

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

Quarterly report on results for the financial quarter ended 31 December 2008
The figures have not been audited.

CONDENSED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED	COMPARATIVE QUARTER ENDED	12 month CUMULATIVE TO DATE	12 month CUMULATIVE TO DATE
	31/12/08 RM'000	31/12/07 RM'000	31/12/08 RM'000	31/12/07 RM'000
Revenue	165.341	151.731	711.567	604.732
Cost of Sales	<u>(116.639)</u>	<u>(112.767)</u>	<u>(526.711)</u>	<u>(421.792)</u>
Gross Profit	48.702	38.964	184.856	182.940
Other Income	761	79	1.510	186
Interest Income	-	72	31	571
Distribution Costs	(22.768)	(16.153)	(82.403)	(73.089)
Administrative Expenses	(4.437)	(3.262)	(18.342)	(15.352)
Other operating Expenses	<u>(2.900)</u>	<u>(7.676)</u>	<u>(27.498)</u>	<u>(30.230)</u>
Profit From Operations	19.358	12.024	58.154	65.026
Finance Costs	<u>(114)</u>	<u>(175)</u>	<u>(296)</u>	<u>(246)</u>
Profit Before Taxation	19.244	11.849	57.858	64.780
Taxation	<u>(5.480)</u>	<u>(3.233)</u>	<u>(15.211)</u>	<u>(17.525)</u>
Profit After Taxation	<u>13.764</u>	<u>8.616</u>	<u>42.647</u>	<u>47.255</u>
Attributable to:				
Equity holders of the Company	13.764	8.616	42.647	47.255
Minority Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>13.764</u>	<u>8.616</u>	<u>42.647</u>	<u>47.255</u>
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	<u>21,51</u>	<u>13,46</u>	<u>66,64</u>	<u>73,84</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 31/12/08 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR END 31/12/07 (Audited)
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, Plant and Equipment	57.551	56.428
Prepaid leased payments	3.782	3.857
Intangibles assets	5.665	-
	66.998	60.285
CURRENT ASSETS		
Inventories	79.325	117.945
Trade Receivables	115.774	86.468
Other receivables and prepaid expenses	3.799	6.145
Amounts owing by other related companies	5.709	6.578
Cash and bank balances	23.792	17.267
	228.399	234.403
TOTAL ASSETS	295.397	294.688
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued Capital	64.000	64.000
Unappropriated Profit	97.585	63.258
	161.585	127.258
Equity attributable to equity holders of the Company	161.585	127.258
Minority Interest	-	-
	161.585	127.258
TOTAL EQUITY	161.585	127.258
NON-CURRENT LIABILITIES		
Deferred Tax Liabilities	2.300	1.618
	2.300	1.618
CURRENT LIABILITIES		
Short-term borrowings	-	16.400
Trade payables	68.810	69.737
Other payables and accrued expenses	35.619	38.433
Amount owing to other related companies	22.478	34.621
Provisions	247	957
Tax Liabilities	4.358	5.664
	131.512	165.812
TOTAL LIABILITIES	133.812	167.430
TOTAL EQUITY AND LIABILITIES	295.397	294.688
Net assets per share attributable to ordinary equity holders of the Company (RM)	2,52	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 year ended 31 December 2008

	<u>Issued Capital</u> RM'000	<u>Share Premium</u> RM'000	Distributable Reserve - Unappropriated <u>profit</u> RM'000	Attributable to equity holders of <u>the parent</u> RM'000	<u>Minority Interest</u> RM'000	<u>Total</u> RM'000
<u>12 months ended 31 December 2008</u>						
Balance at beginning of period	64.000	-	63.258	127.258	-	127.258
Movements during the period (Cumulative)	-	-	42.647	42.647	-	42.647
Dividends paid	-	-	(8.320)	(8.320)	-	(8.320)
Balance at end of period	<u>64.000</u>	<u>-</u>	<u>97.585</u>	<u>161.585</u>	<u>-</u>	<u>161.585</u>
<u>12 months ended 31 December 2007</u>						
Balance at beginning of period	64.000	-	56.947	120.947	-	120.947
Movements during the period (Cumulative)	-	-	47.255	47.255	-	47.255
Dividends paid	-	-	(40.944)	(40.944)	-	(40.944)
Balance at end of period	<u>64.000</u>	<u>-</u>	<u>63.258</u>	<u>127.258</u>	<u>-</u>	<u>127.258</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 year ended 31 December 2008**

	2008 12 months ended 31 December RM'000	2007 12 months ended 31 December RM'000
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	686.715	586.353
Cash paid to suppliers and employees	(640.983)	(523.470)
	<hr/>	<hr/>
Cash generated from operations	45.732	62.883
Income tax paid	(15.835)	(17.769)
	<hr/>	<hr/>
Net cash from operating activities	29.897	45.114
	<hr/>	<hr/>
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES		
Additions of property, plant and equipment	(15.111)	(13.917)
Proceeds from disposal of property, plant and equipment	324	111
Interest received	31	571
	<hr/>	<hr/>
Net cash used in investing activities	(14.756)	(13.235)
	<hr/>	<hr/>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Interest paid	(296)	(246)
Dividends paid	(8.320)	(40.944)
	<hr/>	<hr/>
Net cash used in financing activities	(8.616)	(41.190)
	<hr/>	<hr/>
Net increase/ decrease in cash and cash equivalents	6.525	(9.311)
Cash and cash equivalents brought forward	17.267	26.578
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Cash and cash equivalents carried forward	23.792	17.267
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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		12 months Cumulative to-date	
	31/12/07	31/12/07	31/12/07	31/12/07
	As previously reported	Reclassified	As previously reported	Reclassified
Condensed Income Statement:	RM'000	RM'000	RM'000	RM'000
Revenue	159,667	151,731	609,232	604,732
Cost of Sales	106,589	112,767	386,441	421,792
Other Income	(1,251)	79	1,705	186
Distribution cost	29,537	16,153	117,611	73,089
Other operating expenses	7,076	7,676	27,078	30,230

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 31.12.08 RM'000	Quarter ended 31.12.07 RM'000	Year to-date 31.12.08 RM'000	Year to-date 31.12.07 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
- 6.25 sen less income tax (2007: 6.25 sen less income tax) per RM 1.00 ordinary share	-	-	2,960	2,920
Special interim dividend paid:				
- 30.00 sen less income tax per RM 1.00 ordinary share	-	-	-	14,016
- 40.00 sen less income tax per RM 1.00 ordinary share	-	18,688	-	18,688
In respect of the financial year ended 31 December 2008				
Interim dividend paid:				
- 6.25 sen less income tax (2007: 6.25 sen less income tax) per RM 1.00 ordinary share	2,960	2,920	2,960	2,920
	<u>2,960</u>	<u>21,608</u>	<u>8,320</u>	<u>40,944</u>
Net dividend per share (sen)	4.63	33.76	13.00	63.97

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 13 February 2009 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 13 February 2009 other than operating lease obligations by the Company amounting to RM3.5 million.

14. Related Party Transactions

The following are significant related party transactions:-

	Quarter ended 31.12.2008 RM'000	Year-to-date 31.12.2008 RM'000
Sales to related parties	4,990	25,862
Purchases from related parties	30,723	161,592
License fees	2,188	17,577
Call centre services from related party	1,923	2,572

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 9% compared to preceding year corresponding quarter mainly due to continued growth in the Company's main products, namely powder, liquid milk and chilled products, along with introduction of new products. The profit before taxation for the financial quarter was higher at RM19.2 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 RM165.3 million compared to RM178.4 million in the preceding quarter due to seasonal effects. The profit before taxation for the current quarter was marginally higher at RM19.2 million compared to the preceding quarter of RM19.0 million mainly as a result of improving raw material prices and favorable sales mix.

17. Business Prospects

The global uncertain economic environment will have an adverse impact on the consumer confidence. We expect consumer spending to remain cautious in near term. As a result, the business performance for 2009 will remain challenging, and will be dependent on various economic developments both locally and abroad.

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 31.12.2008	12 month Cumulative to-date 31.12.2008
	RM'000	RM'000
Income tax for current period	5,500	14,761
Over provision in prior year	(232)	(232)
Deferred tax for current period	50	520
Under provision in prior year	162	162
Total taxation	5,480	15,211

21. Deferred Tax Liabilities

	31.12.2008	31.12.2007
	<u>RM'000</u>	<u>RM'000</u>
At 1 January 2008 (2007)	1,618	2,300
Recognised in the income statement	682	(682)
At 31 December 2008 (31 Dec 2007)	<u>2,300</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 13 February 2009.

25. Company Borrowings

There were no borrowings nor debt securities as at the end of the reporting period.

26. Off Balance Sheet Financial Instruments

There were no financial instruments with off-balance sheet risk as at 13 February 2009.

27. Material Litigation

Not applicable.

28. **Proposed Dividend**

The Company paid an interim dividend of 6.25 sen per share, less income tax, amounting to RM 2.96 million, in respect of the current financial year ended 31 December 2008, on 23 December 2008.

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2008, of 6.25 sen, less 25% income tax, and 3.75 sen, tax exempt, per RM 1.00 ordinary share, amounting to a total dividend of RM 5.40 million (8.44 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2009.

29. **Earnings Per Share**

	Current Quarter ended	Comparative Quarter ended	12 month Cumulative to-date	12 month Cumulative to-date
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Basic earnings per share				
Profit after taxation (RM'000)	13,764	8,616	42,647	47,255
Weighted average number of ordinary shares in issue ('000)	64,000	64,000	64,000	64,000
Basic earnings per share (sen)	21.51	13.46	66.64	73.84

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
20 February 2009