

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

Quarterly report on results for the financial quarter ended 30 June 2008
The figures have not been audited.

CONDENSED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED	COMPARATIVE QUARTER ENDED	6 month CUMULATIVE TO DATE	6 month CUMULATIVE TO DATE
	30/06/08 RM'000	30/06/07 RM'000	30/06/08 RM'000	30/06/07 RM'000
Revenue	187,692	154,160	367,804	302,144
Cost of Sales	<u>(143,408)</u>	<u>(104,271)</u>	<u>(286,355)</u>	<u>(203,351)</u>
Gross Profit	44,284	49,889	81,449	98,793
Other Income	459	38	611	66
Interest Income	2	192	31	337
Distribution Costs	(21,427)	(21,093)	(37,932)	(38,226)
Administrative Expenses	(5,064)	(3,884)	(9,317)	(7,784)
Other operating Expenses	<u>(7,153)</u>	<u>(7,811)</u>	<u>(15,157)</u>	<u>(15,237)</u>
Profit From Operations	11,101	17,331	19,685	37,949
Finance Costs	<u>(56)</u>	<u>(8)</u>	<u>(88)</u>	<u>(65)</u>
Profit Before Taxation	11,045	17,323	19,597	37,884
Taxation	<u>(2,527)</u>	<u>(4,678)</u>	<u>(4,779)</u>	<u>(10,229)</u>
Profit After Taxation	<u>8,518</u>	<u>12,645</u>	<u>14,818</u>	<u>27,655</u>
Attributable to:				
Equity holders of the parent	8,518	12,645	14,818	27,655
Minority Interest	-	-	-	-
	<u>8,518</u>	<u>12,645</u>	<u>14,818</u>	<u>27,655</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>13.31</u>	<u>19.76</u>	<u>23.15</u>	<u>43.21</u>

(The Condensed Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)

(Incorporated in Malaysia)

CONDENSED BALANCE SHEET

	AS AT END OF CURRENT QUARTER 30/06/08 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR END 31/12/07 (Audited)
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, Plant and Equipment	49,416	56,428
Prepaid leased payments	3,818	3,857
Intangibles assets	5,833	-
	59,067	60,285
CURRENT ASSETS		
Inventories	101,689	117,945
Trade Receivables	123,467	86,468
Other receivables and prepaid expenses	3,122	6,145
Amounts owing by other related companies	7,686	6,578
Cash and bank balances	18,257	17,267
TOTAL CURRENT ASSETS	254,221	234,403
TOTAL ASSETS	313,288	294,688
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued Capital	64,000	64,000
Unappropriated Profit	78,076	63,258
	142,076	127,258
Equity attributable to equity holders of the parent	142,076	127,258
Minority Interest	-	-
TOTAL EQUITY	142,076	127,258
NON-CURRENT LIABILITIES		
Deferred Tax Liabilities	1,618	1,618
	1,618	1,618
CURRENT LIABILITIES		
Short-term borrowings	10,000	16,400
Trade payables	51,435	69,737
Other payables and accrued expenses	47,331	38,433
Amount owing to other related companies	57,460	34,621
Provisions	926	957
Tax Liabilities	2,442	5,664
	169,594	165,812
TOTAL LIABILITIES	171,212	167,430
TOTAL EQUITY AND LIABILITIES	313,288	294,688
Net assets per share attributable to ordinary equity holders of the parent (RM)	2.22	1.99

(The Condensed Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2008**

	Issued Capital RM'000	Share Premium RM'000	Distributable Reserve - Unappropriated profit RM'000	Attributable to equity holders of the parent RM'000	Minority Interest RM'000	Total RM'000
<u>6 months ended 30 June 2008</u>						
Balance at beginning of period	64,000	-	63,258	127,258	-	127,258
Movements during the period (Cumulative)	-	-	14,818	14,818	-	14,818
Dividends paid	-	-	-	-	-	-
Balance at end of period	<u>64,000</u>	<u>-</u>	<u>78,076</u>	<u>142,076</u>	<u>-</u>	<u>142,076</u>
<u>6 months ended 30 June 2007</u>						
Balance at beginning of period	64,000	-	56,947	120,947	-	120,947
Movements during the period (Cumulative)	-	-	27,655	27,655	-	27,655
Dividends paid	-	-	(19,336)	(19,336)	-	(19,336)
Balance at end of period	<u>64,000</u>	<u>-</u>	<u>65,266</u>	<u>129,266</u>	<u>-</u>	<u>129,266</u>

(The Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)

DUTCH LADY MILK INDUSTRIES BERHAD

(5063-V)

(Incorporated in Malaysia)

**CONDENSED CASH FLOW STATEMENT
For the period ended 30 June 2008**

	<u>2008</u> 6 months ended 30 June RM'000	<u>2007</u> 6 months ended 30 June RM'000
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	333,070	275,334
Cash paid to suppliers and employees	(321,167)	(245,261)
	<hr/>	<hr/>
Cash generated from operations	11,903	30,073
Income tax paid	(8,000)	(7,717)
	<hr/>	<hr/>
Net cash from operating activities	3,903	22,356
	<hr/> <hr/>	<hr/> <hr/>
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES		
Additions of property, plant and equipment	(3,170)	(4,524)
Proceeds from disposal of property, plant and equipment	314	43
Interest received	31	337
	<hr/>	<hr/>
Net cash used in investing activities	(2,825)	(4,144)
	<hr/> <hr/>	<hr/> <hr/>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Interest paid	(88)	(65)
Dividends paid	-	(19,336)
	<hr/>	<hr/>
Net cash used in financing activities	(88)	(19,401)
	<hr/> <hr/>	<hr/> <hr/>
Net increase/ (decrease) in cash and cash equivalents	990	(1,189)
Cash and cash equivalents brought forward	17,267	26,578
	<hr/>	<hr/>
Cash and cash equivalents carried forward	18,257	25,389
	<hr/> <hr/>	<hr/> <hr/>

(The Condensed Cashflow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)

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 Financial Reporting Standard (FRS) 134 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2007. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2007.

2. Comparatives Figures

Certain comparative figures in the financial statements of the Company have been reclassified to conform with the presentation in the current financial year. These relate mainly to the following:

	Current Quarter ended		6 months Cumulative to-date	
	30/06/07	30/06/07	30/06/07	30/06/07
	As previously reported	Reclassified	As previously reported	Reclassified
Condensed Income Statement:	RM'000	RM'000	RM'000	RM'000
Revenue	152,061	154,160	297,032	302,144
Cost of Sales	94,744	104,271	183,547	203,351
Other Income	1,243	38	2,263	66
Distribution cost	30,578	21,093	56,941	38,226
Other operating expenses	6,959	7,811	13,411	15,237

The net co-packing income after expenses, which have been included in other income previously have been reclassified and presented as part of revenue, cost of sales and other operating expenses respectively to reflect its on-going business contribution.

Certain trade promotions which were previously included in distribution cost have been reclassified to net off against revenue to be consistent with holding company policy.

3. Auditors' Report of Preceding Annual Financial Statements

The audit report of the Company in respect of the annual audited financial statements for the year ended 31 December 2007 was not subject to any audit qualification.

4. Seasonal and Cyclical Factors

The milk and milk related business can be influenced by the weather and major festivals.

5. 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 quarter under review.

9. Segmental Analysis

No segmental information has been provided as the Company operates principally in Malaysia and in one major business segment.

10. Valuation of Prepaid lease payments

There were no changes or amendments to the valuation of Prepaid lease payments from the previous annual financial statements.

11. Subsequent Events

There were no material subsequent events as at 21 August 2008 that will affect the financial results of the financial period under review.

12. Changes in Composition of the Company

There were no changes in the composition of the Company during the financial period under review.

13. Contingent Liabilities

There were no other contingent liabilities as at 21 August 2008 other than operating lease obligations by the Company amounting to RM3.6 million.

14. Related Party Transactions

The following are significant related party transactions: -

	Quarter ended 30.06.2008 RM'000	Year-to-date 30.06.2008 RM'000
Sales to related parties	7,030	13,436
Purchases from related parties	46,956	94,490
License fees	5,242	10,321
Call centre services from related party	211	431

The above transactions have been entered in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

15. Review of Results (Against preceding year corresponding period)

The Company's revenue for the financial quarter increased 22% compared to preceding year corresponding quarter mainly due to continued growth in the Company's powder and liquid products as well as moderate price increases. The profit before taxation for the financial quarter was lower at RM11.0 million mainly due to higher raw materials prices.

16. Comments on Material Changes in Profit Before Taxation

The Company's revenue was higher in the current quarter at RM187.7 million compared to RM180.1 million in the preceding quarter. The profit before taxation for the current quarter was higher at RM11.0 million compared to the preceding quarter of RM8.6 million mainly as a result of higher sales and slightly lower raw material prices.

17. Business Prospects

Whilst the Company is confident that demand for its products would continue to be strong, raw material prices are still high and volatile. In addition, other input costs are rising substantially because of the high crude oil prices. Also, the recent increase in fuel and electricity prices are likely to dampen consumer spending. Therefore the results for the remaining quarters will be challenging.

18. Statement on Revenue or Profit Estimate, Forecast, Projection or Internal Targets Previously Announced or Disclosed in a Public Document

Not applicable.

19. Profit Forecast

The Company did not issue any profit forecast during the financial period under review.

20. Taxation

Taxation is made up as follows: -

	As at end of quarter 30.06.2008	6 month Cumulative to-date 30.06.2008
	RM'000	RM'000
Income tax for current period	2,377	4,629
Deferred tax for current period	150	150
Total taxation	2,527	4,779

21. Deferred Tax Liabilities

	30.06.2008 RM'000	31.12.2007 RM'000
At 1 January 2008 (2007)	1,618	2,300
Recognised in the income statement	150	(682)
At 30 June 2008 (31 Dec 2007)	<u>1,768</u>	<u>1,618</u>

22. Sale of Unquoted Investments and / or Properties

There were no sales of investments or properties during the financial period under review.

23. Purchase or Disposal of Quoted Securities

- a) There were no purchases or disposals of quoted securities during the financial period under review.
- b) There were no investments in quoted securities as at the end of the financial period under review.

24. Corporate Proposals

There were no corporate proposals announced but not completed as at 21 August 2008.

25. Short Term Borrowings

The short term borrowings are in the form of bankers acceptances. As at 30 June 2008, the Company has bank overdraft and other facilities amounting to RM54 million obtained from local licensed banks. The said facilities bear interest at rates ranging from 3.58% to 3.75% per annum and are secured by a negative pledge on all the assets of the Company.

26. Off Balance Sheet Financial Instruments

There were no financial instruments with off-balance sheet risk as at 21 August 2008.

27. Material Litigation

Not applicable.

28. Proposed Dividend

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

29. Earnings Per Share

	Current Quarter ended	Comparative Quarter ended	6 month Cumulative to-date	6 month Cumulative to-date
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
Basic earnings per share				
Profit after taxation (RM'000)	8,518	12,645	14,818	27,655
Weighted average number of ordinary shares in issue ('000)	64,000	64,000	64,000	64,000
Basic earnings per share (sen)	13.31	19.76	23.15	43.21

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.

By Order of the Board
Huang Shi Chin
Company Secretary
28 August 2008