

DUTCH LADY MILK INDUSTRIES BERHAD

(5063-V)

(Incorporated in Malaysia)

Quarterly report on results for the financial quarter ended 31 March 2013

The figures have not been audited.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER CURRENT QUARTER ENDED	COMPARATIVE QUARTER ENDED	CUMULATIVE QUARTER 3 month CUMULATIVE TO DATE	3 month CUMULATIVE TO DATE
	31/03/13 RM'000	31/03/12 RM'000	31/03/13 RM'000	31/03/12 RM'000
Revenue	206,268	214,053	206,268	214,053
Cost of Sales	<u>(121,910)</u>	<u>(134,928)</u>	<u>(121,910)</u>	<u>(134,928)</u>
Gross Profit	84,358	79,125	84,358	79,125
Other Income	164	196	164	196
Distribution Expenses	(30,069)	(27,832)	(30,069)	(27,832)
Administrative Expenses	(6,137)	(6,294)	(6,137)	(6,294)
Other Operating Expenses	<u>(9,776)</u>	<u>(8,457)</u>	<u>(9,776)</u>	<u>(8,457)</u>
Results from Operating Activities	38,540	36,738	38,540	36,738
Finance Costs	(740)	(732)	(740)	(732)
Interest Income	1,411	1,111	1,411	1,111
Profit Before Taxation	<u>39,211</u>	<u>37,117</u>	<u>39,211</u>	<u>37,117</u>
Income Tax Expenses	<u>(10,189)</u>	<u>(9,651)</u>	<u>(10,189)</u>	<u>(9,651)</u>
Profit After Taxation	29,022	27,466	29,022	27,466
Other Comprehensive Income	-	-	-	-
Total comprehensive income for the period	<u>29,022</u>	<u>27,466</u>	<u>29,022</u>	<u>27,466</u>
Profit Attributable to:				
Equity holders of the Company	29,022	27,466	29,022	27,466
Non-controlling interest	-	-	-	-
	<u>29,022</u>	<u>27,466</u>	<u>29,022</u>	<u>27,466</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>45.35</u>	<u>42.90</u>	<u>45.35</u>	<u>42.90</u>

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

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CONDENSED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 31/03/13 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/12 (Audited)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	75,317	73,073
Intangible assets	1,164	1,191
TOTAL NON-CURRENT ASSETS	76,481	74,264
Inventories	99,692	86,781
Trade and other receivables	28,972	16,176
Prepayments	1,334	709
Cash and cash equivalents	190,550	204,844
TOTAL CURRENT ASSETS	320,548	308,510
TOTAL ASSETS	397,029	382,774
EQUITY		
Share capital	64,000	64,000
Retained profits	181,156	152,134
Attributable to equity holders of the Company	245,156	216,134
Non-controlling interest	-	-
TOTAL EQUITY	245,156	216,134
LIABILITIES		
Deferred tax liabilities	4,854	4,854
TOTAL NON-CURRENT LIABILITIES	4,854	4,854
Trade and other payables	130,919	146,538
Provision	189	168
Current tax liabilities	15,911	15,080
CURRENT LIABILITIES	147,019	161,786
TOTAL LIABILITIES	151,873	166,640
TOTAL EQUITY AND LIABILITIES	397,029	382,774
Net assets per share attributable to ordinary equity holders of the Company (RM)	3.83	3.38

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

Quarterly report on results for the financial quarter ended 31 March 2013
The figures have not been audited.**CONDENSED STATEMENT OF CHANGES IN EQUITY**
For the period ended 31 March 2013

	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>3 month ended 31 March 2013</u>					
Balance at beginning of period	64,000	152,134	216,134	-	216,134
Movements during the period	-	29,022	29,022	-	29,022
Dividends paid	-	-	-	-	-
Balance at end of period	64,000	181,156	245,156	-	245,156
<u>3 month ended 31 March 2012</u>					
Balance at beginning of period	64,000	195,154	259,154	-	259,154
Movements during the period	-	27,466	27,466	-	27,466
Dividends payable	-	-	-	-	-
Balance at end of period	64,000	222,620	286,620	-	286,620

(The Condensed Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012)

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(5063-V)

(Incorporated in Malaysia)

Quarterly report on results for the financial quarter ended 31 March 2013
The figures have not been audited.

CONDENSED STATEMENT OF CASH FLOW
For the period ended 31 March 2013

	3 months ended 31/03/13 RM'000 (Unaudited)	3 months ended 31/03/12 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	193,014	211,918
Cash paid to suppliers and employees	(194,389)	(173,316)
	<hr/>	<hr/>
Cash (used in) / generated from operations	(1,375)	38,602
Income tax paid	(9,358)	(6,183)
	<hr/>	<hr/>
Net cash (used in) / generated from operating activities	(10,733)	32,419
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(4,169)	(491)
Additions of intangible assets	(68)	-
Proceeds from disposal of property, plant and equipment	5	14
Interest received	1,411	1,111
	<hr/>	<hr/>
Net cash (used in) / generated from investing activities	(2,821)	634
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(740)	(732)
	<hr/>	<hr/>
Net cash used in financing activities	(740)	(732)
	<hr/>	<hr/>
Net (decrease) / increase in cash and cash equivalents	(14,294)	32,321
Cash and cash equivalents brought forward	204,844	193,143
	<hr/>	<hr/>
Cash and cash equivalents carried forward	190,550	225,464
	<hr/>	<hr/>
Cash and cash equivalents consist of:		
Cash and bank balances	3,550	33,369
Deposits placed with licensed banks	187,000	192,095
	<hr/>	<hr/>
	190,550	225,464
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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 2012)

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 2012.

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 2012 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

There were no dividends paid for the financial period under review.

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 31/03/13 RM'000	Quarter ended 31/03/12 RM'000
Segment profit		
Revenue	206,268	214,053
Profit After Taxation	29,022	27,466

10. Subsequent Events

There were no material subsequent events 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 exist operating lease obligations by the Company amounting to RM14.7 million.

13. Related Party Transactions

The following are significant related party transactions: -

	Quarter ended 31/03/13 RM'000	Quarter ended 31/03/12 RM'000
Sales to related parties	3,497	7,872
Purchases from related parties	23,105	19,400
Know-how, Trademark License and Management Support fees	7,058	7,717
Shared services from related parties	1,289	968

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)

Though the market conditions were soft for the current quarter, profit before taxation was higher by RM2.1 million which was attributable to improved sales mix and better cost management.

15. Comments on Material Changes in Profit Before Taxation (Against immediate preceding quarter)

The Company's revenue in the current quarter was -8.6% lower compared to the preceding quarter mainly contributed by lower sales of powder and liquid products. The profit before taxation for the current quarter was lower by RM 5.5 million mainly due to the lower sales volume.

16. Business Prospects

Despite the recent trend of increasing 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.

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 31/03/13 RM'000	Quarter ended 31/03/12 RM'000
Income tax for current period	10,189	9,651
Deferred tax for current period	-	-
Total taxation	<u>10,189</u>	<u>9,651</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 31/03/13 RM'000	Quarter ended 31/03/12 RM'000
At 1 January	4,854	4,051
Recognised in the statement of comprehensive income	-	-
At 31 March	<u>4,854</u>	<u>4,051</u>

21. Corporate Proposals

There were no corporate proposals announced during the financial period under review.

22. Company Borrowings

There were no borrowings or debt securities as at the end of the financial period under review.

23. Material Litigation

There were no material litigations against the Company during the financial period under review.

24. Proposed Dividend

The Company did not propose any dividends for the current quarter.

On 26th February 2013, the Board of Directors declared the following dividends: -

- a) A first interim ordinary interim dividend of 50.0 sen per ordinary share of RM 1.00 each, tax exempt under the single-tier tax system, amounted to RM 32.0 million; and
- b) A first special interim dividend of 80.0 sen per ordinary share of RM 1.00 each, tax exempt under the single-tier tax system, amounted to RM 51.2 million.

The above dividends were paid on 21st May 2013 to entitled shareholders.

25. Retained Profits

The breakdown of the retained profits of the Company as at 31 March, 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 31/03/13 RM'000	Year to-date 31/12/12 RM'000
Total retained profits:		
- Realised profit	185,881	157,018
- Unrealised loss	(4,725)	(4,884)
Total retained profits as per statement of financial position	<u>181,156</u>	<u>152,134</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

	Quarter ended 31/03/13	Quarter ended 31/03/12
Basic earnings per share		
Profit for the period (RM'000)	29,022	27,466
Weighted average number of ordinary shares in issue ('000)	64,000	64,000
Basic earnings per share (sen)	45.35	42.90

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 31/03/13 RM'000	Year to- date 31/03/12 RM'000
Interest income	1,411	1,111
Interest expense	(740)	(732)
Depreciation of property, plant and equipment	(1,924)	(1,836)
Amortisation of intangible assets	(94)	(374)
Write back/(down) of inventories	291	(253)
Loss on disposal of property, plant and equipment	(2)	(17)
Net (loss)/gain on foreign exchange		
- Realised	(117)	92
- Unrealised	129	(211)

By Order of the Board
Izreen Fara Binti Ismail
Company Secretary
28 May 2013