



ALASKA MILK CORPORATION

Quarterly Update

For the Quarter Ending March 31, 2008

FIRST QUARTER NET INCOME AT P86M

Revenues for the first quarter of the year jumped 28% to P2.142 billion from P1.669 billion in the same period last year. The robust revenue growth stemmed from higher sales volume generated by the liquid canned milk business combined with higher selling prices. Cost of sales and operating expenses increased by 40% to P2.002 billion from P1.428 billion amidst higher cost of skimmed milk powder. Operating expenses likewise rose on the back of higher distribution-related charges attendant to higher sales volume. This capped operating income for the quarter at P140 million or 6.5% of net sales. Including net interest charges, net income for the first three months of the year stood at P86 million or 4.0% of net sales.

Domestic Milk Market The robust performance of the liquid canned milk market during the fourth quarter of 2007 was sustained through the first quarter the year as consumer off-take remained brisk going into the seasonally high summer months. The Evaporated and Condensed Milk Categories posted strong growth rates versus the previous quarter, underpinned by economy brands. The Powdered Milk Category, on the other hand, declined at a low single-digit rate on account of the double-digit contraction of the premium-priced Full Cream Milk segment. The Filled Milk segment of the category, however, was stable.

FINANCIAL HIGHLIGHTS Quarter Ending March 31, 2008 (in Million Pesos)

	2008	2007	% Change
Net Sales	2,142	1,669	+28%
Operating Income	140	241	-42%
Net Income	86	170	-49%
Total Assets	7,028	5,429	+29%
Total Liabilities	3,337	1,741	+92%
Stockholders' Equity	3,691	3,508	+ 5%
Ratios:			
Earnings Per Share	P 0.09	P 0.18	-P 0.09
Operating Margin	6.5%	14.4%	- 7.9% pts.
Return on Sales	4.0%	10.2%	- 6.2% pts.
Current Ratio	1.09:1	2.16:1	- 1.07
Debt to Equity Ratio	0.90:1	0.50:1	+ 0.40

Sales Volume Compared to the same period last year, combined sales volume of the Company's liquid canned milk business posted strong double-digit growth rates on account of the strong off-take of the economy brands as well as the incremental sales volume generated from the acquired and licensed liquid canned milk brands.

Sales volume of the powdered milk business, on the other hand, was stable alongside with the improvements in product availability in the market.

Further sales volume growth for the Company's core milk products is expected going into the

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second quarter of the year on account of the ongoing summer campaign for the liquid canned milk brands and various volume-generating initiatives.

Operating Costs Cost of sales and operating expenses for the quarter stood at P2.002 billion, 40% higher than cost of sales and operating expenses in the first quarter last year of P1.428 billion. The foregoing increase was a result of higher sales volume as well as higher cost of production inputs, particularly SMP. Operating expenses likewise rose on the back of higher distribution-related charges due to volume growth as well as increased trade marketing and advertising spending with the additional business portfolio. Altogether, these put operating income for the first quarter of 2008 at P140 million and operating margin of 6.5% from P241 million and 14.4%, respectively, in the first quarter of 2007.

Interest Expense Interest expense of P13.7 million was incurred for the quarter as a result of higher working capital requirements attendant to the expanded business portfolio of the Company and higher SMP cost.

Net Income Net income for the first quarter of 2007 amounted to P86 million or 4.0% of net sales, lower than the 2007 first quarter net income of P170 million or 10.2% of net sales. This is equivalent to an Earnings Per Share (EPS) of P0.09, from an EPS of P0.18 for the same period last year.

UPDATES & OUTLOOK

Skimmed Milk Powder (SMP) Prices of SMP in the world market further declined to US\$3,300/MT to US\$3,500/MT. Notwithstanding the drop in Oceania's production output for the current dairy season, market supply slightly improved following favorable milk production trends in Europe and in the US. International demand is expected to pick-up in the coming months as SMP prices move down to lower levels.

Cash Dividends The Board of Directors of Alaska Milk Corporation has approved a special cash dividend of P0.25 per share on top of the regular cash dividend of P0.05 per share, bringing the total cash dividend declaration at P0.30 per share. The cash dividend will be paid quarterly at the rate of P0.075 per share beginning June 30, 2008 to March 30, 2009. The cash dividend is equivalent to a 5.8% annual yield based on the latest traded price of P5.20 per share.

NEW IN THE MARKET Alaska Milk Corporation recently unveiled its latest addition to the company's growing product portfolio - Alaska Yoghurt Drink. The ready-to-drink dairy beverage drink is initially available in two exciting flavors that children and adults would like - strawberry and blueberry and is packed in 110ml and 180ml sizes.

