

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

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

CONDENSED INCOME STATEMENT

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--------------------|-------------|--------------------|------------|
| | CURRENT | COMPARATIVE | 3 month | 3 month |
| | QUARTER | QUARTER | CUMULATIVE | CUMULATIVE |
| | ENDED | ENDED | TO DATE | TO DATE |
| | 31/03/08 | 31/03/07 | 31/03/08 | 31/03/07 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 180,112 | 147,984 | 180,112 | 147,984 |
| Cost of Sales | (142,947) | (99,080) | (142,947) | (99,080) |
| Gross Profit | 37,165 | 48,904 | 37,165 | 48,904 |
| Other Income | 152 | 28 | 152 | 28 |
| Interest Income | 29 | 145 | 29 | 145 |
| Distribution Costs | (16,505) | (17,133) | (16,505) | (17,133) |
| Administrative Expenses | (4,253) | (3,900) | (4,253) | (3,900) |
| Other operating Expenses | (8,004) | (7,426) | (8,004) | (7,426) |
| Profit From Operations | 8,584 | 20,618 | 8,584 | 20,618 |
| Finance Costs | (32) | (57) | (32) | (57) |
| Profit Before Taxation | 8,552 | 20,561 | 8,552 | 20,561 |
| Taxation | (2,252) | (5,551) | (2,252) | (5,551) |
| Profit After Taxation | 6,300 | 15,010 | 6,300 | 15,010 |
| Attributable to: | | | | |
| Equity holders of the parent | 6,300 | 15,010 | 6,300 | 15,010 |
| Minority Interest | - | - | - | - |
| | 6,300 | 15,010 | 6,300 | 15,010 |
| EARNINGS PER SHARE | | | | |
| - Basic earnings per share (sen) (Based on 64,000,000 ordinary shares) | 9.84 | 23.45 | 9.84 | 23.45 |

(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 31/03/08 (Unaudited) | AS AT PRECEDING FINANCIAL YEAR END 31/12/07 (Audited) |
|---|--|--|
| | RM'000 | RM'000 |
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Property, Plant and Equipment | 48,045 | 56,428 |
| Prepaid leased payments | 3,836 | 3,857 |
| Intangibles assets | 6,157 | - |
| | 58,038 | 60,285 |
| CURRENT ASSETS | | |
| Inventories | 114,625 | 117,945 |
| Trade Receivables | 125,947 | 86,468 |
| Other receivables and prepaid expenses | 2,408 | 6,145 |
| Amounts owing by other related companies | 7,130 | 6,578 |
| Cash and bank balances | 1,673 | 17,267 |
| TOTAL CURRENT ASSETS | 251,783 | 234,403 |
| TOTAL ASSETS | 309,821 | 294,688 |
| EQUITY AND LIABILITIES | | |
| CAPITAL AND RESERVES | | |
| Issued Capital | 64,000 | 64,000 |
| Unappropriated Profit | 69,558 | 63,258 |
| Equity attributable to equity holders of the parent | 133,558 | 127,258 |
| Minority Interest | - | - |
| TOTAL EQUITY | 133,558 | 127,258 |
| NON-CURRENT LIABILITIES | | |
| Deferred Tax Liabilities | 1,618 | 1,618 |
| | 1,618 | 1,618 |
| CURRENT LIABILITIES | | |
| Short-term borrowings | 10,563 | 16,400 |
| Trade payables | 47,029 | 69,737 |
| Other payables and accrued expenses | 51,328 | 38,433 |
| Amount owing to other related companies | 60,984 | 34,621 |
| Provisions | 926 | 957 |
| Tax Liabilities | 3,815 | 5,664 |
| | 174,645 | 165,812 |
| TOTAL LIABILITIES | 176,263 | 167,430 |
| TOTAL EQUITY AND LIABILITIES | 309,821 | 294,688 |
| Net assets per share attributable to ordinary equity holders of the parent (RM) | 2.09 | 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 31 March 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>3 months ended 31 March 2008</u> | | | | | | |
| Balance at beginning of period | 64,000 | - | 63,258 | 127,258 | - | 127,258 |
| Movements during the period (Cumulative) | - | - | 6,300 | 6,300 | - | 6,300 |
| Dividends paid | - | - | - | - | - | - |
| Balance at end of period | 64,000 | - | 69,558 | 133,558 | - | 133,558 |
| <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 | 64,000 | - | 71,957 | 135,957 | - | 135,957 |

(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 31 March 2008

| | <u>2008</u> | <u>2007</u> |
|---|---------------------------------------|---------------------------------------|
| | 3 months ended 31 Mar RM'000 | 3 months ended 31 Mar RM'000 |
| CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES | | |
| Cash receipts from customers and other receivables | 143,886 | 122,385 |
| Cash paid to suppliers and employees | (155,501) | (115,153) |
| | | |
| Cash generated from operations | (11,615) | 7,232 |
| Income tax paid | (4,100) | (4,116) |
| | | |
| Net cash from operating activities | (15,715) | 3,116 |
| | | |
| CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES | | |
| Additions of property, plant and equipment | - | (1,868) |
| Proceeds from disposal of property, plant and equipment | 124 | - |
| Interest received | 29 | 145 |
| | | |
| Net cash used in investing activities | 153 | (1,723) |
| | | |
| CASH FLOWS USED IN FINANCING ACTIVITIES | | |
| Interest paid | (32) | (57) |
| Dividends paid | - | - |
| | | |
| Net cash used in financing activities | (32) | (57) |
| | | |
| Net increase/ (decrease) in cash and cash equivalents | (15,594) | 1,336 |
| Cash and cash equivalents brought forward | 17,267 | 26,578 |
| | | |
| Cash and cash equivalents carried forward | 1,673 | 27,914 |
| | | |

(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:

| | 31/03/2007 As previously reported <u>RM'000</u> | 31/03/2007 Reclassified <u>RM'000</u> |
|-----------------------------|--|---|
| Condensed Income statement: | | |
| Revenue | 144,971 | 147,984 |
| Cost of Sales | 88,803 | 99,080 |
| Other Income | 1,020 | 28 |
| Distribution cost | 26,363 | 17,133 |
| Other operating expenses | 6,452 | 7,426 |

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 19 May 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 19 May 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 31.03.2008 RM'000 | Year-to-date 31.03.2008 RM'000 |
|---|--|---|
| Sales to related parties | 6,406 | 6,406 |
| Purchases from related parties | 47,534 | 47,534 |
| License fees | 5,079 | 5,079 |
| Call centre services from related party | 220 | 220 |

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 strong growth in the Company's powder and liquid products. The profit before taxation for the financial quarter was however, lower at RM8.6 million mainly due to imported dairy and other raw material costs that were significantly higher compared to preceding year corresponding quarter.

16. Comments on Material Changes in Profit Before Taxation

The Company's revenue was higher in the current quarter at RM180.1 million compared to RM151.7 million (re-stated) in the preceding quarter. The profit before taxation for the current quarter was lower at RM8.6 million compared to the preceding quarter of RM11.8 million mainly due to higher raw material costs.

17. Business Prospects

Whilst the Company is confident that demand for its products would continue to be strong, raw material prices still high and volatile. Therefore the results for the remaining quarters will still 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 31.03.2008 | 3 month Cumulative to-date 31.03.2008 |
|---------------------------------|---------------------------------------|---|
| | RM'000 | RM'000 |
| Income tax for current period | 2,252 | 2,252 |
| Deferred tax for current period | - | - |
| Total taxation | 2,252 | 2,252 |

21. Deferred Tax Liabilities

| | 31.03.2008 RM'000 | 31.12.2007 RM'000 |
|------------------------------------|----------------------|----------------------|
| At 1 January 2008 (2007) | 1,618 | 2,300 |
| Recognised in the income statement | - | (682) |
| At 31 Mar 2008 (31 Dec 2007) | <u>1,618</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 19 May 2008.

25. Company Borrowings

The borrowings are in the form of bankers acceptances. As at 31 March 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 19 May 2008.

27. Material Litigation

Not applicable.

28. Proposed Dividend

At the Annual General Meeting to be held on 27 May 2008, a final dividend in respect of the financial year ended 31 December 2007 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 5.36 million, will be proposed for approval by shareholders.

If approved, the dividends will be paid out on 1 July 2008.

29. Earnings Per Share

| | Current Quarter ended | Comparative Quarter ended | 3 month Cumulative to-date | 3 month Cumulative to-date |
|---|-----------------------------|---------------------------------|----------------------------------|----------------------------------|
| | 31.03.2008 | 31.03.2007 | 31.03.2008 | 31.03.2007 |
| Basic earnings per share | | | | |
| | | | | |
| Profit after taxation (RM'000) | 6,300 | 15,010 | 6,300 | 15,010 |
| Weighted average number of ordinary shares in issue ('000) | 64,000 | 64,000 | 64,000 | 64,000 |
| | | | | |
| Basic earnings per share (sen) | 9.84 | 23.45 | 9.84 | 23.45 |

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
26 May 2008