



Carlsberg Brewery Malaysia Berhad

Company No. 9210-K
(Incorporated in Malaysia)

Interim Financial Report
30 September 2014

Interim Financial Report for the Quarter Ended 30 September 2014

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Quarter Ended 30 September 2014

	3 months ended 30 September		9 months ended 30 September	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	409,315	352,116	1,211,272	1,167,411
Operating expenses	(336,762)	(300,801)	(1,022,250)	(1,009,917)
Other operating income	519	156	3,234	952
Profit from operations	73,072	51,471	192,256	158,446
Interest income	155	110	669	834
Interest expense	(864)	(1,477)	(3,701)	(3,844)
Share of profit of equity accounted associate, net of tax	2,943	1,737	7,841	4,320
Profit before taxation	75,306	51,841	197,065	159,756
Taxation	(16,505)	(12,808)	(44,406)	(38,079)
Profit for the period	58,801	39,033	152,659	121,677
Profit attributable To:				
Owner of the Company	56,279	38,437	148,652	119,884
Non-controlling interests	2,522	596	4,007	1,793
Profit for the period	58,801	39,033	152,659	121,677
Profit for the period	58,801	39,033	152,659	121,677
Other comprehensive (expenses)/income				
Foreign currency translation differences for foreign operations	974	1,441	(445)	1,857
Total comprehensive income for the period	59,775	40,474	152,214	123,534
Total comprehensive income attributable to:				
Owner of the Company	57,253	39,878	148,207	121,741
Non-controlling interests	2,522	596	4,007	1,793
Total comprehensive income for the period	59,775	40,474	152,214	123,534
EPS - Basic (sen)	18.41	12.57	48.62	39.21
- 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 2013 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Report for the Quarter Ended 30 September 2014

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210 -K)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

		AS AT 30.09.14 RM'000	AS AT 31.12.13 RM'000
ASSETS			
<u>Non-current assets</u>			
Property, plant & equipment		154,768	164,976
Other intangible assets		7,352	9,309
Investment in an associate		46,760	40,880
Deferred tax assets		36	36
		208,916	215,201
<u>Current assets</u>			
Inventories		60,183	49,707
Receivables, deposits and prepayments		295,301	287,962
Cash & cash equivalents		56,047	44,141
		411,531	381,810
TOTAL ASSETS		620,447	597,011
EQUITY			
Total equity attributable to equity holders of the Company			
Share capital		154,039	154,039
Reserves		97,287	119,687
		251,326	273,726
Non-controlling interests		20,282	10,522
Total Equity		271,608	284,248
LIABILITIES			
<u>Non-Current Liabilities</u>			
Deferred tax liabilities		17,202	17,076
<u>Current Liabilities</u>			
Payables and accruals		253,827	241,297
Current tax liabilities		15,086	13,968
Loans and borrowings		62,724	40,422
		331,637	295,687
TOTAL LIABILITIES		348,839	312,763
TOTAL EQUITY AND LIABILITIES		620,447	597,011
Net assets per share (RM)		0.89	0.93

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Report for the Quarter Ended 30 September 2014

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210 -K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Quarter Ended 30 September 2014

Group	<i>Attributable to Equity Holders of the Parent</i>										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	Total RM'000		
At 1 January 2013	154,039	(12,043)	7,367	(2,334)	3,931	146	-	(780)	148,713	299,039	7,827	306,866
Total comprehensive income for the year	-	-	-	2,839	-	-	-	-	183,925	186,764	2,695	189,459
Dividends to owner of the Company	-	-	-	-	-	-	-	-	(192,621)	(192,621)	-	(192,621)
Recognition of call & put option	-	-	-	-	-	-	(20,057)	-	-	(20,057)	-	(20,057)
Others	-	-	-	-	-	601	-	-	-	601	-	601
At 31 December 2013	154,039	(12,043)	7,367	505	3,931	747	(20,057)	(780)	140,017	273,726	10,522	284,248
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	-	-	-	(445)	-	-	-	-	148,652	148,207	4,007	152,214
Dividends to owner of the Company	-	-	-	-	-	-	-	-	(171,219)	(171,219)	-	(171,219)
Acquisition of non-controlling shareholder interests	-	-	-	-	-	-	-	-	-	-	5,753	5,753
Others	-	-	-	-	-	612	-	-	-	612	-	612
At 30 September 2014	154,039	(12,043)	7,367	60	3,931	1,359	(20,057)	(780)	117,450	251,326	20,282	271,608

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Report for the Quarter Ended 30 September 2014

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the Quarter Ended 30 September 2014

	9 months ended 30 September	
	2014 RM'000	2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	197,065	159,756
Adjustments for:		
Non-cash items	10,730	15,706
Interest income	(669)	(834)
Interest expense	3,701	3,844
Operating profit before working capital changes	210,827	178,472
Changes in working capital:		
Inventories	(8,221)	(6,844)
Receivables, deposits and prepayments	1,476	(14,252)
Payables and accruals	9,474	(26,465)
Cash generated from operations	213,556	130,911
Income tax paid	(43,288)	(35,424)
Net cash from operating activities	170,268	95,487
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1,218	1,400
Acquisition of property, plant and equipment	(5,362)	(18,046)
Acquisition of intangible assets	(80)	(191)
Acquisition of a subsidiary, net of cash acquired	(3,341)	-
Interest received	669	834
Dividend received from associate	1,719	1,700
Net cash used in investing activities	(5,177)	(14,303)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to shareholders of the Company	(171,219)	(177,334)
Interest paid	(3,701)	(3,844)
Net repayment of short term borrowings	22,302	71,000
Net cash used in financing activities	(152,618)	(110,178)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	12,473	(28,994)
Effect of exchange rate fluctuations on cash held	(567)	517
CASH AND CASH EQUIVALENTS AT 1 JANUARY	44,141	57,688
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	56,047	29,211

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2013.

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 11	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
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 138	Intangible Assets – Clarification 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

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2013 was not subject to any qualification.

3. Seasonal or Cyclical Factors

In line with expectation and past trends, the Group's level of operations for the third quarter was higher following the preceding quarter which was driven by the successful consumer campaigns undertaken during the 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.

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.

The estimated value of the call and put option as at 30 September 2014 was RM20,057,000. This call and put option is assessed on an annual basis and will be reassessed in Q4 for the financial year ended 31 December 2014.

7. Dividends Paid

The amount of dividends paid during the financial period ended 30 September 2014 was as follows:-

In respect of the financial year ended 31 December 2013 as reported in the directors’ report of the year:

	<u>RM’000</u>
Final and special single tier dividend of 56.0 sen per RM0.50 share, paid on 20 May 2014	171,219
	171,219

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 30 September 2014	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:				
Total external revenue	292,381	116,934	-	409,315
Inter segment revenue	14,626	-	(14,626)	-
Total revenue	307,007	116,934	(14,626)	409,315
Profit from operations	53,562	19,951	(441)	73,072

Quarter Ended 30 September 2013	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:				
Total external revenue	281,702	70,414	-	352,116
Inter segment revenue	10,644	-	(10,644)	-
Total revenue	292,346	70,414	(10,644)	352,116
Profit from operations	40,815	9,808	848	51,471

9 Months Ended 30 September 2014	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:				
Total external revenue	915,420	295,852	-	1,211,272
Inter segment revenue	40,628	-	(40,628)	-
Total revenue	956,048	295,852	(40,628)	1,211,272
Profit from operations	147,675	44,876	(295)	192,256

9 Months Ended 30 September 2013	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:				
Total external revenue	924,101	243,310	-	1,167,411
Inter segment revenue	40,104	-	(40,104)	-
Total revenue	964,205	243,310	(40,104)	1,167,411
Profit from operations	129,646	28,884	(84)	158,446

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 Composition of the Group

On 3 April 2014, Carlsberg Singapore Pte. Ltd., a wholly owned subsidiary of Carlsberg Brewery Malaysia Berhad (“CBMB”), has acquired 51% of the issued share capital of MayBev Pte. Ltd. (“MBPL”). MBPL is principally engaged in the marketing and distribution of alcoholic beverages in the home market.

The acquisition did not have any material impact on the earnings, net assets and gearing of CBMB Group for the financial year ending 31 December 2014.

13. 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 30 September 2014 and this will be reassess during the financial year ended 31 December 2014.

14. Capital Commitments

Capital commitments for property, plant and equipment and intangibles assets not provided for in the financial statements as at 30 September 2014 are as follows:

	<u>RM’000</u>
Approved and contracted for	3,95
Approved but not contracted for	15,64
	19,60

15. 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	3,470	3,498	28
- 2 to 5 years	10,895	11,672	777
	14,365	15,170	805

16. Holding Company

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

17. Significant Related Party Transactions

**9 months
ended
30 September 2014
RM' million**

Transactions with:

a) Holding company:

Carlsberg Breweries A/S

Reimbursement of expenses	7.1
Royalties payable	22.8
Purchase of materials and services	1.1

b) Related companies:

i) Danish Malting Group A/S	
Purchases of materials and products	16.5
ii) CB Distribution Co Ltd	
Sales of goods and services	5.1
iii) Carlsberg Group Procurement AG	
Purchases of materials and products	4.3
Purchases of services	1.8
iv) Danish Malting Group Polska	
Purchases of materials and products	3.7
v) Eurobier Koncepts Sdn. Bhd.	
Purchases of materials and products	3.0
vi) Ha Noi Vung Tau Beer Joint Stock Company	
Sale of goods and services	1.8
vii) Carlsberg Distributors Taiwan Ltd	
Sale of goods and services	1.6

18. Review of Performance

Current Quarter Performance

For the third quarter ended 30 September 2014, the Group's revenue increased by 16.2% to RM409.3 million. Profit after tax recorded an increase of 50.6% to RM58.8 million compared to same quarter last year mainly driven by the higher revenue and cost savings from efficiency programs.

The Malaysian operations grew 3.8% in revenue to RM292.4 million due to successful consumer campaigns as well as trade stock-up prior to the 2015 National Budget announcement. Operating profit improved by 27.5% to RM53.1 million as a result of the revenue growth, better pricing and product mix as well as sound cost efficiency measures.

In Singapore, the operations continued to gain traction due to improved consumer sentiments and completion of the stock rationalisation program in the first quarter this year. As a result, revenue grew by 66.1% to RM116.9 million. Operating profit improved by 103.4% to RM20.0 million.

Year-to-date Performance

For the period ended 30 September 2014, the Group recorded a revenue of RM1,211.3 million or 3.8% higher year-on-year. Profit after tax increased by 25.5% to RM152.7 million compared to the corresponding period last year.

In Malaysia, revenue declined marginally by 0.9% to RM915.4 million due to the softening of demand for beer, higher taxes imposed by the Government and influx of imported contraband beers. However, operating profit increased by 13.8% to RM147.4 million driven by the ongoing effective cost management programs as well as improved price and product mix.

Singapore operations recorded revenue of RM295.9 million, an increase of 21.6% compared to same period last year following the completion of stock rationalisation program, effective consumer campaigns and completion of Maybev acquisition in April this year. Operating profit increased by 55.4% or RM16.0 million to RM44.9 million as a result of the revenue increase and improved cost management.

19. Variation of Result against the Preceding Quarter

For the current quarter, the Group's revenue improved by 15.0% or RM53.3 million against the preceding quarter. Growth was driven by strong sales from the timing of 2015 National Budget announcement and better contribution from Singapore.

As a result, the Group's profit after tax increased by RM18.3 million to RM58.8 million.

20. Prospects

The Group expects the remaining quarter in 2014 to be challenging, however, it is cautiously optimistic that it will be able to deliver satisfactory performance.

21. Profit Forecast

The Group did not issue any profit forecast or profit guarantee in respect of the financial period under review.

22. Taxation

	9 months ended 30 September	
	2014 RM'000	2013 RM'000
<u>Taxation</u>		
- Malaysia	36,638	33,104
- Outside Malaysia	7,768	4,975
Tax expense	44,406	38,079

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.

23. Realised and Unrealised Profits/ Losses

	Group as at 30 September 2014 RM'000	Group as at 31 December 2013 RM'000
Total retained earnings of the Company and its subsidiaries :		
- Realised	487,427	516,916
- Unrealised	(15,356)	(19,334)
Total retained earnings of an associate :		
- Realised	33,440	23,710
- Unrealised	(7,744)	(5,818)
Less : Consolidation adjustments	(380,317)	(375,457)
	117,450	140,017

24. Corporate Proposals

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

25. Borrowing and Debt Securities

Group borrowings and debt securities are as follows:

Short term – Unsecured loans	As at 30 September 2014 RM'000
Revolving credit	62,724
Total short term loans	62,724

26. Material Litigation

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

27. Dividends

The Board of Directors has declared a single tier interim dividend of 5 sen per RM0.50 share for the financial year ending 31 December 2014 (2013: single tier interim dividend 5 sen per RM0.50 share).

Total dividends payable of RM15.3 million (2013: RM15.3 million), was paid on 10 October 2014.

28. 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:

	9 months ended 30 September 2014	9 months ended 30 September 2013
Net Profit attributable to shareholders (RM'000)	148,652	119,884
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	48.62	39.21

Diluted earnings per share

Not applicable.

29. Notes to the Statement of Comprehensive Income

	9 months ended 30 September 2014 RM'000	9 months ended 30 September 2013 RM'000
Depreciation and amortisation	(19,425)	(18,114)
Property, plant and equipment write-off	(26)	(9)
Gain on disposal of property, plant and equipments	1,147	950
Net impairment recoverable/ (loss) on receivables	2,465	(280)
Write-off of inventories	(931)	(1,230)
Allowance for inventories obsolescence	(918)	(505)
Net foreign exchange gain/ (loss)	277	(386)

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.

30. 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 **28 November 2014**.