	14,157
Income tax paid	(6,267)	(6,530)
Net cash from operating activities	11,800	7,627
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additions of property, plant and equipment	(1,526)	(2,319)
Additions of intangible assets	-	(3)
Proceeds from disposal of property, plant and equipment	3	1
Interest received	307	101
Net cash used in investing activities	(1,216)	(2,220)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Interest paid	-	-
Dividends paid	-	-
Net cash used in financing activities	-	-
Net increase in cash and cash equivalents	10,584	5,407
Cash and cash equivalents brought forward	85,657	23,792
Cash and cash equivalents carried forward	96,241	29,199

(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 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 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 May 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 May 2011 other than operating lease obligations by the Company amounting to RM5.7 million.

14. Related Party Transactions

The following are significant related party transactions:-

	Quarter ended 31/03/11 RM'000	Quarter ended 31/03/10 RM'000
Sales to related parties	8,534	9,556
Purchases from related parties	19,616	30,569
Know-how, Trademark License and Management Support fees	5,719	4,612
Shared services from related party	1,260	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 current quarter was 15% higher compared to the preceding year's corresponding quarter mainly due to the successful launch in Q1 2011 of the improved growing-up milk powder formulation. The profit before taxation for the financial quarter was higher by RM6.3 million, mainly attributed to the higher sales, favourable sales mix and cheaper carry-over stocks.

16. Comments on Material Changes in Profit Before Taxation

The Company's revenue in the current quarter was 25% higher compared to the preceding quarter mainly due to the successful growing-up milk relaunch in Q1 2011. The profit before taxation for the current quarter was higher at RM34.6 million compared to the preceding quarter of RM15.9 million, mainly due to higher sales and favourable sales mix.

17. Business Prospects

After a relatively stable year for imported dairy raw material prices in 2010, prices have risen sharply in the second quarter of this year. This is mainly a result of strong demand from emerging markets and climate changes that is affecting the milk powder exporting countries.

This will unfortunately increase our input costs substantially and will impact the current year results. In view of this, the Company is taking measures to mitigate these input cost pressures. However, these actions may not completely compensate for the full cost increases in the 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 31/03/11 RM'000	Quarter ended 31/03/10 RM'000
Income tax for current period	8,985	7,471
Deferred tax for current period	-	-
Over provision of prior years taxation	(2,770)	-
Total taxation	<u>6,215</u>	<u>7,471</u>

The effective tax rate for the period under review is lower than the statutory tax rate mainly due to the release of the over provisions in prior years' taxes following tax clearance by Inland Revenue Board.

21. Deferred Tax Liabilities

	Quarter ended 31/03/11 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	-	(393)
At 31 Mar 2011 / 31 Dec 2010	<u>3,757</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 but not completed as at 11 May 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 May 2011.

27. Material Litigation

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

28. Proposed Dividend

At the forthcoming Annual General Meeting, a final dividend in respect of the previous financial year ended 31 December 2010, of 10.0 sen, less 25% income tax, and 5.0 sen, tax exempt, per RM 1.00 ordinary share, amounting to a total net dividend of RM 8.0 million (12.5 sen net per share) will be proposed for shareholders' approval.

In addition, the Board of Directors had, on 18 May 2011, declared a special interim dividend in respect of the financial year ending 31 December 2011 of gross 30.0 sen per ordinary share, less income tax, amounting to RM 14.4 million.

If approved, both dividends will be paid out on 1 July 2011.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 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 31/03/11 RM'000	As at 31/12/10 RM'000
Total retained profits:		
- Realised profit	166,443	137,647
- Unrealised loss	(4,633)	(4,175)
Total retained profits as per statement of financial position	<u>161,810</u>	<u>133,472</u>

30. Earnings Per Share

	Quarter ended 31/03/11	Quarter ended 31/03/10
Basic earnings per share		
Profit for the period (RM'000)	28,338	20,812
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	44.28	32.52

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.

	31/03/10 As restated RM'000	31/03/10 As previously stated RM'000
Revenue	170,454	173,111
Distribution expenses	<u>17,939</u>	<u>20,596</u>

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 May 2011