

NEWS RELEASE

MAY 27, 2008

**DUTCH LADY MILK INDUSTRIES RECORDS
STRONG REVENUE GROWTH OF RM609 MILLION FOR 2007**

Dutch Lady Milk Industries Berhad (Dutch Lady), one of the country's leading dairy companies, concluded its financial year ended 31st December 2007 on a strong note, with the company's revenue reported a 19 per cent increase at RM609 million compared to RM514 million for the previous year.

In turn, the company's profit before tax rose from RM60 million in 2006 to RM65 million in 2007, this being a healthy increase of 8 per cent. It recorded a profit after tax for the year ended 31st December 2007 of RM47 million compared to RM43 million in 2006.

At a dedicated media session after the conclusion of the Company's 45th Annual General Meeting, Mr Hans Laarakker, the Managing Director of Dutch Lady Milk Industries Berhad explained, "Despite the challenging environment with raw material prices hitting record levels by the end of the year, we achieved a strong financial performance for 2007. This was mainly due to strong consumer demand for our products, particularly for our Growing-Up-Milk, UHT milk and yoghurt range, thanks to timely and innovative introductions.

"In 2007, DLMI achieved 'Number One' status in the total dairy category, having clinched an overall 20 per cent market share, a testimony realised by consumers through our delivery of value and quality products.

"For instance, the 0% fat yogurt is enjoying very good sales as Malaysians are ever more conscious of practising healthy lifestyles, preferring to consume wholesome products. Dutch Lady's Growing-Up Milk range with its special

formulation of TT-ratio is very well received by mothers, who want only the best products for their children's growth and health," explained Mr Laarakker.

To date, Dutch Lady leads the market in three key milk categories, with Dutch Lady UHT and Sterilised milk enjoying a 55 per cent market share and Growing-Up Milk at 30 per cent.

The company has maintained a final dividend of gross 6.25 sen, less income tax, and 3.75 sen tax exempt, per share, amounting to RM5.36 million, in respect of the 2007 financial year. The dividends will be paid on 1st July 2008.

For the quarter ended 31st March 2008, the company's revenue increased by 22 per cent from RM148 million for Q1 2006 to RM180 million for Q1 2007.

However, due to higher raw material costs, the company reported a lower profit before tax for its first quarter results for the three months ended 31st March 2008 of RM8.6 million compared to RM20.6 million for the corresponding period of 2006.

"For this year's fiscal performance, we foresee immense challenges ahead as the whole world grapples to address rising raw materials costs across all industry sectors. As a dairy corporation, prices of key dairy raw materials and palm oil in today's global market continue to remain very high.

"Admittedly, this may impact on our production costs in the coming second quarter for 2008, which in turn will affect our total profitability for the year. However, these cost increases will not impact the many programmes and campaigns which we shall continue to invest in.

"Dutch Lady realises the importance of such campaigns that help strengthen our brand acceptability, forge better and strong ties amongst our consumer base. We shall also continue to invest in new product development besides improving

on existing ones. All these steps collectively ensure that the company continues to achieve healthy revenue growth for both our stakeholders and consumers.

“On that note, we are launching a new campaign which reacquaints and rekindles consumers’ ties and consumption habits with dairy products. We want to make Malaysians realise that milk is filled with nutritious attributes and is suitable for all age groups as part of their daily intake, thanks to Dutch Lady’s choice of products.

“Dutch Lady will launch the ‘Spread the Goodness of Milk’ campaign on World Milk Day, which falls on 1st June 2008. We will reach out to all Malaysians via our Dutch Lady convoys and AMP radio cruisers who will distribute 50,000 packets of our UHT milk FREE to Malaysians. This campaign is very much in line with the Government’s efforts to create and instil a healthy and active Malaysia,” concluded Mr Laarakker.

- ends -

Released by **DUTCH LADY MILK INDUSTRIES (M) BERHAD** through **ASIA PR CONSULTANTS SDN BHD**. Media enquiries: **CONSTANCE WESTWOOD (012-388 2498) / AFFENDI AHMAD (012-310 1427)**. Office Tel: 03-7954 5966. Fax: 03-7954 9808.
