



Quarterly Update

For the Quarter Ending June 30, 2010

AMC First Half Income Rises 70% to P1.06 Billion

Alaska Milk Corporation continued to expand in 2Q10 on the back of sustained sales volume growth alongside subdued costs. Net income grew 25% in 2Q10 to P532 million from P425 million in the same period last year. This brought net income for the first half of the year to P1.06 billion, 70% higher than year-ago net income of P623 million.

Rise in Domestic Milk Consumption Drives Sales Volume Growth Net sales grew 6% in 2Q10 to P2.85 billion from P2.69 billion in 2Q09 as sales volumes across the Company's core milk products continued to exhibit robust growth rates. Sales volume of the Company's liquid canned milk products expanded as consumer demand for milk products accelerated at double-digit rates. In addition, intensive advertising and media support for AMC products pushed sales of liquid canned milk higher. Sales volume of the powdered milk business likewise sustained a healthy growth rate due to continuous brand-building activities. Similarly, sales volume of the UHT business, ready-to-drink milk and ready-to-use products, remained brisk amidst continuing efforts to expand consumer base. This brought net sales for the first half of the year to P5.83 billion, 9% higher than year-ago net sales of P5.35 billion.

Operating Margin Improves on Subdued Input Cost Notwithstanding the growth in sales volume, cost of sales and operating expenses for 2Q10 grew at a slower pace of 1%, at P2.21 billion from P2.18 billion in 2Q09 on account of stable raw material prices and continuing

Financial Highlights

(in Million Pesos)

| | 2Q10 | 2Q09 | % Change | 1H10 | 1H09 | % Change |
|----------------------|--------|--------|-----------|--------|--------|-----------|
| Net Sales | 2,846 | 2,687 | + 6% | 5,831 | 5,347 | + 9% |
| Operating Income | 635 | 506 | + 25% | 1,308 | 749 | + 75% |
| Net Income | 532 | 425 | + 25% | 1,056 | 623 | + 70% |
| Total Assets | | | | 8,214 | 6,134 | + 34% |
| Total Liabilities | | | | 2,946 | 2,233 | + 32% |
| Stockholders' Equity | | | | 5,268 | 3,901 | + 35% |
| Ratios: | | | | | | |
| Earnings Per Share | P 0.60 | P 0.48 | +P 0.12 | P 1.20 | P 0.70 | +P 0.50 |
| Operating Margin | 22.3% | 18.8% | +3.5% pts | 22.4% | 14.0% | +8.4% pts |
| Return on Sales | 18.7% | 15.8% | +2.9% pts | 18.1% | 11.6% | +6.5% pts |
| Current Ratio | | | | 1.69:1 | 1.31:1 | + 0.38:1 |
| Debt-to-Equity | | | | 0.56:1 | 0.57:1 | - 0.01:1 |

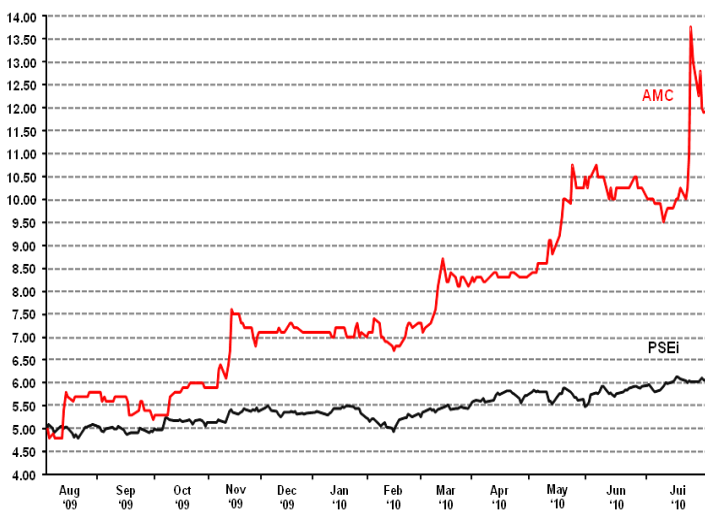
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improvements in operating efficiencies. This put operating income for the quarter at P635 million or 22.3% of net sales compared to P506 million or 18.8% of net sales in the same period last year.

Operating income for the first half of 2010 amounted to P1.31 billion, 75% higher than year-ago operating income of P749 million as cost of sales and operating expenses declined by 2%. This is largely due to the significant decline in the cost of key production inputs combined with diligent cost management. As a result, operating margin improved to 22.4% from 14.0% in the same period last year.

Net Income After considering interest income and foreign exchange gains, net income for the three months ending June 2010 stood at P532 million compared to P425 million in the comparable period last year. This put net income for the first half of the year at P1.06 billion, 70% higher than year-ago net income of P623 million. Return on sales likewise improved to 18.1% from 11.6% a year ago. The net income for 1H10 is equivalent to an earnings-per-share (EPS) of P1.20 compared to the P0.70 EPS in the same period last year.

12-month AMC Share Price Performance (Relative to PSE Index)



UPDATES & OUTLOOK

Skimmed Milk Powder (SMP) Export activity in the world market has reportedly been light whilst supply continue to build up. Following a sharp increase in export prices, SMP started to trend lower as buyers remain cautious with their purchases. Latest price quotes out of Oceania range between US\$2,900 to US\$3,300 per metric ton.

Krem-Top Coffee Creamer Launched

Alaska Milk Corporation recently unveiled in the market its latest product offering, Krem-Top Coffee Creamer. Krem-Top will surely change your coffee experience. In a blind test conducted among coffee lovers, 7 out of 10 respondents chose Krem-Top over the



leading brand for its richness, aroma and taste.

Priced competitively, Krem-Top is available in 5g sticks, 80g, 180g and 300g pouches. Go for the creamier creamer. Go Krem-Top!

AMC: Silver Awardee for Corporate Governance

The Institute of Corporate Directors (ICD) has recently cited Alaska Milk Corporation as one of the top publicly-listed Philippine companies most committed to good governance. AMC's Silver Award is given to companies that rated between 90% and 94% in the 2009 Corporate Governance Scorecard.