



Carlsberg Brewery Malaysia Berhad

Company No. 9210-K
(Incorporated in Malaysia)

Interim Financial Report
30 June 2013

Interim Financial Report for the Quarter Ended 30 June 2013

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Quarter Ended 30 June 2013

	3 months ended 30 June		6 months ended 30 June	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	344,529	383,395	815,295	837,443
Operating expenses	(304,550)	(335,488)	(709,116)	(725,987)
Other operating income	263	211	796	2,732
Profit from operations	40,242	48,118	106,975	114,188
Interest income	432	278	724	564
Interest expense	(1,326)	(719)	(2,367)	(1,746)
Share of profit of equity accounted associate, net of tax	1,764	1,578	2,583	4,029
Profit before taxation	41,112	49,255	107,915	117,035
Taxation	(9,676)	(11,119)	(25,271)	(25,837)
Profit for the period	31,436	38,136	82,644	91,198
Profit attributable To:				
Owner of the Company	30,913	37,744	81,447	90,106
Non-controlling interests	523	392	1,197	1,092
Profit for the period	31,436	38,136	82,644	91,198
Profit for the period	31,436	38,136	82,644	91,198
Other comprehensive (expenses)/income				
Foreign currency translation differences for foreign operations	(195)	2,076	417	(3,910)
Total comprehensive income for the period	31,241	40,212	83,061	87,288
Total comprehensive income attributable to:				
Owner of the Company	30,718	39,820	81,864	86,196
Non-controlling interests	523	392	1,197	1,092
Total comprehensive income for the period	31,241	40,212	83,061	87,288
EPS - Basic (sen)	10.11	12.34	26.64	29.47
- 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 June 2013

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210 -K)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	AS AT 30.06.13 RM'000	AS AT 31.12.12 RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant & equipment	159,710	158,442
Other intangible assets	8,325	9,388
Other assets	365	365
Investment in an associate	36,107	34,656
Deferred tax assets	863	863
	205,370	203,714
<u>Current assets</u>		
Inventories	49,299	46,840
Receivables, deposits and prepayments	263,096	260,457
Current tax assets	-	451
Cash & cash equivalents	38,422	57,688
	350,817	365,436
TOTAL ASSETS	556,187	569,150
EQUITY		
Total equity attributable to equity holders of the Company		
Share capital	154,039	154,039
Reserves	31,423	145,000
	185,462	299,039
Non-controlling interests	9,024	7,827
Total Equity	194,486	306,866
LIABILITIES		
<u>Non-Current Liabilities</u>		
Deferred tax liabilities	20,639	20,640
<u>Current Liabilities</u>		
Payables and accruals	218,654	217,917
Current tax liabilities	23,408	18,727
Loans and borrowings	99,000	5,000
	341,062	241,644
TOTAL LIABILITIES	361,701	262,284
TOTAL EQUITY AND LIABILITIES	556,187	569,150
Net assets per share (RM)	0.64	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 June 2013

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210 -K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Quarter Ended 30 June 2013

Attributable to Equity Holders of the Parent

Group	Share	Treasury	Share	Exchange	Capital	Share	Other	Put	Retained	Non		Total	
	Capital	Shares	Premium	Reserve	Reserve	Option	Reserve	Option	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	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	-	-	-	(3,910)	-	-	-	-	90,106	86,196	1,092	87,288	
Dividends to owner of the Company	-	-	-	-	-	-	-	-	(156,314)	(156,314)	-	(156,314)	
Recognition of put option	-	-	-	-	-	-	-	-	-	-	-	-	
Others	-	-	-	-	-	275	(780)	-	(1,734)	(2,239)	1,790	(449)	
At 30 June 2012	154,039	(12,043)	7,367	(2,228)	3,931	329	(780)	-	62,476	213,091	6,798	219,889	
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	-	-	-	417	-	-	-	-	81,447	81,864	1,197	83,061	
Dividends to owner of the Company	-	-	-	-	-	-	-	-	(177,334)	(177,334)	-	(177,334)	
Recognition of put option	-	-	-	-	-	-	-	(18,539)	-	(18,539)	-	(18,539)	
Others	-	-	-	-	-	432	-	-	-	432	-	432	
At 30 June 2013	154,039	(12,043)	7,367	(1,917)	3,931	578	(780)	(18,539)	52,826	185,462	9,024	194,486	

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.

Interim Financial Report for the Quarter Ended 30 June 2013

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the Quarter Ended 30 June 2013

	6 months ended 30 June	
	2013 RM'000	2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	107,915	117,035
Adjustments for:		
Non-cash items	10,855	8,076
Interest income	(724)	(564)
Interest expense	2,367	1,746
Operating profit before working capital changes	120,413	126,293
Changes in working capital:		
Inventories	(3,673)	16,555
Receivables, deposits and prepayments	(2,930)	(57,376)
Payables and accruals	(17,552)	25,966
Cash generated from operations	96,258	111,438
Income tax paid	(20,139)	(20,912)
Net cash generated from operating activities	76,119	90,526
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	863	755
Acquisition of property, plant and equipment	(12,140)	(6,922)
Acquisition of intangible assets	(109)	(124)
Acquisition of non-controlling shareholder interests	-	(780)
Interest received	724	564
Net cash used in investing activities	(10,662)	(6,507)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to shareholder of the Company	(177,334)	(156,314)
Interest paid	(2,367)	(1,746)
Net proceeds from short term borrowings	94,000	98,053
Net cash used in financing activities	(85,701)	(60,007)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(20,244)	24,012
Effect of exchange rate fluctuations on cash held	978	51
CASH AND CASH EQUIVALENTS AT 1 JANUARY	57,688	72,196
CASH AND CASH EQUIVALENTS AT 30 JUNE	38,422	96,259

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 second quarter was lower following the preceding quarter which benefitted from higher domestic consumption of beer, stout and shandy during the 2013 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

The amount of dividends paid during the financial period ended 30 June 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

Interim Financial Report for the Quarter Ended 30 June 2013

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 June 2013	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:					
Total external revenue	274,272	70,257	-	-	344,529
Inter segment revenue	11,481	-	-	(11,481)	-
Total revenue	285,753	70,257	-	(11,481)	344,529
Profit from operations	35,410	4,832	-	-	40,242

Quarter Ended 30 June 2012	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:					
Total external revenue	294,025	87,883	1,487	-	383,395
Inter segment revenue	15,306	-	-	(15,306)	-
Total revenue	309,331	87,883	1,487	(15,306)	383,395
Profit from operations	34,349	14,634	(865)	-	48,118

6 Months Ended 30 June 2013	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:					
Total external revenue	642,399	172,896	-	-	815,295
Inter segment revenue	29,460	-	-	(29,460)	-
Total revenue	671,859	172,896	-	(29,460)	815,295
Profit from operations	87,898	19,077	-	-	106,975

6 Months Ended 30 June 2012	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:					
Total external revenue	649,061	183,590	4,792	-	837,443
Inter segment revenue	28,589	-	-	(28,589)	-
Total revenue	677,650	183,590	4,792	(28,589)	837,443
Profit from operations	84,734	30,790	(1,336)	-	114,188

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 June 2013 are as follows:

	<u>RM'000</u>
Contracted for	6,138
Not contracted for	20,230
	26,368

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	16,194	14,307	(1,887)
- 2 to 5 years	4,628	4,445	(183)
	20,822	18,752	(2,070)

16. Holding Company

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

17. Significant Related Party Transactions

	6 months ended 30 June 2013 RM'million
Transactions with:	
a) Holding company:	
Carlsberg Breweries A/S	
Reimbursement of expenses	2.1
Royalties payable	16.8
Purchase of materials and services	0.4
b) Related companies:	
i) Carlsberg Group Procurement AG	
Purchases of materials and products	1.7
Purchase of services	1.0
ii) Ha Noi Vung Tau Beer Joint Stock Company	
Sales of goods and services	4.4
iii) Eurobier Koncepts SB	
Sales of products	1.7
iv) Brasseries Kronenbourg	
Purchases of materials and products	1.1
v) Carlsberg Sverige AB	
Purchases of materials and products	0.9
vi) Saku Olletehase As	
Purchase of materials and products	0.3

18. Review of Performance

Current Quarter Performance

In comparison to the corresponding quarter last year, revenue from the Malaysian operations declined by 6.7 percent. This was due to the lower sales volume from the uncertain macroeconomic environment and the resultant softening of demand as well as the higher revenue last year due to the EURO 2012 campaign.

In Singapore, the challenging business conditions caused by the influx of many imported beer brands, tough comparison versus last year due to the EURO 2012 as well as stock rationalization exercise resulted in the decline of revenue by 20.1 percent.

The Group's Profit Before Tax for the quarter of RM41.1 million was 16.5 percent lower against the same period last year, due to the lower revenue partly offset by lower operating expenses.

Year-to-date Performance

In comparison to the corresponding period last year, revenue from the Malaysian operations declined marginally by 1.0 percent. This was the result of the better performance in Q1 2013 from stronger CNY sales being offset by the lower sales in Q2 2013.

Revenue from the Singapore operations declined by 5.8 percent; attributed to the intense competition from imported beers, and stock rationalization exercise in Q2 2013.

The Group's Profit Before Tax for the period of RM107.9 million was 7.8 percent lower against the same period last year, arising mainly from the 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 June 2013 declined by RM126.2 million or 26.8 percent compared to the preceding quarter. Similar to the trends in prior years, the first quarter was predominantly stronger with higher sales during the Chinese New Year festive period.

Consequently, the Group's Profit Before Tax decreased by RM25.7 million or 38.5 percent compared to the preceding quarter.

20. Current Year Prospects

Market conditions are expected to be 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

	6 months ended 30 June	
	2013 RM'000	2012 RM'000
<u>Taxation</u>		
- Malaysia	21,974	20,774
- Outside Malaysia	3,297	5,063
Tax expense	25,271	25,837

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 June 2013 RM'000	Group as at 31 December 2012 RM'000
Total retained earnings of the Company and its subsidiaries :		
- Realised	436,168	527,575
- Unrealised	(21,686)	(17,509)
Total retained earnings of an associate :		
- Realised	20,661	16,837
- Unrealised	(4,803)	(3,782)
Less : Consolidation adjustments	(377,514)	(374,408)
Total retained earnings	52,826	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 June 2013 RM'000
Revolving credit	99,000
Other bank loan	-
Total short term loans	99,000

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 amount payable is RM15.3 million (2012: RM15.3 million).

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:

	6 months ended 30 June 2013	6 months ended 30 June 2012
Net Profit attributable to shareholders (RM'000)	81,447	90,106
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	26.64	29.47

Diluted earnings per share

Not applicable.

29. Notes to the Statement of Comprehensive Income

	6 months ended 30 June 2013 RM'000	6 months ended 30 June 2012 RM'000
Depreciation and amortisation	(11,961)	(10,448)
Property, plant and equipment write-off	(9)	(18)
Gain on disposal of property, plant and equipments	797	633
Net impairment loss on receivables	(144)	(191)
Write-off of inventories	(834)	(1,922)
Allowance for inventories obsolescence	(380)	(436)
Net foreign exchange (loss)/gain	(628)	1,565

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 **27 August 2013**.