

DUTCH LADY MILK INDUSTRIES BERHAD (5063-V)

(Incorporated in Malaysia)

Quarterly report on results for the financial quarter ended 30 June 2007

The figures have not been audited.

CONDENSED INCOME STATEMENT

	INDIVIDUAL QUARTER CURRENT QUARTER ENDED 30/06/07 RM'000	COMPARATIVE QUARTER ENDED 30/06/06 RM'000	CUMULATIVE QUARTER 6 month CUMULATIVE TO DATE 30/06/07 RM'000	6 month CUMULATIVE TO DATE 30/06/06 RM'000
Revenue	152,061	136,854	297,032	262,853
Cost of Sales	(94,744)	(87,276)	(183,547)	(168,247)
Gross Profit	57,317	49,578	113,485	94,606
Other Income	1,243	941	2,263	1,578
Interest Income	192	115	337	168
Distribution Costs	(30,578)	(25,630)	(56,941)	(49,863)
Administrative Expenses	(3,884)	(3,102)	(7,784)	(6,227)
Other operating Expenses	(6,959)	(6,340)	(13,411)	(12,898)
Profit From Operations	17,331	15,562	37,949	27,364
Finance Costs	(8)	(15)	(65)	(103)
Profit Before Taxation	17,323	15,547	37,884	27,261
Taxation	(4,678)	(4,352)	(10,229)	(7,642)
Profit After Taxation	12,645	11,195	27,655	19,619
Attributable to:				
Equity holders of the parent	12,645	11,195	27,655	19,619
Minority Interest	-	-	-	-
	12,645	11,195	27,655	19,619
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	19.76	17.49	43.21	30.65

(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 30/06/07 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR END 31/12/06 (Audited)
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, Plant and Equipment	51,154	51,176
Prepaid leased payments	3,892	3,931
	55,046	55,107
CURRENT ASSETS		
Inventories	48,007	55,057
Trade Receivables	85,464	64,199
Other receivables and prepaid expenses	9,137	6,964
Amounts owing by other related companies	4,011	3,495
Cash and bank balances	25,389	26,578
TOTAL CURRENT ASSETS	172,008	156,293
TOTAL ASSETS	227,054	211,400
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued Capital	64,000	64,000
Unappropriated Profit	65,266	56,947
Equity attributable to equity holders of the parent	129,266	120,947
Minority Interest	-	-
TOTAL EQUITY	129,266	120,947
NON-CURRENT LIABILITIES		
Deferred Tax Liabilities	2,350	2,300
	2,350	2,300
CURRENT LIABILITIES		
Trade payables	42,541	43,846
Other payables and accrued expenses	31,831	26,932
Amount owing to other related companies	12,461	11,291
Provisions	917	858
Tax Liabilities	7,688	5,226
	95,438	88,153
TOTAL LIABILITIES	97,788	90,453
TOTAL EQUITY AND LIABILITIES	227,054	211,400
Net assets per share attributable to ordinary equity holders of the parent (RM)	2.02	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)
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CONDENSED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2007

	Issued Capital RM'000	Share Premium RM'000	Distributable Reserve - Unappropriated profit RM'000	Attributable to equity holders of the parent RM'000	Minority Interest RM'000	Total RM'000
<u>6 months ended 30 June 2007</u>						
Balance at beginning of period	64,000	-	56,947	120,947	-	120,947
Movements during the period (Cumulative)	-	-	27,655	27,655	-	27,655
Dividends paid	-	-	(19,336)	(19,336)	-	(19,336)
Balance at end of period	64,000	-	65,266	129,266	-	129,266
<u>6 months ended 30 June 2006</u>						
Balance at beginning of period	64,000	-	54,298	118,298	-	118,298
Movements during the period (Cumulative)	-	-	19,619	19,619	-	19,619
Dividends paid	-	-	(19,104)	(19,104)	-	(19,104)
Balance at end of period	64,000	-	54,813	118,813	-	118,813

(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 30 June 2007**

	<u>2007</u> 6 months ended 30 Jun RM'000	<u>2006</u> 6 months ended 30 Jun RM'000
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	275,334	235,451
Cash paid to suppliers and employees	(245,261)	(215,534)
Cash generated from operations	<u>30,073</u>	<u>19,917</u>
Income tax paid	(7,717)	(5,958)
Net cash from operating activities	<u><u>22,356</u></u>	<u><u>13,959</u></u>
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES		
Additions of property, plant and equipment	(4,524)	(1,686)
Proceeds from disposal of property, plant and equipment	43	143
Interest received	337	168
Net cash used in investing activities	<u><u>(4,144)</u></u>	<u><u>(1,375)</u></u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Interest paid	(65)	(103)
Dividends paid	(19,336)	(19,104)
Net cash used in financing activities	<u><u>(19,401)</u></u>	<u><u>(19,207)</u></u>
Net decrease in cash and cash equivalents	(1,189)	(6,623)
Cash and cash equivalents brought forward	<u>26,578</u>	<u>18,758</u>
Cash and cash equivalents carried forward	<u><u>25,389</u></u>	<u><u>12,135</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)
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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 30.06.07 RM'000	Quarter ended 30.06.06 RM'000	Year to-date 30.06.07 RM'000	Year to-date 30.06.06 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	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	2,920	2,880
Special interim dividend paid:				
- 30.00 sen less income tax per RM 1.00 ordinary share	-	13,824	-	13,824
In respect of the financial year ending 31 December 2007				
Special interim dividend paid:				
- 30.00 sen less income tax per RM 1.00 ordinary share	14,016	-	14,016	-
	<u>19,336</u>	<u>19,104</u>	<u>19,336</u>	<u>19,104</u>
Net dividend per share (sen)	30.21	29.85	30.21	29.85

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 August 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 20 August 2007 other than operating lease obligations by the Company amounting to RM2.73 million.

13. Related Party Transactions

The following are significant related party transactions: -

	Quarter ended 30.06.2007 RM'000	Year-to-date 30.06.2007 RM'000
Sales to related parties	5,737	11,665
Purchases from related parties	32,764	66,806
License fees	4,442	8,079
Call centre services from related party	21	116

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 11% 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 RM17.3 million compared to preceding year corresponding quarter due to the higher sales and better margins.

15. Comments on Material Changes in Profit Before Taxation

The Company's revenue was higher in the current quarter at RM152.0 million compared to RM145.0 million in the preceding quarter due to continued strong consumer demand for the Company's products. The profit before taxation for the current quarter was lower at RM17.3 million compared to the preceding quarter of RM20.6 million mainly due to higher advertising and promotion costs.

16. Business Prospects

In the second half of the year, key dairy raw materials will be at record levels due to tight supplies on the world market combined with high demand. For instance, Skimmed Milk Powder is expected to cost around USD4,500/mt compared to USD2,700/mt in the first half of the year and USD2,300/mt in 2006. As a consequence, the results for 2007 as a whole is likely to be lower than 2006.

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 30.06.2007	6 month Cumulative to-date 30.06.2007
	RM'000	RM'000
Income tax for current period	4,628	10,179
Deferred tax for current period	50	50
Total taxation	4,678	10,229

20. Deferred Tax Liabilities

	30.06.2007 RM'000	31.12.2006 RM'000
At 1 January 2007 (2006)	2,300	2,470
Recognised in the income statement	50	(170)
At 30 June 2007 (31 December 2006)	<u>2,350</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 August 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 20 August 2007.

26. Material Litigation

Not applicable.

27. Proposed Dividend

The company did not propose any dividends for the current quarter.

28. Earnings Per Share

	Current Quarter ended	Comparative Quarter ended	6 month Cumulative to-date	6 month Cumulative to-date
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
Basic earnings per share				
Profit after taxation (RM'000)	12,645	11,195	27,655	19,619
Weighted average number of ordinary shares in issue ('000)	64,000	64,000	64,000	64,000
Basic earnings per share (sen)	19.76	17.49	43.21	30.65

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
27 August 2007