

DUTCH LADY MILK INDUSTRIES BERHAD

(Incorporated in Malaysia)

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

The figures have not been audited.

CONDENSED INCOME STATEMENT

	INDIVIDUAL QUARTER CURRENT QUARTER ENDED 30/09/07 RM'000	COMPARATIVE QUARTER ENDED 30/09/06 RM'000	CUMULATIVE QUARTER 9 month CUMULATIVE TO DATE 30/09/07 RM'000	CUMULATIVE QUARTER 9 month CUMULATIVE TO DATE 30/09/06 RM'000
Revenue	152,533	135,998	449,565	398,851
Cost of Sales	(96,305)	(85,218)	(279,852)	(253,465)
Gross Profit	56,228	50,780	169,713	145,386
Other Income	693	937	2,956	2,515
Interest Income	162	84	499	252
Distribution Costs	(31,133)	(24,495)	(88,074)	(74,358)
Administrative Expenses	(4,306)	(3,070)	(12,090)	(9,297)
Other operating Expenses	(6,591)	(6,159)	(20,002)	(19,057)
Profit From Operations	15,053	18,077	53,002	45,441
Finance Costs	(6)	(7)	(71)	(110)
Profit Before Taxation	15,047	18,070	52,931	45,331
Taxation	(4,063)	(5,052)	(14,292)	(12,694)
Profit After Taxation	10,984	13,018	38,639	32,637
Attributable to:				
Equity holders of the parent	10,984	13,018	38,639	32,637
Minority Interest	-	-	-	-
	10,984	13,018	38,639	32,637
EARNINGS PER SHARE				
- Basic earnings per share (sen) (Based on 64,000,000 ordinary shares)	17.16	20.34	60.37	51.00

(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 30/09/07 (Unaudited) RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/06 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, Plant and Equipment	51,050	51,176
Prepaid leased payments	3,873	3,931
	54,923	55,107
CURRENT ASSETS		
Inventories	77,972	55,057
Trade Receivables	88,056	64,199
Other receivables and prepaid expenses	7,908	6,964
Amounts owing by other related companies	3,283	3,495
Cash and bank balances	18,013	26,578
TOTAL CURRENT ASSETS	195,232	156,293
TOTAL ASSETS	250,155	211,400
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued Capital	64,000	64,000
Unappropriated Profit	76,250	56,947
Equity attributable to equity holders of the parent	140,250	120,947
Minority Interest	-	-
TOTAL EQUITY	140,250	120,947
NON-CURRENT LIABILITIES		
Deferred Tax Liabilities	2,450	2,300
	2,450	2,300
CURRENT LIABILITIES		
Trade payables	45,033	43,846
Other payables and accrued expenses	38,503	26,932
Amount owing to other related companies	16,879	11,291
Provisions	942	858
Tax Liabilities	6,098	5,226
	107,455	88,153
TOTAL LIABILITIES	109,905	90,453
TOTAL EQUITY AND LIABILITIES	250,155	211,400
Net assets per share attributable to ordinary equity holders of the parent (RM)	2.19	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 period ended 30 September 2007**

	<u>Issued Capital</u>	<u>Share Premium</u>	<u>Distributable Reserve - Unappropriated profit</u>	<u>Attributable to equity holders of the parent</u>	<u>Minority Interest</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>9 months ended 30 September 2007</u>						
Balance at beginning of period	64,000	-	56,947	120,947	-	120,947
Movements during the period (Cumulative)	-	-	38,639	38,639	-	38,639
Dividends paid	-	-	(19,336)	(19,336)	-	(19,336)
Balance at end of period	64,000	-	76,250	140,250	-	140,250
<u>9 months ended 30 September 2006</u>						
Balance at beginning of period	64,000	-	54,298	118,298	-	118,298
Movements during the period (Cumulative)	-	-	32,637	32,637	-	32,637
Dividends paid	-	-	(19,104)	(19,104)	-	(19,104)
Balance at end of period	64,000	-	67,831	131,831	-	131,831

(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 period ended 30 September 2007**

	<u>2007</u> 9 months ended 30 Sept RM'000	<u>2006</u> 9 months ended 30 Sept RM'000
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	427,927	375,644
Cash paid to suppliers and employees	<u>(397,466)</u>	<u>(341,467)</u>
Cash generated from operations	30,461	34,177
Income tax paid	<u>(13,269)</u>	<u>(10,770)</u>
Net cash from operating activities	<u><u>17,192</u></u>	<u><u>23,407</u></u>
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES		
Additions of property, plant and equipment	(6,893)	(3,576)
Proceeds from disposal of property, plant and equipment	44	262
Interest received	<u>499</u>	<u>252</u>
Net cash used in investing activities	<u><u>(6,350)</u></u>	<u><u>(3,062)</u></u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Interest paid	(71)	(110)
Dividends paid	<u>(19,336)</u>	<u>(19,104)</u>
Net cash used in financing activities	<u><u>(19,407)</u></u>	<u><u>(19,214)</u></u>
Net increase/ (decrease) in cash and cash equivalents	(8,565)	1,131
Cash and cash equivalents brought forward	<u>26,578</u>	<u>18,758</u>
Cash and cash equivalents carried forward	<u><u>18,013</u></u>	<u><u>19,889</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 30.09.07 RM'000	Quarter ended 30.09.06 RM'000	Year to-date 30.09.07 RM'000	Year to-date 30.09.06 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
Special interim dividend paid:				
- 30.00 sen less income tax per RM 1.00 ordinary share	-	-	-	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	-
	-	-	19,336	19,104
Net dividend per share (sen)	-	-	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 13 November 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 13 November 2007 other than operating lease obligations by the Company amounting to RM3.1 million.

13. Related Party Transactions

The following are significant related party transactions: -

	Quarter ended 30.09.2007 RM'000	Year-to-date 30.09.2007 RM'000
Sales to related parties	5,248	16,913
Purchases from related parties	42,985	109,791
License fees	3,594	11,673
Call centre services from related party	386	502

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 12% compared to preceding year corresponding quarter mainly due to strong growth in the Company's powder and liquid products as well as selected price adjustments. The profit before taxation for the financial quarter was lower at RM15.0 million compared to preceding year corresponding quarter mainly due to higher raw material costs.

15. Comments on Material Changes in Profit Before Taxation

The Company's revenue was marginally higher in the current quarter at RM152.5 million compared to RM152.0 million in the preceding quarter. The profit before taxation for the current quarter was lower at RM15.0 million compared to the preceding quarter of RM17.3 million mainly due to higher raw material costs and lower co-packing income.

16. Business Prospects

The continued strong demand for the Company's products has partially off-set the raw material prices that had been steadily increasing during the year. Due to this, the Company is optimistic that the full year's results would be at about the level of last year. However, the full year impact of record high key raw material prices, which has doubled compared to 2006, will impact margins and profitability 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 30.09.2007	9 month Cumulative to-date 30.09.2007
	RM'000	RM'000
Income tax for current period	3,963	14,142
Deferred tax for current period	100	150
Total taxation	4,063	14,292

20. Deferred Tax Liabilities

	30.09.2007 RM'000	31.12.2006 RM'000
At 1 January 2007 (2006)	2,300	2,470
Recognised in the income statement	150	(170)
At 30 Sept 2007 (31 Dec 2006)	<u>2,450</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 13 November 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 13 November 2007.

26. Material Litigation

Not applicable.

27. Proposed Dividend

The Board of Directors has declared on 20 November 2007 the payment of an interim dividend of 6.25 sen per share, less income tax, amounting to RM 2.9 million, in respect of the financial year ending 31 December 2007. The Board of Directors has also declared on the same day a special interim dividend in respect of the financial year ending 31 December 2007 of gross 40.0 sen per ordinary share, less income tax, amounting to RM 18.7 million.

Both dividends will be paid on 28 December 2007 to shareholders whose names appear in the Register of Members and Record of Depositors at the close of business on 17 December 2007.

28. Earnings Per Share

	Current Quarter ended	Comparative Quarter ended	9 month Cumulative to-date	9 month Cumulative to-date
	30.09.2007	30.09.2006	30.09.2007	30.09.2006
Basic earnings per share				
Profit after taxation (RM'000)	10,984	13,018	38,639	32,637
Weighted average number of ordinary shares in issue ('000)	64,000	64,000	64,000	64,000
Basic earnings per share (sen)	17.16	20.34	60.37	51.00

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 November 2007