



Corporate Profile June 2008

Emerald Dairy Inc.

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Key Facts

Fiscal Year End:	Dec. 31, 2007
Basic Shares Outstanding:	29.3 M
Warrants:	8.0 M
Cash Position:	\$6.6 M

Emerald Dairy Inc. (OTC BB: EMDY)

Through its wholly-owned operating subsidiaries, Emerald Dairy Inc. is a producer and distributor of infant and children's formula, milk powder and soybean products in the People's Republic of China. Headquartered in Beian City, Heilongjiang province, the Company's products are sold under two brand names, Xing An Ling and Yi Bai throughout 20 provinces in China.

Investment Highlights

Secular growth trend in the infant formula market supports future growth

According to Euromonitor, China's infant formula market was estimated to grow from RMB 22 billion in 2007 to RMB 51 billion in 2011, representing a compound annual growth rate (CAGR) exceeding 20%. In addition, according to the Ministry of Agriculture, the annual dairy consumption per capita is only 21.7 kg, far below the world average of 100 kg. Emerald Dairy, with its strong brand recognition and access to growth capital, is well-positioned to capitalize on the industry growth and become one of the consolidators in the still-fragmented dairy sector.

Strong financial performance

Emerald Dairy has experienced strong growth in the past three years: revenue increased to \$29.6 million in 2007, from \$18.8 million in 2006 and \$7.9 million in 2005; net income increased to \$3.6 million from \$2.7 million in 2006 and \$0.7 million in 2005. The Company is confident in its ability to continue this growth through capacity expansion and potential acquisitions.

Capacity expansion drives organic growth

The Company identifies capacity expansion as its core growth driver in the next three years. It currently operates at capacity of 7,200 tons per annum and expects to increase to 17,000 per annum in 2009 and to 35,000 tons per annum in 2010. By adding a third shift by the end of 2008, the Company expects to expand capacity to 9,000 tons per year and achieve more than 30% of revenue and net income growth.

Brand strength supports long term outlook

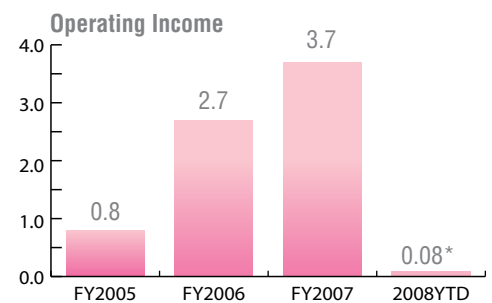
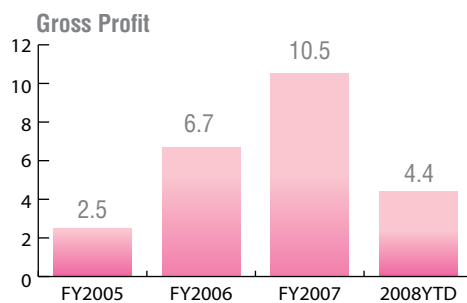
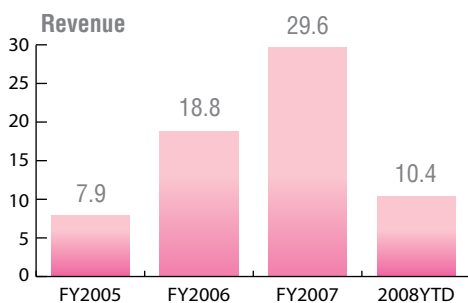
Emerald Dairy offers more than 30 product variations under two brands Xing An Ling and Yi Bai. Xing An Ling caters to low-income customers while Yi Bai is designed for mid- to high-income consumers. "Xing An Ling" is recognized by the Heilongjiang provincial government as one of the "Most Identifiable Brands" in 2006.

Strict quality control provides best quality products

The Company is located in Beian City, Heilongjiang province, China's largest milk production area. The proximity to the raw milk source ensures that fresh milk is processed 20 – 34 hours after its milking time. The Company's success in obtaining an organic certification in February 2008 further speaks to its commitment to offering the highest quality products.

Distribution network and presence throughout 20 Provinces

The Company has an established distribution network reaching more than 5,600 retail stores in the second- and third-tier cities. With a sales force of more than 600 people, the Company is well positioned to build its presence in the local cities.



*operating income includes up-front costs of \$1.6 million related to investment in advertising. For the full year, advertising expense is expected to be approximately 8%-10% of total revenue.

Management Team

Yang Yongshan

Chief Executive Officer and President

- More than 20 years experience in the dairy industry
- Six years as Director of the Company
- Degree in Food Engineering from North Eastern Agriculture University in China

Shu Kaneko

Chief Financial Officer, Secretary and Director

- 14 years experience in the financial service industry
- More than six years with Ernst & Young Financial Services Advisory Group
- M.B.A. from Georgetown University

Qin Si Bo

Chief Operating Officer

- More than 20 years in the dairy industry
- Degree in Agriculture from Heilongjiang University

Core Products

Milk powder products contributed 95% of total revenue in 2007



The Company's principle products, infant formula, is enriched with various nutrients, such as AA and DHA and designed to meet the nutrition needs for babies at different age stages.



Soybean powder is low in fat and high in calcium and protein, constituting a good alternative to dairy nutrition for people with lactose intolerance. This product series is offered in more than three variations, including High Calcium/Low Sugar, Vitamin and Zinc. Soybean and rice powder products account for approximately 5% of Emerald Dairy's sales in 2007.



Rice Powder is designed for babies three months and older. The product is enriched with several types of nutrients, including protein and calcium and provide a good complements to infant formula.