



Carlsberg Brewery Malaysia Berhad

Company No. 9210-K
(Incorporated in Malaysia)

Interim Financial Report
31 March 2016

Interim Financial Report for the Quarter Ended 31 March 2016

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Quarter Ended 31 March 2016

	3 months ended 31 March		3 months ended 31 March	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	455,721	429,454	455,721	429,454
Operating expenses	(375,626)	(372,820)	(375,626)	(372,820)
Other operating income	356	3,327	356	3,327
Profit from operations	80,451	59,961	80,451	59,961
Interest income	159	214	159	214
Interest expense	(1,380)	(981)	(1,380)	(981)
Share of (loss)/profit of equity accounted associate, net of tax	(1,170)	3,793	(1,170)	3,793
Profit before taxation	78,060	62,987	78,060	62,987
Taxation	(14,019)	(14,248)	(14,019)	(14,248)
Profit for the period	64,041	48,739	64,041	48,739
Profit attributable To:				
Owner of the Company	62,941	47,228	62,941	47,228
Non-controlling interests	1,100	1,511	1,100	1,511
Profit for the period	64,041	48,739	64,041	48,739
Profit for the period	64,041	48,739	64,041	48,739
Other comprehensive (expenses)/income				
Foreign currency translation differences for foreign operations	(13,114)	3,311	(13,114)	3,311
Total comprehensive income for the period	50,927	52,050	50,927	52,050
Total comprehensive income attributable to:				
Owner of the Company	49,827	50,539	49,827	50,539
Non-controlling interests	1,100	1,511	1,100	1,511
Total comprehensive income for the period	50,927	52,050	50,927	52,050
EPS - Basic (sen)	20.59	15.45	20.59	15.45
- Diluted (sen)	N/A	N/A	N/A	N/A

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Report for the Quarter Ended 31 March 2016

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210 -K)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	AS AT 31.03.16 RM'000	AS AT 31.12.15 RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant & equipment	160,765	162,243
Other intangible assets	4,582	5,214
Investment in an associate	69,569	80,165
Deferred tax assets	3,402	3,402
	238,318	251,024
<u>Current assets</u>		
Inventories	52,462	78,173
Receivables, deposits and prepayments	275,512	285,134
Current tax assets	12,387	6,466
Cash & cash equivalents	124,162	40,968
	464,523	410,741
TOTAL ASSETS	702,841	661,765
EQUITY		
Total equity attributable to equity holders of the Company		
Share capital	154,039	154,039
Reserves	231,533	181,536
	385,572	335,575
Non-controlling interests	8,113	7,013
Total Equity	393,685	342,588
LIABILITIES		
<u>Non-Current Liabilities</u>		
Deferred tax liabilities	13,549	13,563
<u>Current Liabilities</u>		
Payables and accruals	232,273	250,722
Current tax liabilities	25,285	23,386
Loans and borrowings	38,049	31,506
	295,607	305,614
TOTAL LIABILITIES	309,156	319,177
TOTAL EQUITY AND LIABILITIES	702,841	661,765
Net assets per share (RM)	1.29	1.12

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Report for the Quarter Ended 31 March 2016

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210 -K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Quarter Ended 31 March 2016

Group	<i>Attributable to Equity Holders of the Parent</i>									Total RM'000	controlling Interests RM'000	Total RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Option Reserve RM'000	Option Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000			
At 1 January 2015	154,039	(12,043)	7,367	4,379	3,931	760	(10,591)	(780)	165,093	312,155	18,966	331,121
Total comprehensive income for the year	-	-	-	15,208	-	-	-	-	215,913	231,121	4,325	235,446
Dividends to owner of the Company	-	-	-	-	-	-	-	-	(217,081)	(217,081)	-	(217,081)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,516)	(2,516)
Disposal of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(13,762)	(13,762)
De-recognised of put option	-	-	-	-	-	-	10,591	-	-	10,591	-	10,591
Others	-	-	-	-	-	(1,211)	-	-	-	(1,211)	-	(1,211)
At 31 December 2015	154,039	(12,043)	7,367	19,587	3,931	(451)	-	(780)	163,925	335,575	7,013	342,588
At 1 January 2016	154,039	(12,043)	7,367	19,587	3,931	(451)	-	(780)	163,925	335,575	7,013	342,588
Total comprehensive income for the year	-	-	-	(13,114)	-	-	-	-	62,941	49,827	1,100	50,927
Others	-	-	-	-	-	170	-	-	-	170	-	170
At 31 March 2016	154,039	(12,043)	7,367	6,473	3,931	(281)	-	(780)	226,866	385,572	8,113	393,685

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Report for the Quarter Ended 31 March 2016

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the Quarter Ended 31 March 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

Adjustments for:

Non-cash items

Interest income

Interest expense

Operating profit before working capital changes

Changes in working capital:

Inventories

Receivables, deposits and prepayments

Payables and accruals

Cash generated from operations

Income tax paid

Net cash generated from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from disposal of property, plant and equipment

Acquisition of property, plant and equipment

Acquisition of intangible assets

Interest received

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Interest paid

Net (repayment of)/proceeds from short term borrowings

Net cash (used in)/generated from financing activities

NET INCREASE IN CASH AND CASH EQUIVALENTS

Effect of exchange rate fluctuations on cash held

CASH AND CASH EQUIVALENTS AT 1 JANUARY

CASH AND CASH EQUIVALENTS AT 31 MARCH

3 months ended 31 March	
2016 RM'000	2015 RM'000
78,060	62,987
11,855	(13)
(159)	(214)
1,380	981
91,136	63,741
25,604	7,087
10,153	12,001
(15,697)	(16,031)
111,196	66,798
(17,044)	(11,986)
94,152	54,812
75	95
(7,332)	(7,522)
-	(464)
159	214
(7,098)	(7,677)
(1,380)	(981)
(7,309)	7,095
(8,689)	6,114
78,365	53,249
(9,023)	3,133
39,812	87,993
109,154	144,375

Cash and cash equivalents comprise the following amounts:

Deposits with licensed banks

Cash and bank balances

Bank overdraft

3 months ended 31 March	
2016 RM'000	2015 RM'000
1,200	1,800
122,962	142,575
124,162	144,375
(15,008)	-
109,154	144,375

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

Notes :
1. Basis of Preparation

This Interim Financial Report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MFRS) 134, *Interim Financial Reporting* issued by Malaysian Accounting Standards Board, and International Accounting Standard (IAS) 34, *Interim Financial Reporting* issued by International Accounting Standards Board and paragraph 9.22 together with Part A, Appendix 9B of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Interim Financial Report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2015.

1.1 MFRS, Amendments to MFRSs and IC Interpretation Issued But Not Yet Effective

At the date of authorisation of these financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretation		Effective for annual period beginning on or after
MFRS 107	Disclosure Initiative	1 January 2017
MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 9	Financial Instruments (2014)	1 January 2018
MFRS 16	Leases	1 January 2019

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2015 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The Group's level of operations for the quarter was positively impacted by the higher local consumption of beer, stout, cider and shandy during the 2016 Chinese New Year festive period.

4. Unusual Items affecting the assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows during the current financial period under review.

5. Changes in Estimates

There were no significant changes in estimates that have had a material effect in the current financial period under review.

6. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial period under review.

Share Buyback

During the period, there was no purchase of shares by the Company.

All shares bought back in 1999 were retained as treasury shares for the current quarter and financial year-to-date.

7. Dividends Paid

There were no dividends paid during the current financial period under review.

8. Operating Segments

The Group concluded that the operating segments determined in accordance with MFRS/ IFRS 8 are the same as the geographical segments as previously adopted.

Segment assets and liabilities are not included in the internal management reports nor provided regularly to the Group's Managing Director. Hence no disclosure is made.

Quarter Ended 31 March 2016	Malaysia	Singapore	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Geographical Segments:				
Total external revenue	319,682	136,039	-	455,721
Inter segment revenue	18,154	-	(18,154)	-
Total revenue	337,836	136,039	(18,154)	455,721
Profit from operations	60,755	20,001	(305)	80,451

Quarter Ended 31 March 2015	Malaysia	Singapore	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Geographical Segments:				
Total external revenue	319,768	109,686	-	429,454
Inter segment revenue	16,425	-	(16,425)	-
Total revenue	336,193	109,686	(16,425)	429,454
Profit from operations	49,512	9,987	462	59,961

9. Material Contracts

No new material contracts were concluded during current financial period under review.

10. Property, Plant and Equipment

There were no changes to the valuation of property, plant and equipment since the previous audited financial statements.

11. Subsequent Events

The Board is not aware of any material event or transaction during the current financial period under review to the date of this announcement, which affects substantially the results of the operation of the Group.

12. Changes in Contingent Liabilities and Contingent Assets

On 23 September 2014, the Board of Directors of the Company has announced to the Bursa Malaysia that the Company has on 19 September 2014 received two bills of demand both dated 17 September 2014 from the Selangor State Director of Royal Malaysian Customs (“State Customs”) for the following:

- (i) Excise duty amounting to RM35,698,219.81 for period of 1 July 2011 to 14 January 2014;
- (ii) Sales tax amounting to RM13,763,381.02 and penalty amounting to RM6,881,690.56 for period of 1 July 2011 to 14 January 2014.

The Company does not admit liability on the demands made by the State Customs, has taken advice on that matter and is having ongoing discussion with the State Customs.

As a result, no provision has been recognised and no material changes in contingent liabilities or contingent assets for the year ended 31 March 2016 and this will be reassessed during the next quarter ended 30 June 2016.

13. Capital Commitments

Capital commitments for property, plant and equipment and intangible assets not provided for in the financial statements as at 31 March 2016 are as follows:

	RM'000
Approved and contracted for	15,615
Approved but not contracted for	39,822
	55,437

14. Financial Instruments

Derivatives

The outstanding derivative as at the end of the current period is as follows:

Aluminium Hedging Contract	Contract Value (RM'000)	Fair Value (RM'000)	Difference (RM'000)
- Less than 1 year	15,619	14,043	(1,576)
- 2 to 5 years	5,575	5,739	164
	21,194	19,782	(1,412)

15. Holding Company

The Directors regard Carlsberg Breweries A/S, a company incorporated in Denmark, as the holding company.

16. Significant Related Party Transactions

	3 months ended 31 March 2016 RM' million
Transactions with:	
a) Holding company:	
Carlsberg Breweries A/S	
Reimbursement of expenses	1.5
Royalties payable	8.1
b) Related companies:	
i) Danish Malting Group A/S	
Purchase of materials and services	2.0
ii) Carlsberg Vietnam Breweries	
Purchase of materials and products	2.0
iii) Carlsberg Supply Company AG	
Purchases of materials and products	0.3
iv) Carlsberg Brewery Hong Kong	
Reimbursement of expenses	2.0
v) Carlsberg Business Solutions	
Purchase of services	0.1
vi) Slowdonia Strzegom Sp. z.o.o.	
Purchases of materials and products	0.2
vii) Carlsberg Supply Company Asia Ltd	
Reimbursement of expenses	0.5
viii) Carlsberg Croatia d.o.o	
Purchases of materials and products	0.7

17. Review of PerformanceCurrent Quarter Performance

The Group's revenue increased by 6.1% to RM455.7 million against the corresponding quarter last year. Profit from operations recorded an increase of 34.2% from RM60.0 million in 2015 to RM80.5 million in 2016. The improved results was driven by higher contribution from both Malaysia and Singapore operations.

Malaysia operations' total revenue maintained at the same level as compared to the same period last year due to loss of revenue from the LHFB divestment. Operating profits increased by RM11.2m or 22.7% mainly due to positive segment mix and effective cost control.

Singapore's revenue increased 24.0% against the same period last year; the growth in revenue was mainly due to a successful 2016 Chinese New Year campaign. Operating profits increased significantly by RM10.0m or 100.3% due to higher revenue, effective cost control, increased contribution from subsidiary company Maybev and strengthening of the Singapore Dollar against the Ringgit Malaysia.

18. Variation of Result against the Preceding Quarter

The Group's revenue increased by 7.9% or RM33.2 million as compared to the preceding quarter driven by a stronger performance during Chinese New Year festive period. However, the Group's overall profit after tax declined by 15.4% or RM11.7 million to RM64.0 million due to higher operating expenses to run the Chinese New Year festive campaign, and share of loss from associate company, Lion Brewery (Ceylon) PLC.

19. Prospects

The 2016 market conditions are expected to remain challenging. Nevertheless, the Group is confident to meet the challenges and deliver satisfactory performance.

20. Profit Forecast

Not applicable as no profit forecast was published.

21. Taxation

	3 months ended 31 March	
	2016 RM'000	2015 RM'000
<u>Taxation</u>		
- Malaysia	10,306	11,694
- Outside Malaysia	3,713	2,284
Tax expense	14,019	14,248

The effective tax rate differs from the statutory tax rate of Malaysia mainly due to the consolidation of financial results from the Singapore business, which has a lower statutory tax rate.

22. Realised and Unrealised Profits/ Losses

	Group as at 31 March 2016 RM'000	Group as at 31 December 2015 RM'000
Total retained earnings of the Company and its subsidiaries :		
- Realised	571,800	505,967
- Unrealised	(12,276)	(10,603)
Total retained earnings of an associate :		
- Realised	54,575	59,216
- Unrealised	(16,810)	(17,781)
Less : Consolidation adjustments	(370,423)	(372,874)
	226,866	163,925

23. Corporate Proposals

There were no corporate proposals announced at the date of this announcement.

24. Borrowing and Debt Securities

Group borrowings and debt securities are as follows:

Short term – Unsecured loans	As at 31 March 2016 RM'000
Revolving credit	23,041
Bank overdraft	15,008
Total short term loans	38,049

25. Material Litigation

There was no material litigation action since the last annual balance sheet date to the date of this report.

26. Earnings Per Share
Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares held by the Company:

	3 months ended 31 March 2016	3 months ended 31 March 2015
Net Profit attributable to shareholders (RM'000)	62,941	47,228
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	20.59	15.45

Diluted earnings per share

Not applicable.

27. Notes to the Statement of Comprehensive Income

	3 months ended 31 March 2016 RM'000	3 months ended 31 March 2015 RM'000
Depreciation and amortisation	(9,118)	(6,874)
Gain on disposal of property, plant and equipment	3	91
Net impairment recoverable on receivables	531	1,070
Inventories written off	(32)	(406)
Allowance for inventories obsolescence	(75)	(53)
Net foreign exchange loss	(2,328)	(14)

Other than the above and disclosed in the Statement of Comprehensive Income, there were no gain or loss on disposal of quoted or unquoted investment for the current quarter.

28. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 17 May 2016.