

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

Quarterly report on results for the financial quarter ended 31 December 2012  
The figures have not been audited.

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER CURRENT QUARTER ENDED	COMPARATIVE QUARTER ENDED	CUMULATIVE QUARTER 12 month CUMULATIVE TO DATE	12 month CUMULATIVE TO DATE
	31/12/12 RM'000	31/12/11 RM'000	31/12/12 RM'000	31/12/11 RM'000
Revenue	225,786	211,404	882,179	810,647
Cost of Sales	(124,971)	(133,985)	(534,617)	(506,175)
Gross Profit	100,815	77,419	347,562	304,472
Other Income	114	307	864	2,057
Distribution Expenses	(37,021)	(25,170)	(120,676)	(106,180)
Administrative Expenses	(8,648)	(8,071)	(27,472)	(26,134)
Other Operating Expenses	(11,581)	(7,580)	(37,671)	(34,847)
Results from Operating Activities	43,679	36,905	162,607	139,368
Finance Costs	(734)	(636)	(2,862)	(919)
Interest Income	1,794	1,307	6,056	3,104
Profit Before Taxation	44,739	37,576	165,801	141,553
Income Tax Expenses	(10,914)	(9,206)	(42,421)	(33,471)
Profit After Taxation	33,825	28,370	123,380	108,082
Other Comprehensive Income	-	-	-	-
Total comprehensive income for the period	33,825	28,370	123,380	108,082
Profit Attributable to:				
Equity holders of the Company	33,825	28,370	123,380	108,082
Non-controlling interest	-	-	-	-
	33,825	28,370	123,380	108,082
<b>EARNINGS PER SHARE</b>				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	52.90	44.30	192.80	168.90

(The Condensed Statement of Comprehensive Income 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 31 December 2012

**CONDENSED STATEMENT OF FINANCIAL POSITION**

	<b>AS AT END OF CURRENT QUARTER 31/12/12 (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	73,073	71,602
Intangible assets	1,191	2,446
<b>TOTAL NON-CURRENT ASSETS</b>	<b>74,264</b>	<b>74,048</b>
Inventories	86,781	93,448
Trade and other receivables	16,176	36,714
Prepayments	709	1,161
Cash and cash equivalents	204,844	193,143
<b>TOTAL CURRENT ASSETS</b>	<b>308,510</b>	<b>324,466</b>
<b>TOTAL ASSETS</b>	<b>382,774</b>	<b>398,514</b>
<b>EQUITY</b>		
Share capital	64,000	64,000
Retained profits	152,134	195,154
Attributable to equity holders of the Company	216,134	259,154
Non-controlling interest	-	-
<b>TOTAL EQUITY</b>	<b>216,134</b>	<b>259,154</b>
<b>LIABILITIES</b>		
Deferred tax liabilities	4,854	4,051
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>4,854</b>	<b>4,051</b>
Trade and other payables	146,538	121,832
Provision	168	375
Current tax liabilities	15,080	13,102
<b>CURRENT LIABILITIES</b>	<b>161,786</b>	<b>135,309</b>
<b>TOTAL LIABILITIES</b>	<b>166,640</b>	<b>139,360</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>382,774</b>	<b>398,514</b>
Net assets per share attributable to ordinary equity holders of the Company (RM)	3.38	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 31 December 2012  
The figures have not been audited.**CONDENSED STATEMENT OF CHANGES IN EQUITY  
For the period ended 31 December 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>12 month ended 31 December 2012</u>					
Balance at beginning of period	64,000	195,154	259,154	-	259,154
Movements during the period	-	123,380	123,380	-	123,380
Dividends paid	-	(166,400)	(166,400)	-	(166,400)
Balance at end of period	<u>64,000</u>	<u>152,134</u>	<u>216,134</u>	<u>-</u>	<u>216,134</u>
<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 payable	-	(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>

(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)

(Incorporated in Malaysia)

Quarterly report on results for the financial quarter ended 31 December 2012  
The figures have not been audited.**CONDENSED STATEMENT OF CASH FLOW**  
**For the period ended 31 December 2012**

	12 months ended 31/12/12 RM'000 (Unaudited)	12 months ended 31/12/11 RM'000 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers and other receivables	904,318	849,442
Cash paid to suppliers and employees	(680,227)	(661,156)
	<hr/>	<hr/>
Cash generated from operations	224,091	188,286
Income tax paid	(39,640)	(26,350)
	<hr/>	<hr/>
Net cash from operating activities	184,451	161,936
	<hr/>	<hr/>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Additions of property, plant and equipment	(9,281)	(10,882)
Additions of intangible assets	(427)	(823)
Proceeds from disposal of property, plant and equipment	164	1,470
Interest received	6,056	3,104
	<hr/>	<hr/>
Net cash used in investing activities	(3,488)	(7,131)
	<hr/>	<hr/>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Interest paid	(2,862)	(919)
Dividends paid	(166,400)	(46,400)
	<hr/>	<hr/>
Net cash used in financing activities	(169,262)	(47,319)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	11,701	107,486
Cash and cash equivalents brought forward	193,143	85,657
	<hr/>	<hr/>
Cash and cash equivalents carried forward	204,844	193,143
	<hr/>	<hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	17,344	85,945
Deposits placed with licensed banks	187,500	107,198
	<hr/>	<hr/>
	204,844	193,143
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(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)**  
**(Incorporated in Malaysia)**

**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 31/12/12 RM'000	Quarter ended 31/12/11 RM'000	Year to-date 31/12/12 RM'000	Year to-date 31/12/11 RM'000
In respect of the financial year ended 31 December 2010				
Final dividends paid:				
- 5.00 sen (2010: 5.00 sen) tax exempt per RM 1.00 ordinary share	-	-	-	3,200
- 10.00 sen less income tax (2010: 10.00 sen less income tax) per RM 1.00 ordinary share	-	-	-	4,800
In respect of the financial year ended 31 December 2011				
Interim dividend paid:				
- 10.00 sen less income tax per RM 1.00 ordinary share	-	4,800	-	4,800
Special interim dividend paid:				
- 30.00 sen less income tax per RM 1.00 ordinary share	-	-	-	14,400
Special interim dividend paid				
- 40.00 sen less income tax per RM 1.00 ordinary share	-	19,200	-	19,200
In respect of the financial year ended 31 December 2012				
Single tier interim dividend paid:				
- 50.00 sen per RM 1.00 ordinary share	-	-	32,000	-
Single tier first special interim dividend paid:				
- 80.00 sen per RM 1.00 ordinary share	-	-	51,200	-
Single tier standard interim dividend paid:				
- 50.00 sen per RM 1.00 ordinary share	32,000	-	32,000	-
Single tier second special interim dividend paid:				
- 80.00 sen per RM 1.00 ordinary share	51,200	-	51,200	-
	<u>83,200</u>	<u>24,000</u>	<u>166,400</u>	<u>46,400</u>
Net dividend per share (sen)	<u>130.00</u>	<u>37.50</u>	<u>260.00</u>	<u>72.50</u>

## 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 31/12/12 RM'000	Quarter ended 31/12/11 RM'000
<b>Segment profit</b>		
Revenue	225,786	211,404
Profit After Taxation	33,825	28,370

## 10. Subsequent Events

There were no material subsequent events as at 19 February 2013 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 19 February 2013 other than operating lease obligations by the Company amounting to RM6.3 million.

## 13. Related Party Transactions

The following are significant related party transactions: -

	Quarter ended 31/12/12 RM'000	12 month Year-to-Date 31/12/12 RM'000
Sales to related parties	3,693	28,161
Purchases from related parties	25,046	105,139
Know-how, Trademark License and Management Support fees	7,148	29,389
Shared services from related parties	1,378	4,160

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 7% 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 7.1 million higher compared to same quarter last year attributable to the higher revenue for the quarter and favourable sales mix.

Revenue for full year 2012 grew by 9% compared to 2011. The growth was contributed by strong sales in the Company's powder and liquid milk products coupled with the above mentioned new product introduction. Profit before tax increased by 17% mainly contributed by the higher revenue and favourable sales mix due to the exit of the low margin creamer business.

## 15. Comments on Material Changes in Profit Before Taxation

The Company's revenue in the current quarter was 0.4% higher compared to the preceding quarter mainly contributed by new product introduction and higher sales of growing-up milk powder products. The profit before taxation for the current quarter was higher by RM 1.3 million mainly due to the higher sales volume and favourable sales mix during the quarter.

## 16. Business Prospects

Despite the recent increasing trend of dairy raw material prices, the Board of Directors of the Company is cautiously optimistic on its 2013 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 31/12/12 RM'000	12 month Year-to-Date 31/12/12 RM'000
Income tax for current period	11,000	42,388
Deferred tax for current period	684	803
Over provision of prior years taxation	(770)	(770)
Total taxation	<u>10,914</u>	<u>42,421</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 31/12/12 RM'000	As at 31/12/11 RM'000
At 1 January	4,051	3,757
Recognised in the statement of comprehensive income	803	294
At period end	<u>4,854</u>	<u>4,051</u>



## 21. Corporate Proposals

There were no corporate proposals announced as at 19 February 2013.

## 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 19 February 2013.

## 24. Proposed Dividend

The Board of Directors declared on 26 February 2013 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 2013.

The proposed dividends will be paid on 21 May 2013 to shareholders whose names appear in the Register of Members and Record of Depositors at the close of business on 30 April 2013.

## 25. Retained Profits

The breakdown of the retained profits of the Company as at 31 December 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 31/12/12 RM'000	Year to-date 31/12/11 RM'000
Total retained profits:		
- Realised profit	157,018	199,157
- Unrealised loss	(4,884)	(4,003)
Total retained profits as per statement of financial position	<u>152,134</u>	<u>195,154</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 31/12/12	Comparative Quarter ended 31/12/11	12 month Cumulative to-Date 31/12/12	12 month Cumulative to-Date 31/12/11
<b>Basic earnings per share</b>				
Profit for the period (RM'000)	33,825	28,370	123,380	108,082
Weighted average number of ordinary shares in issue ('000)	64,000	64,000	64,000	64,000
Basic earnings per share (sen)	52.90	44.30	192.80	168.90

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 31/12/12 RM'000	Year to- date 31/12/11 RM'000
Interest income	6,056	3,104
Finance costs	(2,862)	(919)
Depreciation of property, plant and equipment	(7,442)	(6,962)
Amortisation of intangible assets	(1,554)	(1,479)
Reversal / (write down) of inventories	664	435
(Loss) / gain on disposal of property, plant and equipment	(31)	1,267
Impairment of property, plant and equipment	-	(2,000)
Net gain / (loss) on foreign exchange		
- Realised	198	(423)
- Unrealised	(30)	48

By Order of the Board  
Izreen Fara Binti Ismail  
Company Secretary  
26 February 2013