

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

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

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

	<b>INDIVIDUAL QUARTER CURRENT QUARTER ENDED</b>	<b>COMPARATIVE QUARTER ENDED</b>	<b>CUMULATIVE QUARTER 9 month CUMULATIVE TO DATE</b>	<b>9 month CUMULATIVE TO DATE</b>
	<b>30/09/12 RM'000</b>	<b>30/09/11 RM'000</b>	<b>30/09/12 RM'000</b>	<b>30/09/11 RM'000</b>
Revenue	224,793	201,708	656,393	599,243
Cost of Sales	<u>(139,347)</u>	<u>(125,445)</u>	<u>(409,646)</u>	<u>(372,378)</u>
Gross Profit	85,446	76,263	246,747	226,865
Other Income	194	1,191	774	1,751
Distribution Expenses	(28,215)	(28,678)	(83,655)	(81,010)
Administrative Expenses	(6,043)	(6,659)	(18,823)	(18,063)
Other Operating Expenses	<u>(8,947)</u>	<u>(10,591)</u>	<u>(26,091)</u>	<u>(27,080)</u>
Results from Operating Activities	42,435	31,525	118,952	102,462
Finance Costs	(744)	(283)	(2,151)	(283)
Interest Income	1,666	751	4,261	1,797
Profit Before Taxation	43,357	31,994	121,062	103,976
Income Tax Expenses	<u>(11,258)</u>	<u>(8,394)</u>	<u>(31,507)</u>	<u>(24,265)</u>
Profit After Taxation	32,099	23,600	89,555	79,711
Other Comprehensive Income	-	-	-	-
Total comprehensive income for the period	<u>32,099</u>	<u>23,600</u>	<u>89,555</u>	<u>79,711</u>
Profit Attributable to:				
Equity holders of the Company	32,099	23,600	89,555	79,711
Non-controlling interest	-	-	-	-
	<u>32,099</u>	<u>23,600</u>	<u>89,555</u>	<u>79,711</u>
<b>EARNINGS PER SHARE</b>				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>50.15</u>	<u>36.87</u>	<u>139.93</u>	<u>124.55</u>

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

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**CONDENSED STATEMENT OF FINANCIAL POSITION**

	<b>AS AT END OF CURRENT QUARTER 30/09/12 (Unaudited)</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/11 (Audited)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	68,839	71,602
Intangible assets	1,331	2,446
<b>TOTAL NON-CURRENT ASSETS</b>	<b>70,170</b>	<b>74,048</b>
Inventories	87,063	93,448
Trade and other receivables	27,558	36,714
Prepayments	1,971	1,161
Cash and cash equivalents	227,795	193,143
<b>TOTAL CURRENT ASSETS</b>	<b>344,387</b>	<b>324,466</b>
<b>TOTAL ASSETS</b>	<b>414,557</b>	<b>398,514</b>
<b>EQUITY</b>		
Share capital	64,000	64,000
Retained profits	201,509	195,154
Attributable to equity holders of the Company	265,509	259,154
Non-controlling interest	-	-
<b>TOTAL EQUITY</b>	<b>265,509</b>	<b>259,154</b>
<b>LIABILITIES</b>		
Deferred tax liabilities	4,170	4,051
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>4,170</b>	<b>4,051</b>
Trade and other payables	127,045	121,832
Provision	408	375
Current tax liabilities	17,425	13,102
<b>CURRENT LIABILITIES</b>	<b>144,878</b>	<b>135,309</b>
<b>TOTAL LIABILITIES</b>	<b>149,048</b>	<b>139,360</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>414,557</b>	<b>398,514</b>
Net assets per share attributable to ordinary equity holders of the Company (RM)	4.15	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 September 2012  
The figures have not been audited.**CONDENSED STATEMENT OF CHANGES IN EQUITY  
For the period ended 30 September 2012**

	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
<u>9 month ended 30 September 2012</u>					
Balance at beginning of period	64,000	195,154	259,154	-	259,154
Movements during the period	-	89,555	89,555	-	89,555
Dividends paid	-	(83,200)	(83,200)	-	(83,200)
Balance at end of period	<u>64,000</u>	<u>201,509</u>	<u>265,509</u>	<u>-</u>	<u>265,509</u>
<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 payable	-	(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>

(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)

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Quarterly report on results for the financial quarter ended 30 September 2012  
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**For the period ended 30 September 2012**

	9 months ended 30/09/12 RM'000	9 months ended 30/09/11 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers and other receivables	665,540	596,255
Cash paid to suppliers and employees	(519,933)	(490,961)
	<hr/>	<hr/>
Cash generated from operations	145,607	105,294
Income tax paid	(27,065)	(18,850)
	<hr/>	<hr/>
Net cash from operating activities	118,542	86,444
	<hr/>	<hr/>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Additions of property, plant and equipment	(2,951)	(6,597)
Proceeds from disposal of property, plant and equipment	151	1,154
Interest received	4,261	1,797
	<hr/>	<hr/>
Net cash generated from / (used in) investing activities	1,461	(3,646)
	<hr/>	<hr/>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Interest paid	(2,151)	(283)
Dividends paid	(83,200)	(22,400)
	<hr/>	<hr/>
Net cash used in financing activities	(85,351)	(22,683)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	34,652	60,115
Cash and cash equivalents brought forward	193,143	85,657
	<hr/>	<hr/>
Cash and cash equivalents carried forward	227,795	145,772
	<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)**  
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**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 30/09/12 RM'000	Quarter ended 30/09/11 RM'000	Year to-date 30/09/12 RM'000	Year to-date 30/09/11 RM'000
In respect of the financial year ended 31 December 2011 (2011: 31 December 2010) Final dividends paid:				
- 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	-
Special interim dividend paid:				
- 80.00 sen (2011: 30.00 sen less income tax) per RM 1.00 ordinary share	-	14,400	51,200	14,400
	-	22,400	83,200	22,400
Net dividend per share (sen)	-	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 30/09/12 RM'000	Quarter ended 30/09/11 RM'000
<b>Segment profit</b>		
Revenue	224,793	201,708
Profit After Taxation	32,099	23,600

## 10. Subsequent Events

There were no material subsequent events as at 20 November 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 20 November 2012 other than operating lease obligations by the Company amounting to RM6.6 million.

## 13. Related Party Transactions

The following are significant related party transactions: -

	Quarter ended 30/09/12 RM'000	9 month Year-to-Date 30/09/12 RM'000
Sales to related parties	8,001	24,468
Purchases from related parties	33,850	80,093
Know-how, Trademark License and Management Support fees	7,354	22,286
Shared services from related parties	851	2,782

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 11% compared to the preceding year's corresponding quarter, mainly due to strong sales in the Company's powder and liquid milk products coupled with new product introductions, i.e chocolate drink in powder format and new mid-premium growing-up milk powder, Dutch Lady ActivGold. Profit before taxation for the current quarter was RM 11.4 million higher compared to same quarter last year (PBT% growth from 15.9% of previous year corresponding quarter to 19.3% current quarter) 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 9 month of 2012 grew by 10% 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 16% 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 3% higher compared to the preceding quarter mainly contributed by new products introductions and higher sales of growing-up milk powder products. The profit before taxation for the current quarter was higher by RM 2.8 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 financial year performance 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 30/09/12 RM'000	9 month Year-to-Date 30/09/12 RM'000
Income tax for current period	11,258	31,388
Deferred tax for current period	-	119
Over provision of prior years taxation	-	-
Total taxation	<u>11,258</u>	<u>31,507</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.

## 20. Deferred Tax Liabilities

	Quarter ended 30/09/12 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 20 November 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 20 November 2012.

### 24. Proposed Dividend

The Board of Directors declared on 27 November 2012 the payment of a single-tier standard interim dividend of 50.00 sen per ordinary share of RM1.00 each, amounting to RM 32.0 million and a single-tier special interim dividend of 80.00 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 27 December 2012 to shareholders whose names appear in the Register of Members and Record of Depositors at the close of business on 12 December 2012.

### 25. Retained Profits

The breakdown of the retained profits of the Company as at 30 September 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 30/09/12 RM'000	Year to-date 31/12/11 RM'000
Total retained profits:		
- Realised profit	205,906	199,155
- Unrealised loss	(4,397)	(4,003)
Total retained profits as per statement of financial position	<u>201,509</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 30/09/12	Comparative Quarter ended 30/09/11	9 month Cumulative to-Date 30/09/12	9 month Cumulative to-Date 30/09/11
<b>Basic earnings per share</b>				
Profit for the period (RM'000)	32,099	23,600	89,555	79,711
Weighted average number of ordinary shares in issue ('000)	64,000	64,000	64,000	64,000
Basic earnings per share (sen)	50.15	36.87	139.93	124.55

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 30/09/12 RM'000	Year to- date 30/09/11 RM'000
Interest income	4,261	1,797
Finance costs	(2,151)	(283)
Depreciation of property, plant and equipment	(5,541)	(6,529)
Amortisation of intangible assets	(1,155)	(1,103)
Write back/(down) of inventories	893	(115)
(Loss) /gain on disposal of property, plant and equipment	(27)	1,127
Net (loss)/gain on foreign exchange		
- Realised	(42)	773
- Unrealised	(227)	(1,104)

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