



Carlsberg Brewery Malaysia Berhad

Company No. 9210-K
(Incorporated in Malaysia)

Interim Financial Report
30 September 2013

Interim Financial Report for the Quarter Ended 30 September 2013

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Quarter Ended 30 September 2013

	3 months ended 30 September		9 months ended 30 September	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	352,116	410,844	1,167,411	1,248,286
Operating expenses	(300,801)	(331,271)	(1,009,917)	(1,057,256)
Other operating income	156	137	952	2,869
Profit from operations	51,471	79,710	158,446	193,899
Interest income	110	61	834	624
Interest expense	(1,477)	(2,083)	(3,844)	(3,829)
Share of profit of equity accounted associate, net of tax	1,737	1,763	4,320	5,792
Profit before taxation	51,841	79,451	159,756	196,486
Taxation	(12,808)	(17,658)	(38,079)	(43,495)
Profit for the period	39,033	61,793	121,677	152,991
Profit attributable To:				
Owner of the Company	38,437	61,057	119,884	151,163
Non-controlling interests	596	736	1,793	1,828
Profit for the period	39,033	61,793	121,677	152,991
Profit for the period	39,033	61,793	121,677	152,991
Other comprehensive (expenses)/income				
Foreign currency translation differences for foreign operations	1,441	(351)	1,857	(4,261)
Total comprehensive income for the period	40,474	61,442	123,534	148,730
Total comprehensive income attributable to:				
Owner of the Company	39,878	60,706	121,741	146,902
Non-controlling interests	596	736	1,793	1,828
Total comprehensive income for the period	40,474	61,442	123,534	148,730
EPS - Basic (sen)	12.57	19.97	39.21	49.44
- 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 2012 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Report for the Quarter Ended 30 September 2013

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210 -K)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

	AS AT 30.09.13 RM'000	AS AT 31.12.12 RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant & equipment	160,087	158,442
Other intangible assets	7,831	9,388
Other assets	-	365
Investment in an associate	38,405	34,656
Deferred tax assets	863	863
	207,186	203,714
<u>Current assets</u>		
Inventories	51,948	46,840
Receivables, deposits and prepayments	274,500	260,457
Current tax assets	-	451
Cash & cash equivalents	29,211	57,688
	355,659	365,436
TOTAL ASSETS	562,845	569,150
EQUITY		
Total equity attributable to equity holders of the Company		
Share capital	154,039	154,039
Reserves	71,528	145,000
	225,567	299,039
Non-controlling interests	9,620	7,827
Total Equity	235,187	306,866
LIABILITIES		
<u>Non-Current Liabilities</u>		
Deferred tax liabilities	20,645	20,640
<u>Current Liabilities</u>		
Payables and accruals	210,081	217,917
Current tax liabilities	20,932	18,727
Loans and borrowings	76,000	5,000
	307,013	241,644
TOTAL LIABILITIES	327,658	262,284
TOTAL EQUITY AND LIABILITIES	562,845	569,150
Net assets per share (RM)	0.80	1.00

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Report for the Quarter Ended 30 September 2013

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210 -K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Quarter Ended 30 September 2013

Group	<i>Attributable to Equity Holders of the Parent</i>									Non		Total
	Share Capital	Treasury Shares	Share Premium	Foreign Exchange Reserve	Capital Reserve	Share Option Reserve	Other Reserve	Call & Put Option Reserve	Retained Earnings	Total	Controlling Interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2012	154,039	(12,043)	7,367	1,682	3,931	54	-	-	130,418	285,448	3,916	289,364
Total comprehensive income for the year	-	-	-	(4,261)	-	-	-	-	151,163	146,902	1,828	148,730
Dividends to owner of the Company	-	-	-	-	-	-	-	-	(156,314)	(156,314)	-	(156,314)
Recognition of call and put option	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	297	(780)	-	(1,734)	(2,217)	1,790	(427)
At 30 September 2012	154,039	(12,043)	7,367	(2,579)	3,931	351	(780)	-	123,533	273,819	7,534	281,353
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	-	-	-	1,857	-	-	-	-	119,884	121,741	1,793	123,534
Dividends to owner of the Company	-	-	-	-	-	-	-	-	(177,334)	(177,334)	-	(177,334)
Recognition of call and put option	-	-	-	-	-	-	-	(18,539)	-	(18,539)	-	(18,539)
Others	-	-	-	-	-	660	-	-	-	660	-	660
At 30 September 2013	154,039	(12,043)	7,367	(477)	3,931	806	(780)	(18,539)	91,263	225,567	9,620	235,187

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the Quarter Ended 30 September 2013

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

Acquisition of non-controlling shareholder interests

Interest received

Dividend received from associate

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid to shareholder of the Company

Interest paid

Net proceeds from short term borrowings

Net cash used in financing activities

NET DECREASE 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 30 SEPTEMBER

9 months ended 30 September	
2013 RM'000	2012 RM'000
159,756	196,486
15,706	9,430
(834)	(624)
3,844	3,829
178,472	209,121
(6,844)	17,466
(14,252)	(95,112)
(26,465)	20,313
130,911	151,788
(35,424)	(33,189)
95,487	118,599
1,400	939
(18,046)	(13,811)
(191)	(644)
-	(780)
834	624
1,700	1,668
(14,303)	(12,004)
(177,334)	(156,314)
(3,844)	(3,829)
71,000	33,053
(110,178)	(127,090)
(28,994)	(20,495)
517	1,371
57,688	72,196
29,211	53,072

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2012.

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 9	Financial Instruments (2009)	1 January 2015
MFRS 9	Financial Instruments (2010)	1 January 2015
Amendments to MFRS 7	Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities	1 January 2014
Amendments to MFRS 127	Separate Financial Statements (2011): Investment Entities	1 January 2014
Amendments to MFRS 132	Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2012 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.

7. Dividends Paid

The amount of dividends paid during the financial period ended 30 September 2013 was as follows:-

In respect of the financial year ended 31 December 2012 as reported in the directors' report of the year:

	<u>RM'000</u>
Final and special single tier dividend of 58.0 sen per RM0.50 share, paid on 20 May 2013	177,334
	177,334

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 2013	Malaysia RM'000	Singapore RM'000	Others 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	41,663	9,808	-	-	51,471

Quarter Ended 30 September 2012	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:					
Total external revenue	319,933	90,911	-	-	410,844
Inter segment revenue	13,150	-	-	(13,150)	-
Total revenue	333,083	90,911	-	(13,150)	410,844
Profit from operations	58,190	21,520	-	-	79,710

9 Months Ended 30 September 2013	Malaysia RM'000	Singapore RM'000	Others 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	129,562	28,884	-	-	158,446

9 Months Ended 30 September 2012	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:					
Total external revenue	968,994	274,501	4,791	-	1,248,286
Inter segment revenue	41,739	-	-	(41,739)	-
Total revenue	1,010,733	274,501	4,791	(41,739)	1,248,286
Profit from operations	142,925	52,310	(1,336)	-	193,899

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

There has been no change in the composition of the Group during the current financial period under review.

13. Changes in Contingent Liabilities and Contingent Assets

There were no material changes in contingent liabilities or contingent assets as disclosed in the Audited Financial Statement for the financial year ended 31 December 2012.

14. Capital Commitments

Capital commitments for property, plant and equipment and intangibles assets approved by the Board but not provided for in the financial statements as at 30 September 2013 are as follows:

	<u>RM'000</u>
Contracted for	9,236
Not contracted for	10,531
	19,767

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	17,644	16,522	(1,122)
- 2 to 5 years	2,615	2,636	21
	20,259	19,158	(1,101)

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 2013
RM' million**

Transactions with:

a) Holding company:

Carlsberg Breweries A/S	
Reimbursement of expenses	3.7
Royalties payable	23.6
Purchase of materials and services	0.5

b) Related companies:

i) Danish Malting Group A/S	
Purchases of materials and products	9.1
ii) Carlsberg Group Procurement AG	
Purchases of materials and products	5.1
Purchases of services	1.4
iii) Ha Noi Vung Tau Beer Joint Stock Company	
Sale of goods and services	5.1
iv) Eurobier Koncepts Sdn. Bhd.	
Sales of products	2.5
v) Brasseries Kronenbourg	
Purchases of materials and products	1.1
vi) Carlsberg Sverige AB	
Purchases of materials and products	0.9
vii) Saku Ollethase A/S	
Purchases of materials and products	0.8
viii) Slodownia Strzegom Sp.z.o.o	
Purchases of materials and products	0.7
ix) Luen Heng Agency Sdn. Bhd.	
Rental expenses	0.6

18. Review of PerformanceCurrent Quarter Performance

In comparison to the corresponding quarter last year, revenue from the Malaysian operations declined by 11.9 percent. This was primarily caused by a phasing issue related to the later timing of 2014 National Budget announcement.

Additionally, the challenging business conditions caused by the influx of cheap imported beer brands and the on-going stock rationalization program resulted in the decline of Singapore's revenue by 22.5 percent.

The Group's Profit Before Tax for the quarter of RM51.8 million was 34.8 percent lower against the same period last year, driven by lower revenue generated but mitigated by lower operating expenses.

Year-to-date Performance

As a result of the lower Q3 results caused by the later timing of the 2014 National Budget announcement, revenue from the Malaysian operations declined by 4.6 percent as compared to the corresponding period last year.

Revenue from the Singaporean operations declined by 11.4 percent; largely attributed to the intense competition from imported beers, and the continued stock rationalization which started in Q2 2013.

The Group's Profit Before Tax for the period of RM159.8 million was 18.7 percent lower against the same period last year, mainly arising from lower revenue and lower share of profits from the associated company, Lion Brewery.

19. Variation of Result against the Preceding Quarter

The Group's revenue for the quarter ended 30 September 2013 improved by RM7.6 million or 2.2 percent compared to the preceding quarter. The better performance was in line with normal seasonal trend as well as better performance in Malaysia.

The Group's Profit Before Tax increased by RM10.7 million or 26.1 percent compared to the preceding quarter due to the improved revenue and cost savings.

20. Current Year Prospects

Market conditions are expected to remain challenging. Nevertheless, the Group's financial performance is likely to be satisfactory.

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	
	2013 RM'000	2012 RM'000
<u>Taxation</u>		
- Malaysia	33,104	34,708
- Outside Malaysia	4,975	8,787
Tax expense	38,079	43,495

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 2013 RM'000	Group as at 31 December 2012 RM'000
Total retained earnings of the Company and its subsidiaries :		
- Realised	470,836	527,575
- Unrealised	(20,448)	(17,509)
Total retained earnings of an associate :		
- Realised	21,261	16,837
- Unrealised	(5,357)	(3,782)
Less : Consolidation adjustments	(375,029)	(374,408)
Total retained earnings	91,263	148,713

24. Corporate Proposals

There were no corporate proposals announced but not completed 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 2013 RM'000
Revolving credit	76,000
Other bank loan	-
Total short term loans	76,000

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 2013 (2012: single tier interim dividend 5 sen per RM0.50 share).

Total dividends payable is RM15.3 million (2012: RM15.3 million), paid on 11 October 2013.

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 2013	9 months ended 30 September 2012
Net Profit attributable to shareholders (RM'000)	119,884	151,163
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	39.21	49.44

Diluted earnings per share

Not applicable.

29. Notes to the Statement of Comprehensive Income

	9 months ended 30 September 2013 RM'000	9 months ended 30 September 2012 RM'000
Depreciation and amortisation	(18,114)	(15,848)
Property, plant and equipment write-off	(9)	(23)
Gain on disposal of property, plant and equipments	950	768
Net impairment loss on receivables	(208)	(191)
Write-off of inventories	(1,230)	(2,308)
Allowance for inventories obsolescence	(505)	(148)
Net foreign exchange (loss)/gain	(386)	1,699

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 **18 November 2013**.