

# DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

Quarterly report on results for the financial quarter ended 31 Mar 2007

The figures have not been audited.

## CONDENSED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED	COMPARATIVE QUARTER ENDED	3 month CUMULATIVE TO DATE	3 month CUMULATIVE TO DATE
	31/03/07 RM'000	31/03/06 RM'000	31/03/07 RM'000	31/03/06 RM'000
Revenue	144,971	125,999	144,971	125,999
Cost of Sales	<u>(88,803)</u>	<u>(80,971)</u>	<u>(88,803)</u>	<u>(80,971)</u>
Gross Profit	56,168	45,028	56,168	45,028
Other Income	1,020	637	1,020	637
Interest Income	145	53	145	53
Distribution Costs	(26,363)	(24,233)	(26,363)	(24,233)
Administrative Expenses	(3,900)	(3,125)	(3,900)	(3,125)
Other operating Expenses	<u>(6,452)</u>	<u>(6,558)</u>	<u>(6,452)</u>	<u>(6,558)</u>
Profit From Operations	20,618	11,802	20,618	11,802
Finance Costs	<u>(57)</u>	<u>(88)</u>	<u>(57)</u>	<u>(88)</u>
Profit Before Taxation	20,561	11,714	20,561	11,714
Taxation	<u>(5,551)</u>	<u>(3,290)</u>	<u>(5,551)</u>	<u>(3,290)</u>
Profit After Taxation	<u>15,010</u>	<u>8,424</u>	<u>15,010</u>	<u>8,424</u>
Attributable to:				
Equity holders of the parent	15,010	8,424	15,010	8,424
Minority Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>15,010</u>	<u>8,424</u>	<u>15,010</u>	<u>8,424</u>
<b>EARNINGS PER SHARE</b>				
- Basic earnings per share (sen)	23.45	13.16	23.45	13.16
(Based on 64,000,000 ordinary shares)	<u>23.45</u>	<u>13.16</u>	<u>23.45</u>	<u>13.16</u>

(The Condensed Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006)

# DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

## CONDENSED BALANCE SHEET

	AS AT END OF CURRENT QUARTER 31/03/07 (Unaudited) RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/06 (Audited) RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, Plant and Equipment	50,868	51,176
Prepaid leased payments	3,911	3,931
	54,779	55,107
<b>CURRENT ASSETS</b>		
Inventories	47,588	55,057
Trade Receivables	84,505	64,199
Other receivables and prepaid expenses	9,793	6,964
Amounts owing by other related companies	3,966	3,495
Cash and bank balances	27,914	26,578
<b>TOTAL CURRENT ASSETS</b>	<b>173,766</b>	<b>156,293</b>
<b>TOTAL ASSETS</b>	<b>228,545</b>	<b>211,400</b>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Issued Capital	64,000	64,000
Unappropriated Profit	71,957	56,947
Equity attributable to equity holders of the parent	135,957	120,947
Minority Interest	-	-
<b>TOTAL EQUITY</b>	<b>135,957</b>	<b>120,947</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred Tax Liabilities	2,300	2,300
	2,300	2,300
<b>CURRENT LIABILITIES</b>		
Trade payables	42,319	43,846
Other payables and accrued expenses	27,720	26,932
Amount owing to other related companies	12,688	11,291
Provisions	901	858
Tax Liabilities	6,660	5,226
	90,288	88,153
<b>TOTAL LIABILITIES</b>	<b>92,588</b>	<b>90,453</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>228,545</b>	<b>211,400</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	2.12	1.89

(The Condensed Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006)

**DUTCH LADY MILK INDUSTRIES BERHAD** (5063-V)

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 March 2007**

	<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
<u>3 months ended 31 March 2007</u>						
Balance at beginning of period	64,000	-	56,947	120,947	-	120,947
Movements during the period (Cumulative)	-	-	15,010	15,010	-	15,010
Dividends paid	-	-	-	-	-	-
Balance at end of period	<u>64,000</u>	<u>-</u>	<u>71,957</u>	<u>135,957</u>	<u>-</u>	<u>135,957</u>
<u>3 months ended 31 March 2006</u>						
Balance at beginning of period	64,000	-	54,298	118,298	-	118,298
Movements during the period (Cumulative)	-	-	8,424	8,424	-	8,424
Dividends paid	-	-	-	-	-	-
Balance at end of period	<u>64,000</u>	<u>-</u>	<u>62,722</u>	<u>126,722</u>	<u>-</u>	<u>126,722</u>

(The Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006)

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

**CONDENSED CASH FLOW STATEMENT**  
**For the year ended 31 March 2007**

	<u>2007</u>	<u>2006</u>
	3 months ended 31 Mar RM'000	3 months ended 31 Mar RM'000
<b>CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES</b>		
Cash receipts from customers and other receivables	122,385	106,732
Cash paid to suppliers and employees	(115,153)	(106,395)
Cash generated from operations	7,232	337
Income tax paid	(4,116)	(3,208)
Net cash from/ (used in) operating activities	3,116	(2,871)
<b>CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES</b>		
Additions of property, plant and equipment	(1,868)	(672)
Proceeds from disposal of property, plant and equipment	-	75
Interest received	145	53
Net cash used in investing activities	(1,723)	(544)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Interest paid	(57)	(88)
Dividends paid	-	-
Net cash used in financing activities	(57)	(88)
Net increase/ (decrease) in cash and cash equivalents	1,336	(3,503)
Cash and cash equivalents brought forward	26,578	18,758
Cash and cash equivalents carried forward	27,914	15,255

(The Condensed Cashflow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006)

**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 2006. 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 2006.

**2. 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 2006 was not subject to any audit qualification.

**3. Seasonal and Cyclical Factors**

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

**4. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

**5. 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.

**6. 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.

**7. Dividends**

There were no dividends paid for the financial quarter under review.

**8. Segmental Analysis**

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

**9. Valuation of Prepaid lease payments**

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

**10. Subsequent Events**

There were no material subsequent events as at 14 May 2007 that will affect the financial results of the financial period under review.

**11. Changes in Composition of the Company**

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

**12. Contingent Liabilities**

There were no other contingent liabilities as at 14 May 2007 other than operating lease obligations by the Company amounting to RM3.20 million.

**13. Related Party Transactions**

The following are significant related party transactions: -

	<b>Quarter ended 31.03.2007 RM'000</b>	<b>Year-to-date 31.03.2007 RM'000</b>
Sales to related parties	5,928	5,928
Purchases from related parties	34,042	34,042
Know-how License fees	1,818	1,818
Trademark License fees	1,818	1,818
Call centre services from related party	95	95

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.

**14. Review of Results (Against preceding year corresponding period)**

The Company's revenue for the financial quarter increased 15% compared to preceding year corresponding quarter mainly due to strong growth in the Company's powder and liquid products. The profit before taxation for the financial quarter was higher at RM20.6 million compared to preceding year corresponding quarter due to the higher sales and product mix.

**15. Comments on Material Changes in Profit Before Taxation**

The Company's revenue was higher in the current quarter at RM145.0 million compared to RM114.8 million in the preceding quarter, which is traditionally a low-sales quarter. The profit before taxation for the current quarter was higher at RM20.6 million compared to the preceding quarter of RM14.6 million, as a result of the higher sales and product mix.

**16. Business Prospects**

The second half of the year will be severely impacted by the record prices of key dairy raw materials, due to very tight supplies on the world market. As a consequence, the results for 2007 is likely to be lower than the previous year.

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

Not Applicable.

**18. Profit Forecast**

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

**19. Taxation**

Taxation is made up as follows: -

	As at end of quarter 31.03.2007	3 month Cumulative to-date 31.03.2007
	RM'000	RM'000
Income tax for current period	5,551	5,551
Deferred tax for current period	-	-
Total taxation	5,551	5,551

**20. Deferred Tax Liabilities**

	31.03.2007	31.12.2006
	<u>RM'000</u>	<u>RM'000</u>
At 1 January 2007 (2006)	2,300	2,470
Recognised in the income statement	-	(170)
At 31 Mar 2007 (31 December 2006)	<u>2,300</u>	<u>2,300</u>

**21. Sale of Unquoted Investments and / or Properties**

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

**22. 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.

**23. Corporate Proposals**

There were no corporate proposals announced but not completed as at 14 May 2007.

**24. Company Borrowings**

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

**25. Off Balance Sheet Financial Instruments**

There were no financial instruments with off-balance sheet risk as at 14 May 2007.

**26. Material Litigation**

Not applicable.

**27. Proposed Dividend**

At the Annual General Meeting held on 22 May 2007, a final dividend in respect of the financial year ended 31 December 2006 of gross 6.25 sen per ordinary share less income tax, and 3.75 sen per ordinary share, tax exempt, amounting to a total net dividend of RM 5.32 million, was approved by shareholders.

In addition, the Board of Directors had, on 11 May 2007, declared a special interim dividend in respect of the financial year ending 31 December 2007 of gross 30.0 sen per ordinary share, less income tax, amounting to RM 14.02 million.

Both dividends will be paid on 22 June 2007.

**28. Earnings Per Share**

	Current Quarter ended	Comparative Quarter ended	3 month Cumulative to-date	3 month Cumulative to-date
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
<b>Basic earnings per share</b>				
Profit after taxation (RM'000)	15,010	8,424	15,010	8,424
Weighted average number of ordinary shares in issue ('000)	64,000	64,000	64,000	64,000
Basic earnings per share (sen)	23.45	13.16	23.45	13.16

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  
 21 May 2007