



Quarterly Update

For the Year Ending December 31, 2010

Alaska Milk Reports 29% Increase in Net Income Strong Demand and Stable Cost Environment Lifted Margins

Alaska Milk Corporation capped another year of strong growth, with net income at a new record high of P1.82 billion, up 29% from P1.41 billion in 2009. This was achieved as a result of sustained sales volume growth across all business lines, complemented by a stable cost environment and continuing efforts to improve operating efficiencies. With costs of major raw materials expanding at a slower pace, underpinned by a strong Philippine Peso vis-à-vis the US Dollar, operating margin for 2010 improved to 19.1% from 17.9% a year ago.

Domestic Milk Market Fueled by a resurgent consumer market, the country's gross domestic product (GDP) expanded by 7.3% in 2010, its strongest growth since 1986. Consumer spending remains a major driver of the Philippine economy given the resilience of remittance inflows of overseas Filipino workers. In addition, the benign inflation environment and low interest rates fueled overall investor sentiment and reinforced business confidence. With the economy growing by 7.3%, per capita GDP rose by 5.3% from a decline of 0.9% in 2009. This benefitted the domestic milk industry, as consumption of milk products (liquid canned milk and powdered milk) grew at double-digit rates, its highest in five years. Sustained advertising campaigns and promotional activities of major industry players likewise increased the level of consumer awareness on the benefits of drinking milk. *Continued on page 2*

Financial Highlights (*Unaudited)

	4Q10	4Q09	% Change	2010*	2009	% Change
Net Sales	3,591	2,576	+ 39%	12,163	10,580	+ 15%
Operating Income	511	687	- 26%	2,327	1,889	+ 23%
Net Income	405	417	- 3%	1,816	1,409	+ 29%
Total Assets				9,173	7,271	+ 26%
Total Liabilities				3,131	2,594	+ 21%
Stockholders' Equity				6,042	4,677	+ 29%
Ratios:						
Earnings Per Share	P 0.46	P 0.47	- P 0.01	P 2.06	P 1.59	+ P0.47
Operating Margin	14.2%	26.7%	-12.5% pts	19.1%	17.9%	+1.2% pts
Return on Sales	11.3%	16.2%	-4.9% pts	14.9%	13.3%	+1.6% pts
Current Ratio				1.92:1	1.55:1	+ 0.37:1
Debt-to-Equity				0.52:1	0.55:1	- 0.03:1

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Strong Revenue Growth on Sustained Sales Volume Growth

Revenues for 2010 grew by 15% to P12.16 billion from P10.58 billion a year ago on higher sales volume. Improvements in product availability, following disruptions in supply chain brought about by Typhoon *Ondoy* in September 2009, translated in a high double-digit growth rate for the liquid canned milk business. Intensified advertising campaigns and promotional efforts drove demand for the Company's portfolio of evaporated and sweetened condensed milk products.

Sales volume of the Company's powdered milk business likewise expanded on the back of increased consumption alongside brand-building initiatives. The UHT business sustained its growth trajectory on brisk sales, with sales volume posting strong growth rates. Improvements in brand and retail management likewise translated in market share expansions for the Company's line of ready-to-drink UHT milk products and all-purpose cream product. Recently launched Krem-Top Coffee Creamer likewise continue to generate consumer trial and brand awareness in the market.

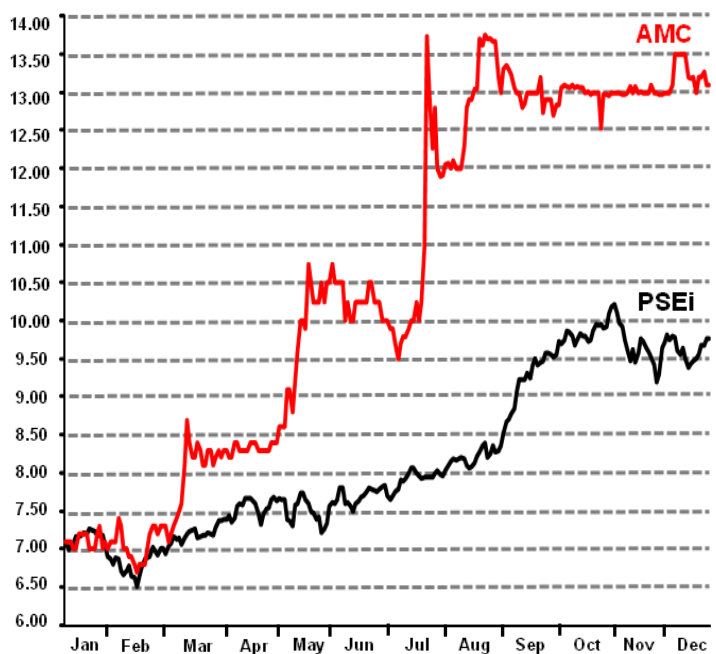
Higher Margins on Better Cost Management

Cost of sales and operating expenses for the year amounted to P9.84 billion, 13% higher than cost of sales and operating expenses of P8.69 billion a year ago. Cost of sales grew at a slower pace of 11% as a result of the Company's strategic buying initiatives for its major raw materials, particularly skimmed milk powder, tinsplate, sugar and coconut oil. Operating expenses, on the other hand, edged higher due to heightened advertising and promotional spending to drive consumer demand as well as higher distribution-related charges attendant to increased sales volume. The foregoing put operating income for the year at P2.33 billion or 19.1% of net sales, higher than 2009's actual operating income of P1.89 billion or 17.9% of net sales.

Strong Cash Balance Net interest income for the year surged to P48.7 million from P22.2 million a year ago on increased average cash balance. The 2010 year-end cash balance stood at P2.9 billion.

Net Income After considering foreign exchange losses and income tax, unaudited net income for the year ended at a record of P1.82 billion, 29% higher than year-ago net income of P1.41 billion. Return on sales likewise improved to 14.9% from 13.3% a year ago. Return on equity on equity was stable at 30.0%. The 2010 net income is equivalent to an earnings-per-share (EPS) of P2.06 compared to an EPS of P1.59 in 2009.

AMC Share Price Performance From P7.10 per share at the start of 2010, AMC share price gained 85% to close at P13.10 per share on December 30, 2010, higher than the comparable Philippine Stock Exchange index gain of 38%.



UPDATES & OUTLOOK

Skimmed Milk Powder (SMP) Milk powder prices rose at the start of the year, underlining strong global demand alongside declining production volumes. Buyers are securing supply as milk production season in Oceania winds down. Lingering concerns of drought in New Zealand and recent flooding in Australia diminished prospects of a recovery in production. SMP quotes currently over US\$3,500 per metric ton.