

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

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

CONDENSED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED	COMPARATIVE QUARTER ENDED	9 month CUMULATIVE TO DATE	9 month CUMULATIVE TO DATE
	30/09/08 RM'000	30/09/07 RM'000	30/09/08 RM'000	30/09/07 RM'000
Revenue	178,422	150,857	546,226	453,001
Cost of Sales	<u>(123,717)</u>	<u>(105,674)</u>	<u>(410,072)</u>	<u>(309,025)</u>
Gross Profit	54,705	45,183	136,154	143,976
Other Income	138	41	749	107
Interest Income	-	162	31	499
Distribution Costs	(21,703)	(18,710)	(59,635)	(56,936)
Administrative Expenses	(4,588)	(4,306)	(13,905)	(12,090)
Other operating Expenses	<u>(9,441)</u>	<u>(7,317)</u>	<u>(24,598)</u>	<u>(22,554)</u>
Profit From Operations	19,111	15,053	38,796	53,002
Finance Costs	<u>(94)</u>	<u>(6)</u>	<u>(182)</u>	<u>(71)</u>
Profit Before Taxation	19,017	15,047	38,614	52,931
Taxation	<u>(4,952)</u>	<u>(4,063)</u>	<u>(9,731)</u>	<u>(14,292)</u>
Profit After Taxation	<u>14,065</u>	<u>10,984</u>	<u>28,883</u>	<u>38,639</u>
Attributable to:				
Equity holders of the Company	14,065	10,984	28,883	38,639
Minority Interest	-	-	-	-
	<u>14,065</u>	<u>10,984</u>	<u>28,883</u>	<u>38,639</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>21.98</u>	<u>17.16</u>	<u>45.13</u>	<u>60.37</u>

(The Condensed Income 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)

CONDENSED BALANCE SHEET

	AS AT END OF CURRENT QUARTER 30/09/08 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR END 31/12/07 (Audited)
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, Plant and Equipment	52,669	56,428
Prepaid leased payments	3,799	3,857
Intangibles assets	5,509	-
	61,977	60,285
CURRENT ASSETS		
Inventories	90,537	117,945
Trade Receivables	125,060	86,468
Other receivables and prepaid expenses	7,904	6,145
Amounts owing by other related companies	5,680	6,578
Cash and bank balances	360	17,267
TOTAL CURRENT ASSETS	229,541	234,403
TOTAL ASSETS	291,518	294,688
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued Capital	64,000	64,000
Unappropriated Profit	86,781	63,258
Equity attributable to equity holders of the Company	150,781	127,258
Minority Interest	-	-
TOTAL EQUITY	150,781	127,258
NON-CURRENT LIABILITIES		
Deferred Tax Liabilities	2,088	1,618
	2,088	1,618
CURRENT LIABILITIES		
Short-term borrowings	9,979	16,400
Trade payables	42,159	69,737
Other payables and accrued expenses	56,098	38,433
Amount owing to other related companies	27,847	34,621
Provisions	926	957
Tax Liabilities	1,640	5,664
	138,649	165,812
TOTAL LIABILITIES	140,737	167,430
TOTAL EQUITY AND LIABILITIES	291,518	294,688
Net assets per share attributable to ordinary equity holders of the Company (RM)	2.36	1.99

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

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

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

	<u>Issued Capital</u> RM'000	<u>Share Premium</u> RM'000	<u>Distributable Reserve - Unappropriated profit</u> RM'000	<u>Attributable to equity holders of the parent</u> RM'000	<u>Minority Interest</u> RM'000	<u>Total</u> RM'000
9 months ended 30 September 2008						
Balance at beginning of period	64,000	-	63,258	127,258	-	127,258
Movements during the period (Cumulative)	-	-	28,883	28,883	-	28,883
Dividends paid	-	-	(5,360)	(5,360)	-	(5,360)
Balance at end of period	<u>64,000</u>	<u>-</u>	<u>86,781</u>	<u>150,781</u>	<u>-</u>	<u>150,781</u>
9 months ended 30 September 2007						
Balance at beginning of period	64,000	-	56,947	120,947	-	120,947
Movements during the period (Cumulative)	-	-	38,639	38,639	-	38,639
Dividends paid	-	-	(19,336)	(19,336)	-	(19,336)
Balance at end of period	<u>64,000</u>	<u>-</u>	<u>76,250</u>	<u>140,250</u>	<u>-</u>	<u>140,250</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 September 2008**

	<u>2008</u> 9 months ended 30 September RM'000	<u>2007</u> 9 months ended 30 September RM'000
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	509,809	427,927
Cash paid to suppliers and employees	(500,134)	(397,466)
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Cash generated from operations	9,675	30,461
Income tax paid	(13,285)	(13,269)
	<hr/>	<hr/>
Net cash from operating activities	(3,610)	17,192
	<hr/> <hr/>	<hr/> <hr/>
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES		
Additions of property, plant and equipment	(8,110)	(6,893)
Proceeds from disposal of property, plant and equipment	324	44
Interest received	31	499
	<hr/>	<hr/>
Net cash used in investing activities	(7,755)	(6,350)
	<hr/> <hr/>	<hr/> <hr/>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Interest paid	(182)	(71)
Dividends paid	(5,360)	(19,336)
	<hr/>	<hr/>
Net cash used in financing activities	(5,542)	(19,407)
	<hr/> <hr/>	<hr/> <hr/>
Net decrease in cash and cash equivalents	(16,907)	(8,565)
Cash and cash equivalents brought forward	17,267	26,578
	<hr/>	<hr/>
Cash and cash equivalents carried forward	360	18,013
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(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		9 months Cumulative to-date	
	30/09/07	30/09/07	30/09/07	30/09/07
	As previously reported	Reclassified	As previously reported	Reclassified
Condensed Income Statement:	RM'000	RM'000	RM'000	RM'000
Revenue	152,533	150,857	449,565	453,001
Cost of Sales	96,305	105,674	279,852	309,025
Other Income	693	41	2,956	107
Distribution cost	31,133	18,710	88,074	56,936
Other operating expenses	6,591	7,317	20,002	22,554

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

	Quarter ended 30.09.08 RM'000	Quarter ended 30.09.07 RM'000	Year to-date 30.09.08 RM'000	Year to-date 30.09.07 RM'000
In respect of the financial year ended 31 December 2007 (2007: 31 December 2006)				
Final dividends paid:				
- 3.75 sen (2007: 3.75 sen) tax exempt per RM 1.00 ordinary share	2,400	-	2,400	2,400
- 6.25 sen less income tax (2007: 6.25 sen less income tax) per RM 1.00 ordinary share	2,960	-	2,960	2,920
Special interim dividend paid:				
- 30.00 sen less income tax per RM 1.00 ordinary share	-	-	-	14,016
	<u>5,360</u>	<u>-</u>	<u>5,360</u>	<u>19,336</u>
Net dividend per share (sen)	8.37	-	8.37	30.21

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 11 November 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 11 November 2008 other than operating lease obligations by the Company amounting to RM3.8 million.

14. Related Party Transactions

The following are significant related party transactions: -

	Quarter ended 30.09.2008 RM'000	Year-to-date 30.09.2008 RM'000
Sales to related parties	7,436	20,872
Purchases from related parties	36,379	130,869
License fees	5,068	15,389
Call centre services from related party	218	649

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 18% 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 higher at RM19.0 million mainly due to higher sales of Company's products.

16. Comments on Material Changes in Profit Before Taxation

The Company's revenue was lower in the current quarter at RM178.4 million compared to RM187.7 million in the preceding quarter. The profit before taxation for the current quarter was higher at RM19.0 million compared to the preceding quarter of RM11.0 million mainly as a result of slightly lower raw material prices and favorable sales mix.

17. Business Prospects

The global economic environment is expected to have an adverse impact on local consumer confidence. We expect consumer spending to remain cautious in near term. As a result, the results for the year will remain 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 30.09.2008	9 month Cumulative to-date 30.09.2008
	RM'000	RM'000
Income tax for current period	4,632	9,261
Deferred tax for current period	320	470
Total taxation	4,952	9,731

21. Deferred Tax Liabilities

	30.09.2008	31.12.2007
	RM'000	RM'000
At 1 January 2008 (2007)	1,618	2,300
Recognised in the income statement	470	(682)
At 30 September 2008 (31 Dec 2007)	2,088	1,618

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 11 November 2008.

25. Short Term Borrowings

The short term borrowings are in the form of bankers acceptances. As at 30 September 2008, the Company has bank overdraft and other facilities amounting to RM65 million obtained from licensed banks. The said facilities bear interest at rates ranging from 3.60% to 3.70% 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 11 November 2008.

27. Material Litigation

Not applicable.

28. Proposed Dividend

The Board of Directors has declared on 18 November 2008 the payment of an interim dividend of 6.25 sen per share, less income tax, amounting to RM 2.96 million, in respect of the financial year ending 31 December 2008.

The dividend will be paid on 23 December 2008 to shareholders whose names appear in the Register of Members and Record of Depositors at the close of business on 3 December 2008.

29. Earnings Per Share

	Current Quarter ended	Comparative Quarter ended	9 month Cumulative to-date	9 month Cumulative to-date
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
Basic earnings per share				
Profit after taxation (RM'000)	14,065	10,984	28,883	38,639
Weighted average number of ordinary shares in issue ('000)	64,000	64,000	64,000	64,000
Basic earnings per share (sen)	21.98	17.16	45.13	60.37

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
18 November 2008