

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

(Incorporated in Malaysia)

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

The figures have not been audited.

**CONDENSED INCOME STATEMENT**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31/12/07 RM'000	COMPARATIVE QUARTER ENDED 31/12/06 RM'000	12 month CUMULATIVE TO DATE 31/12/07 RM'000	12 month CUMULATIVE TO DATE 31/12/06 RM'000
Revenue	159,667	114,799	609,232	513,650
Cost of Sales	(106,589)	(68,122)	(386,441)	(321,587)
Gross Profit	53,078	46,677	222,791	192,063
Other Income	(1,251)	936	1,705	3,451
Interest Income	72	221	571	473
Distribution Costs	(29,537)	(23,252)	(117,611)	(97,610)
Administrative Expenses	(3,262)	(3,264)	(15,352)	(12,561)
Other operating Expenses	(7,076)	(6,696)	(27,078)	(25,753)
Profit From Operations	12,024	14,622	65,026	60,063
Finance Costs	(175)	(23)	(246)	(133)
Profit Before Taxation	11,849	14,599	64,780	59,930
Taxation	(3,233)	(4,171)	(17,525)	(16,865)
Profit After Taxation	8,616	10,428	47,255	43,065
Attributable to:				
Equity holders of the parent	8,616	10,428	47,255	43,065
Minority Interest	-	-	-	-
	8,616	10,428	47,255	43,065

**EARNINGS PER SHARE**

- Basic earnings per share (sen)	13.46	16.29	73.84	67.29
(Based on 64,000,000 ordinary shares)				

(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**

	<b>AS AT END OF CURRENT QUARTER 31/12/07 (Unaudited)</b>	<b>AS AT PRECEDING FINANCIAL YEAR END 31/12/06 (Audited)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, Plant and Equipment	56,428	51,176
Prepaid leased payments	3,857	3,931
	60,285	55,107
<b>CURRENT ASSETS</b>		
Inventories	117,945	55,057
Trade Receivables	86,468	64,199
Other receivables and prepaid expenses	6,145	6,964
Amounts owing by other related companies	6,578	3,495
Cash and bank balances	17,267	26,578
<b>TOTAL CURRENT ASSETS</b>	234,403	156,293
<b>TOTAL ASSETS</b>	<b>294,688</b>	<b>211,400</b>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Issued Capital	64,000	64,000
Unappropriated Profit	63,258	56,947
Equity attributable to equity holders of the parent	127,258	120,947
Minority Interest	-	-
<b>TOTAL EQUITY</b>	127,258	120,947
<b>NON-CURRENT LIABILITIES</b>		
Deferred Tax Liabilities	1,618	2,300
	1,618	2,300
<b>CURRENT LIABILITIES</b>		
Short-term borrowings	16,400	-
Trade payables	69,737	43,846
Other payables and accrued expenses	38,433	26,932
Amount owing to other related companies	34,621	11,291
Provisions	957	858
Tax Liabilities	5,664	5,226
	165,812	88,153
<b>TOTAL LIABILITIES</b>	167,430	90,453
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>294,688</b>	<b>211,400</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.99	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 December 2007**

	<u>Issued Capital</u> RM'000	<u>Share Premium</u> RM'000	Distributable Reserve - <u>Unappropriated 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 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	64,000	-	63,258	127,258	-	127,258
<u>12 months ended 31 December 2006</u>						
Balance at beginning of period	64,000	-	54,298	118,298	-	118,298
Movements during the period (Cumulative)	-	-	43,065	43,065	-	43,065
Dividends paid	-	-	(40,416)	(40,416)	-	(40,416)
Balance at end of period	64,000	-	56,947	120,947	-	120,947

(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 December 2007**

	<u>2007</u> 12 months ended 31 Dec RM'000	<u>2006</u> 12 months ended 31 Dec RM'000
<b>CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES</b>		
Cash receipts from customers and other receivables	586,353	515,729
Cash paid to suppliers and employees	(523,470)	(445,535)
Cash generated from operations	<u>62,883</u>	<u>70,194</u>
Income tax paid	(17,769)	(16,072)
Net cash from operating activities	<u><u>45,114</u></u>	<u><u>54,122</u></u>
<b>CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES</b>		
Additions of property, plant and equipment	(13,917)	(6,681)
Proceeds from disposal of property, plant and equipment	111	455
Interest received	571	473
Net cash used in investing activities	<u><u>(13,235)</u></u>	<u><u>(5,753)</u></u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Interest paid	(246)	(133)
Dividends paid	(40,944)	(40,416)
Net cash used in financing activities	<u><u>(41,190)</u></u>	<u><u>(40,549)</u></u>
Net increase/ (decrease) in cash and cash equivalents	(9,311)	7,820
Cash and cash equivalents brought forward	<u>26,578</u>	<u>18,758</u>
Cash and cash equivalents carried forward	<u><u>17,267</u></u>	<u><u>26,578</u></u>

(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**

	Quarter ended 31.12.07 RM'000	Quarter ended 31.12.06 RM'000	Year to-date 31.12.07 RM'000	Year to-date 31.12.06 RM'000
In respect of the financial year ended 31 December 2006 (2006: 31 December 2005)				
Final dividends paid:				
- 3.75 sen (2006: 3.75 sen) tax exempt per RM 1.00 ordinary share	-	-	2,400	2,400
- 6.25 sen less income tax (2006: 6.25 sen less income tax) per RM 1.00 ordinary share	-	-	2,920	2,880
In respect of the financial year ended 31 December 2007				
Interim dividend paid:				
- 6.25 sen less income tax (2006: 6.25 sen less income tax) per RM 1.00 ordinary share	2,920	2,880	2,920	2,880
Special interim dividend paid:				
- 30.00 sen less income tax (2006: 30.00 sen less income tax) per RM 1.00 ordinary share	-	-	14,016	13,824
Special interim dividend paid:				
- 40.00 sen less income tax (2006: 40.00 sen less income tax) per RM 1.00 ordinary share	18,688	18,432	18,688	18,432
	<u>21,608</u>	<u>21,312</u>	<u>40,944</u>	<u>40,416</u>
Net dividend per share (sen)	33.76	33.30	63.97	63.15

**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 20 February 2008 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 20 February 2008 other than operating lease obligations by the Company amounting to RM2.7 million.

**13. Related Party Transactions**

The following are significant related party transactions: -

	<b>Quarter ended 31.12.2007 RM'000</b>	<b>Year-to-date 31.12.2007 RM'000</b>
Sales to related parties	9,105	26,018
Purchases from related parties	57,637	167,428
License fees	4,086	15,759
Call centre services from related party	2,275	2,777

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 39% compared to preceding year corresponding quarter mainly due to strong growth in the Company's powder and liquid products, and selected price adjustments necessitated by the steep increases in raw material costs. The profit before taxation for the financial quarter was however, lower at RM11.8 million compared to preceding year corresponding quarter mainly due to record high raw material prices during the year.

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

The Company's revenue was higher in the current quarter at RM159.7 million compared to RM152.5 million in the preceding quarter. The profit before taxation for the current quarter was lower at RM11.8 million compared to the preceding quarter of RM15.0 million mainly due to higher raw material costs.

**16. Business Prospects**

Whilst the continued strong demand for the Company's products despite selected price adjustments had partially off-set the rising raw material prices during 2007, the full year impact of high key raw material costs, which has doubled since early 2007, is expected to impact margins and profitability in 2008.

Hence, the profit level achieved in 2007 is unlikely to be repeated in 2008.

**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 31.12.2007	12 month Cumulative to-date 31.12.2007
	RM'000	RM'000
Income tax for current period	4,427	18,569
Deferred tax for current period	(832)	(682)
Under provision in prior year	(362)	(362)
Total taxation	3,233	17,525

**20. Deferred Tax Liabilities**

	31.12.2007 RM'000	31.12.2006 RM'000
At 1 January 2007 (2006)	2,300	2,470
Recognised in the income statement	(682)	(170)
At 31 Dec 2007 (31 Dec 2006)	<u>1,618</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 20 February 2008.

**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 20 February 2008.

**26. Material Litigation**

Not applicable.

**27. Proposed Dividend**

The Company paid an interim dividend of 6.25 sen, less 27% in income tax, per RM1.00 ordinary share, amounting to RM 2.90 million, and a special interim dividend of 40.0 sen, less 28% in income tax, per RM1.00 ordinary share, amounting to RM 18.70 million, in respect of the current financial year ended 31 December 2007, on 28 December 2007.

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2007, of 6.25 sen, less 26% income tax, and 3.75 sen, tax exempt, per RM 1.00 ordinary share, amounting to a total dividend of RM 5.36 million (8.38 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 2008.

**28. Earnings Per Share**

	Current Quarter ended	Comparative Quarter ended	12 month Cumulative to-date	12 month Cumulative to-date
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
<b>Basic earnings per share</b>				
Profit after taxation (RM'000)	8,616	10,428	47,255	43,065
Weighted average number of ordinary shares in issue ('000)	64,000	64,000	64,000	64,000
Basic earnings per share (sen)	13.46	16.29	73.84	67.29

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.