



**Carlsberg Brewery Malaysia Berhad**

Company No. 9210-K  
(Incorporated in Malaysia)

Interim Financial Report  
30 June 2016

## Interim Financial Report for the Quarter Ended 30 June 2016

### CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Quarter Ended 30 June 2016

	3 months ended 30 June		6 months ended 30 June	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	395,825	402,327	851,546	831,781
Operating expenses	(329,462)	(359,659)	(705,090)	(732,478)
Other operating income	447	561	804	3,888
Profit from operations	66,810	43,229	147,260	103,191
Interest income	463	550	622	764
Interest expense	(1,644)	(1,954)	(3,024)	(2,936)
Share of (loss)/profit of equity accounted associate, net of tax	983	2,737	(186)	6,530
Profit before taxation	66,612	44,562	144,672	107,549
Taxation	(13,744)	(12,485)	(27,764)	(26,733)
Profit for the period	52,868	32,077	116,908	80,816
Profit attributable To:				
Owner of the Company	51,361	31,707	114,301	78,935
Non-controlling interests	1,507	370	2,607	1,881
Profit for the period	52,868	32,077	116,908	80,816
Profit for the period	52,868	32,077	116,908	80,816
Other comprehensive (expenses)/income				
Foreign currency translation differences for foreign operations	4,469	2,945	(8,645)	6,256
Total comprehensive income for the period	57,337	35,022	108,263	87,072
Total comprehensive income attributable to:				
Owner of the Company	55,830	34,652	105,656	85,191
Non-controlling interests	1,507	370	2,607	1,881
Total comprehensive income for the period	57,337	35,022	108,263	87,072
EPS - Basic (sen)	16.80	10.37	37.38	25.82
- 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.

**CARLSBERG BREWERY MALAYSIA BERHAD**

(Company No.: 9210 -K)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2016

	<b>AS AT 30.06.16 RM'000</b>	<b>AS AT 31.12.15 RM'000</b>
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Property, plant & equipment	159,343	162,243
Other intangible assets	4,582	5,214
Investment in an associate	72,803	80,165
Deferred tax assets	3,402	3,402
	240,130	251,024
<b><u>Current assets</u></b>		
Inventories	58,828	78,173
Receivables, deposits and prepayments	291,883	285,134
Current tax assets	13,970	6,466
Cash & cash equivalents	30,351	40,968
	395,032	410,741
<b>TOTAL ASSETS</b>	635,162	661,765
<b>EQUITY</b>		
<b>Total equity attributable to equity holders of the Company</b>		
Share capital	154,039	154,039
Reserves	82,637	181,536
	236,676	335,575
Non-controlling interests	5,279	7,013
<b>Total Equity</b>	241,955	342,588
<b>LIABILITIES</b>		
<b><u>Non-Current Liabilities</u></b>		
Deferred tax liabilities	13,556	13,563
<b><u>Current Liabilities</u></b>		
Payables and accruals	254,562	250,722
Current tax liabilities	26,552	23,386
Loans and borrowings	98,537	31,506
	379,651	305,614
<b>TOTAL LIABILITIES</b>	393,207	319,177
<b>TOTAL EQUITY AND LIABILITIES</b>	635,162	661,765
<b>Net assets per share (RM)</b>	0.79	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 30 June 2016

### CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210 -K)

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Quarter Ended 30 June 2016

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 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	-	-	-	(8,645)	-	-	-	-	114,302	105,657	2,607	108,264
Dividends to owner of the Company	-	-	-	-	-	-	-	-	(204,851)	(204,851)	-	(204,851)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,341)	(4,341)
Others	-	-	-	-	-	295	-	-	-	295	-	295
At 30 June 2016	154,039	(12,043)	7,367	10,942	3,931	(156)	-	(780)	73,376	236,676	5,279	241,955

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 30 June 2016

### CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

### CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the Quarter Ended 30 June 2016

	<b>6 months ended 30 June</b>	
	<b>2016 RM'000</b>	<b>2015 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	144,672	107,549
Adjustments for:		
Non-cash items	19,380	24,860
Interest income	(622)	(764)
Interest expense	3,024	2,936
Operating profit before working capital changes	166,454	134,581
Changes in working capital:		
Inventories	18,377	13,640
Receivables, deposits and prepayments	(5,509)	(25,864)
Payables and accruals	5,049	(20,131)
Cash generated from operations	184,371	102,226
Income tax paid	(31,568)	(22,373)
Net cash generated from operating activities	152,803	79,853
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	95	149
Acquisition of property, plant and equipment	(14,947)	(13,758)
Acquisition of intangible assets	(43)	(932)
Interest received	622	764
Net cash used in investing activities	(14,273)	(13,777)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to shareholders of the Company	(204,851)	(201,794)
Dividend paid to non-controlling interests of subsidiary	(4,341)	(2,516)
Interest paid	(3,024)	(2,936)
Net (repayment of)/proceeds from short term borrowings	61,864	77,483
Net cash used in financing activities	(150,352)	(129,763)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(11,822)	(63,687)
Effect of exchange rate fluctuations on cash held	(3,962)	2,567
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	39,812	87,993
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	24,028	26,873

Cash and cash equivalents comprise the following amounts:

	<b>6 months ended 30 June</b>	
	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Deposits with licensed banks	1,200	1,800
Cash and bank balances	29,151	25,073
Bank overdraft	30,351	26,873
	(6,323)	-
	24,028	26,873

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:

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>		<b>Effective for annual period beginning on or after</b>
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 are generally affected by the festive seasons.

**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 2016 was as follows:-  
In respect of the financial year ended 31 December 2015 as reported in the directors' report of the year:

	<b><u>RM'000</u></b>
Final and special single tier dividend of 67.0 sen per RM0.50 share, paid on 20 May 2016	204,851
	<u>204,851</u>

## 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.

<b>Quarter Ended 30 June 2016</b>	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Geographical Segments:</b>				
Total external revenue	257,274	138,551	-	395,825
Inter segment revenue	15,100	-	(15,100)	-
<b>Total revenue</b>	<b>272,374</b>	<b>138,551</b>	<b>(15,100)</b>	<b>395,825</b>
<b>Profit from operations</b>	<b>38,421</b>	<b>27,252</b>	<b>1,137</b>	<b>66,810</b>

<b>Quarter Ended 30 June 2015</b>	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Geographical Segments:</b>				
Total external revenue	270,539	131,788	-	402,327
Inter segment revenue	17,280	-	(17,280)	-
<b>Total revenue</b>	<b>287,819</b>	<b>131,788</b>	<b>(17,280)</b>	<b>402,327</b>
<b>Profit from operations</b>	<b>19,660</b>	<b>23,696</b>	<b>(127)</b>	<b>43,229</b>

<b>6 Months Ended 30 June 2016</b>	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Geographical Segments:</b>				
Total external revenue	576,957	274,589	-	851,546
Inter segment revenue	33,254	-	(33,254)	-
<b>Total revenue</b>	<b>610,211</b>	<b>274,589</b>	<b>(33,254)</b>	<b>851,546</b>
<b>Profit from operations</b>	<b>99,181</b>	<b>47,252</b>	<b>827</b>	<b>147,260</b>

<b>6 Months Ended 30 June 2015</b>	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Geographical Segments:</b>				
Total external revenue	590,307	241,474	-	831,781
Inter segment revenue	33,705	-	(33,705)	-
<b>Total revenue</b>	<b>624,012</b>	<b>241,474</b>	<b>(33,705)</b>	<b>831,781</b>
<b>Profit from operations</b>	<b>69,173</b>	<b>33,683</b>	<b>335</b>	<b>103,191</b>



**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 30 June 2016 and this will be reassessed during the next quarter ended 30 September 2016.

**13. Capital Commitments**

Capital commitments for property, plant and equipment and intangible assets not provided for in the financial statements as at 30 June 2016 are as follows:

	<b>RM'000</b>
Approved and contracted for	13,221
Approved but not contracted for	34,578
	47,799

#### 14. Financial Instruments

Derivatives

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

<b>Aluminium Hedging Contract</b>	<b>Contract Value (RM'000)</b>	<b>Fair Value (RM'000)</b>	<b>Difference (RM'000)</b>
- Less than 1 year	11,810	11,740	(70)
- 2 to 5 years	5,746	6,273	527
	17,556	18,013	457

#### 15. Holding Company

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

## 16. Significant Related Party Transactions

	<b>6 months ended 30 June 2016 RM' million</b>
Transactions with:	
a) Holding company:	
Carlsberg Breweries A/S	
Reimbursement of expenses	3.7
Royalties payable	15.1
b) Related companies:	
i) Carlsberg Vietnam Breweries	
Purchase of materials and products	2.5
Reimbursement of expenses	0.6
ii) Carlsberg Supply Company AG	
Purchases of materials and products	0.9
iii) Carlsberg Brewery Hong Kong	
Reimbursement of expenses	4.2
Management fees	3.1
iv) Carlsberg Business Solutions	
Purchase of services	0.1
v) Slowdonia Strzegom Sp. z.o.o.	
Purchases of materials and products	0.1
vi) Carlsberg Supply Company Asia Ltd	
Reimbursement of expenses	1.0
vii) Carlsberg Croatia d.o.o	
Purchases of materials and products	1.1
Reimbursement of expenses	0.1
viii) Kronenbourg Supply Company	
Reimbursement of expenses	0.1

## 17. Review of Performance

### Current Quarter Performance

Group revenue grew 6.3% to RM395.8 million in the quarter under review compared to the same quarter last year, after adjusting for Luen Heng F&B Sdn Bhd (LHFB) which was divested in August 2015. The top-line result was mainly driven by portfolio premiumisation and effective value management in both Malaysia and Singapore. Group profit from operations increased by 16.3% after adjusting for the one time impairment loss of RM12.5 million in 2015 relating to the LHFB divestment. This was attributed to robust efficiency initiatives as part of the Carlsberg Group's *Funding the Journey*.

Malaysia revenue registered an organic growth of 6.9% to RM257.2 million. Operating profit increased by 13.5% after adjusting for the LHFB impairment loss of RM12.5 million in 2015.

Singapore operations continued to gain momentum in Q2 2016. Revenue increased by 5.1% as compared to the same period last year. Operating profits increased by 15% driven by higher sales volume, cost management and higher profits from subsidiary company Maybev.

### Year-to-date Performance

For the first half year, the Group recorded a revenue of RM851.5 million, which represented an organic growth of 10.3% after adjusting for the LHFB divestment in 2015. Profit from operations increased by 25.5% after adjusting for the LHFB impairment loss of RM12.5 million in 2015. The profit improvement was mainly due to the higher revenue and effective cost management.

Malaysia revenue increased by 8.7% to RM576.9 million after adjusting for the LHFB divestment in 2015. Profit from operations increased by 19.0% after adjusting for the LHFB impairment loss in 2015. The profit improvement was mainly due to effective cost management.

In Singapore, revenue grew by 13.7% to RM274.6 million whilst operating profit improved by 40.3% to RM47.3 million. This was attributed to higher revenue, better price/mix, cost management and higher profits from subsidiary company Maybev.

## 18. Variation of Result against the Preceding Quarter

The Group's revenue declined by 13.1% or RM59.9 million against the preceding quarter. This was mainly due to the usual phasing of demand as the Chinese New Year was in the preceding quarter.

The Group's profit after tax declined by RM11.2 million to RM52.9 million mainly due to lower revenue.

## 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

	6 months ended 30 June	
	2016 RM'000	2015 RM'000
<u>Taxation</u>		
- Malaysia	19,288	20,678
- Outside Malaysia	8,476	6,012
	<b>27,764</b>	<b>26,690</b>
<u>Deferred tax</u>		
- Outside Malaysia	-	43
<b>Tax expense</b>	<b>27,764</b>	<b>26,733</b>

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**

	<b>Group as at 30 June 2016 RM'000</b>	<b>Group as at 31 December 2015 RM'000</b>
Total retained earnings of the Company and its subsidiaries :		
- Realised	413,416	505,967
- Unrealised	(13,766)	(10,603)
Total retained earnings of an associate :		
- Realised	60,407	59,216
- Unrealised	(18,835)	(17,781)
Less : Consolidation adjustments	(367,846)	(372,874)
	<b>73,376</b>	<b>163,925</b>

**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:

<b>Short term – Unsecured loans</b>	<b>As at 30 June 2016 RM'000</b>
Revolving credit	92,214
Bank overdraft	6,323
<b>Total short term loans</b>	<b>98,537</b>

**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:

	<b>6 months ended 30 June 2016</b>	<b>6 months ended 30 June 2015</b>
Net Profit attributable to shareholders (RM'000)	114,302	78,935
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	37.38	25.82

### *Diluted earnings per share*

Not applicable.

## 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 2016 (2015: single tier interim dividend 5 sen per RM0.50 share).

Total amount payable is RM15.3 million (2015: RM15.3 million).

## 28. Notes to the Statement of Comprehensive Income

	<b>6 months ended 30 June 2016 RM'000</b>	<b>6 months ended 30 June 2015 RM'000</b>
Depreciation and amortisation	(18,372)	(13,946)
Gain on disposal of property, plant and equipment	23	145
Impairment loss on disposal of subsidiary	-	(12,451)
Net impairment recoverable on receivables	1,239	914
Inventories written off	(817)	(1,493)
Allowance for inventories obsolescence	(150)	(3,341)
Net foreign exchange (loss)/gain	(2,041)	(3,175)

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.

**29. 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 23 August 2016.