



Carlsberg Brewery Malaysia Berhad

Company No. 9210-K
(Incorporated in Malaysia)

Interim Financial Report
31 March 2015

Interim Financial Report for the Quarter Ended 31 March 2015

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Quarter Ended 31 March 2015

	3 months ended 31 March		3 months ended 31 March	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	429,454	445,936	429,454	445,936
Operating expenses	(372,820)	(378,764)	(372,820)	(378,764)
Other operating income	3,327	743	3,327	743
Profit from operations	59,961	67,915	59,961	67,915
Interest income	214	190	214	190
Interest expense	(981)	(1,364)	(981)	(1,364)
Share of profit of equity accounted associate, net of tax	3,793	2,492	3,793	2,492
Profit before taxation	62,987	69,233	62,987	69,233
Taxation	(14,248)	(15,828)	(14,248)	(15,828)
Profit for the period	48,739	53,405	48,739	53,405
Profit attributable To:				
Owner of the Company	47,228	52,332	47,228	52,332
Non-controlling interests	1,511	1,073	1,511	1,073
Profit for the period	48,739	53,405	48,739	53,405
Profit for the period	48,739	53,405	48,739	53,405
Other comprehensive income				
Foreign currency translation differences for foreign operations	3,311	(584)	3,311	(584)
Total comprehensive income for the period	52,050	52,821	52,050	52,821
Total comprehensive income attributable to:				
Owner of the Company	50,539	51,748	50,539	51,748
Non-controlling interests	1,511	1,073	1,511	1,073
Total comprehensive income for the period	52,050	52,821	52,050	52,821
EPS - Basic (sen)	15.45	17.12	15.45	17.12
- 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 2014 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Report for the Quarter Ended 31 March 2015

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210 -K)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	AS AT 31.03.15 RM'000	AS AT 31.12.14 RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant & equipment	155,468	154,343
Other intangible assets	10,088	10,009
Investment in an associate	64,460	58,227
Deferred tax assets	2,466	2,466
	232,482	225,045
<u>Current assets</u>		
Inventories	58,823	66,369
Receivables, deposits and prepayments	268,837	279,768
Current tax assets	2,565	2,373
Cash & cash equivalents	144,375	87,993
	474,600	436,503
TOTAL ASSETS	707,082	661,548
EQUITY		
Total equity attributable to equity holders of the Company		
Share capital	154,039	154,039
Reserves	208,909	158,116
	362,948	312,155
Non-controlling interests	20,477	18,966
Total Equity	383,425	331,121
LIABILITIES		
<u>Non-Current Liabilities</u>		
Deferred tax liabilities	16,057	16,006
	16,057	16,006
<u>Current Liabilities</u>		
Payables and accruals	228,977	245,347
Current tax liabilities	19,316	16,862
Loans and borrowings	59,307	52,212
	307,600	314,421
TOTAL LIABILITIES	323,657	330,427
TOTAL EQUITY AND LIABILITIES	707,082	661,548
Net assets per share (RM)	1.25	1.08

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Report for the Quarter Ended 31 March 2015

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210 -K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Quarter Ended 31 March 2015

Group	<i>Attributable to Equity Holders of the Parent</i>									Total RM'000	Non- 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	Share Option Reserve RM'000	Put Option Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000			
At 1 January 2014	154,039	(12,043)	7,367	505	3,931	747	(20,057)	(780)	140,017	273,726	10,522	284,248
Total comprehensive income for the year	-	-	-	3,874	-	-	-	-	211,582	215,456	5,339	220,795
Dividends to owner of the Company	-	-	-	-	-	-	-	-	(186,506)	(186,506)	-	(186,506)
Acquisition of non-controlling shareholder interests	-	-	-	-	-	-	-	-	-	-	3,105	3,105
Change in fair value of put option	-	-	-	-	-	-	9,466	-	-	9,466	-	9,466
Others	-	-	-	-	-	13	-	-	-	13	-	13
At 31 December 2014	154,039	(12,043)	7,367	4,379	3,931	760	(10,591)	(780)	165,093	312,155	18,966	331,121
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	-	-	-	3,311	-	-	-	-	47,228	50,539	1,511	52,050
Others	-	-	-	-	-	254	-	-	-	254	-	254
At 31 March 2015	154,039	(12,043)	7,367	7,690	3,931	1,014	(10,591)	(780)	212,321	362,948	20,477	383,425

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Report for the Quarter Ended 31 March 2015

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the Quarter Ended 31 March 2015

	3 months ended 31 March	
	2015 RM'000	2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	62,987	69,233
Adjustments for:		
Non-cash items	(13)	3,325
Interest income	(214)	(190)
Interest expense	981	1,364
Operating profit before working capital changes	63,741	73,732
Changes in working capital:		
Inventories	7,087	6,131
Receivables, deposits and prepayments	12,001	(13,871)
Payables and accruals	(16,031)	(12,838)
Cash generated from operations	66,798	53,154
Income tax paid	(11,986)	(11,226)
Net cash generated from operating activities	54,812	41,928
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(7,522)	(506)
Acquisition of intangible assets	(464)	-
Interest received	214	190
Proceeds from disposal of property, plant and equipment	95	772
Net cash (used in)/generated from investing activities	(7,677)	456
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(981)	(1,364)
Net proceed/(repayment) of short term borrowings	7,095	(6,162)
Net cash generated from/(used in) financing activities	6,114	(7,526)
NET INCREASE IN CASH AND CASH EQUIVALENTS	53,249	34,858
Effect of exchange rate fluctuations on cash held	3,133	(577)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	87,993	44,141
CASH AND CASH EQUIVALENTS AT 31 MARCH	144,375	78,422

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2014.

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
Amendments to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 7	Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 10	Consolidated Financial Statements – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 10	Consolidated Financial Statements – Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 12	Disclosure of Interests in Other Entities – Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure Initiative	1 January 2016

1. Basis of Preparation (continued)
1.1 MFRS, Amendments to MFRSs and IC Interpretation Issued But Not Yet Effective (continued)

MFRSs, Amendments to MFRSs and IC Interpretation	Effective for annual period beginning on or after
Amendments to MFRS 116 Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation	1 January 2016
Amendments to MFRS 116 Property, Plant and Equipment – Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 119 Employee Benefits (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 127 Separate Financial Statements – Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 128 Investments in Associates – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 128 Investments in Associates – Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 134 Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 138 Intangible Assets – Classification of Acceptable methods of Amortisation	1 January 2016
Amendments to MFRS 141 Agriculture – Agriculture: Bearer Plants	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2017
MFRS 9 Financial Instruments (2014)	1 January 2018

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2014 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The Group's level of operations for the quarter was impacted by the lower local consumption of beer, stout and shandy. This was due to weaker consumer sentiment in anticipation of the implementation of GST in April 2015.

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.

Call and Put Option

In conjunction with the investment undertaken in Luen Heng F&B Sdn. Bhd. ("LHFB") on 26 November 2008, Carlsberg Brewery Malaysia Berhad ("CBMB") entered into a call and put option with LHFB's corporate shareholder, Luen Heng Agency Sdn. Bhd. ("LHA"), allowing CBMB to acquire the remaining interest held by LHA or LHA to sell its interest in LHFB to CBMB, at any time after three years of the date of acquisition.

The consideration was to be based on LHFB's fair value which was to be determined by an international firm of accountants. Both parties have not exercised their rights during the year.

This call and put option will no longer be applicable upon the completion of Share Sales Agreement as announced on 15 May 2015.

7. Dividends Paid

There was no dividend 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 2015	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated 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

Quarter Ended 31 March 2014	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:				
Total external revenue	366,691	79,245	-	445,936
Inter segment revenue	13,108	-	(13,108)	-
Total revenue	379,799	79,245	(13,108)	445,936
Profit from operations	58,222	9,657	36	67,915

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

On 15 May 2015, Carlsberg Brewery Malaysia Berhad had entered into a Share Sales Agreement with Capriwood Sdn Bhd to dispose of the entire shareholding of 2,100,000 ordinary share of RM1.00 each, representing 70% equity interest in Luen Heng F&B Sdn Bhd for a total cash consideration of RM19,500,000. Based on the Share Sales Agreement, the transaction is expected to be completed within 90 days from the date of the agreement.

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 and will take appropriate measures upon seeking advice on the matter.

As a result, no provision has been recognised and no material changes in contingent liabilities or contingent assets for the period ended 31 March 2015 and this will be reassessed during the next quarter ended 30 June 2015.

13. Capital Commitments

Capital commitments for property, plant and equipment and intangibles assets not provided for in the financial statements as at 31 March 2015 are as follows:

	RM’000
Approved and contracted for	491
Approved but not contracted for	60,099
	60,590

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	14,702	14,466	(236)
- 2 to 5 years	-	-	-
	14,702	14,466	(236)

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 2015 RM' million
Transactions with:	
a) Holding company:	
Carlsberg Breweries A/S	
Reimbursement of expenses	0.2
Royalties payable	8.2
Purchase of materials and services	1.9
b) Related companies:	
i) Danish Malting Group A/S	
Purchases of materials and products	4.9
ii) Carlsberg Vietnam Breweries	
Purchase of materials and products	2.7
iii) Carlsberg Group Procurement AG	
Purchases of materials and products	2.5
Purchases of services	0.1
iv) CB Distribution Co Ltd	
Sale of goods and services	1.4
v) Eurobier Koncepts Sdn. Bhd.	
Sale of goods and services	0.8
vi) Carlsberg Brewery Hong Kong	
Purchase of services	0.6
vii) Carlsberg Distributors Taiwan Ltd	
Sale of goods and services	0.3

17. Review of PerformanceCurrent Quarter Performance

For the first quarter ended 31 March 2015, the Group's revenue reduced by 3.7% to RM429.5 million compared to the same quarter last year. Profit after tax declined by 8.7% to RM48.8 million. The reduced performance was mainly due to lower sales volume in the Malaysia operations that was impacted partly by trade destocking in March as a result of customers opting to maintain minimal stock in the lead-up to GST implementation on 1 April as well as trade stocking up last year ahead of price increase in April 2014.

The Malaysian operations reported a decline of 12.8% in revenue to RM319.8 million due mainly to the anticipation of GST implementation as noted above. Operating profit declined by 15.0% to RM49.5 million due to lower revenue, higher costs of raw materials as a result of a stronger USD and mitigated by lower operating expenses driven by cost efficiency programs.

In Singapore, the operations continued to gain traction due to improved consumer sentiment. Revenue grew by 38.4% to RM109.7 million whilst operating profit improved by 3.4% to RM10.0 million. This was attributed to higher sales volume, additional profit contribution from the Maybev acquisition and stock rationalization in 1st quarter of 2014.

18. Variation of Result against the Preceding Quarter

The Group's revenue improved by 1.3% or RM5.6 million against the preceding quarter driven by a stronger performance during the Chinese New Year festive period. However, the Group's profit before tax declined by 18.4% to RM63.0 million due to higher operating expenses to run the Chinese New Year festive campaign and higher costs of raw materials during the quarter under review.

19. Prospects

The 2015 market conditions are expected to remain challenging. Nevertheless, the Group will use its best endeavours 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	
	2015 RM'000	2014 RM'000
<u>Taxation</u>		
- Malaysia	11,964	14,228
- Outside Malaysia	2,284	1,882
	14,248	16,110
<u>Deferred tax</u>		
- Malaysia	-	(282)
Tax expense	14,248	15,828

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 2015 RM'000	Group as at 31 December 2014 RM'000
Total retained earnings of the Company and its subsidiaries :		
- Realised	567,262	528,534
- Unrealised	(10,714)	(14,296)
Total retained earnings of an associate :		
- Realised	43,024	37,213
- Unrealised	(9,402)	(8,568)
Less : Consolidation adjustments	(377,849)	(377,790)
	212,321	165,093

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 2015 RM'000
Revolving credit	39,065
Bank overdraft	20,242
Total short term loans	59,307

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 2015	3 months ended 31 March 2014
Net Profit attributable to shareholders (RM'000)	47,228	52,332
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	15.45	17.12

Diluted earnings per share

Not applicable.

27. Notes to the Statement of Comprehensive Income

	3 months ended 31 March 2015 RM'000	3 months ended 31 March 2014 RM'000
Depreciation and amortisation	(6,874)	(6,526)
Property, plant and equipment write-off	-	(26)
Gain on disposal of property, plant and equipments	91	769
Net impairment recoverable/(loss) on receivables	1,070	(124)
(Write-off)/write back of inventories	(406)	1,026
Allowance for inventories obsolescence	(53)	(205)
Net foreign exchange (loss)/ gain	(14)	154

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 **25 May 2015**.