



**Carlsberg Brewery Malaysia Berhad**

Company No. 9210-K  
(Incorporated in Malaysia)

Interim Financial Report  
30 June 2014

## Interim Financial Report for the Quarter Ended 30 June 2014

### CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Quarter Ended 30 June 2014

	3 months ended 30 June		6 months ended 30 June	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	356,021	344,529	801,957	815,295
Operating expenses	(306,725)	(304,550)	(685,489)	(709,116)
Other operating income	1,973	263	2,716	796
Profit from operations	51,269	40,242	119,184	106,975
Interest income	324	432	514	724
Interest expense	(1,473)	(1,326)	(2,837)	(2,367)
Share of profit of equity accounted associate, net of tax	2,406	1,764	4,898	2,583
Profit before taxation	52,526	41,112	121,759	107,915
Taxation	(12,073)	(9,676)	(27,901)	(25,271)
Profit for the period	40,453	31,436	93,858	82,644
Profit attributable To:				
Owner of the Company	40,041	30,913	92,373	81,447
Non-controlling interests	412	523	1,485	1,197
Profit for the period	40,453	31,436	93,858	82,644
Profit for the period	40,453	31,436	93,858	82,644
Other comprehensive (expenses)/income				
Foreign currency translation differences for foreign operations	(752)	(195)	(1,336)	417
Total comprehensive income for the period	39,701	31,241	92,522	83,061
Total comprehensive income attributable to:				
Owner of the Company	39,289	30,718	91,037	81,864
Non-controlling interests	412	523	1,485	1,197
Total comprehensive income for the period	39,701	31,241	92,522	83,061
EPS - Basic (sen)	13.10	10.11	30.21	26.64
- 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 June 2014

### CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210 -K)

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	AS AT 30.06.14 RM'000	AS AT 31.12.13 RM'000
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Property, plant & equipment	157,253	164,976
Other intangible assets	8,012	9,309
Investment in an associate	44,586	40,880
Deferred tax assets	36	36
	209,887	215,201
<b><u>Current assets</u></b>		
Inventories	51,840	49,707
Receivables, deposits and prepayments	279,371	287,962
Cash & cash equivalents	68,777	44,141
	399,988	381,810
<b>TOTAL ASSETS</b>	609,875	597,011
<b>EQUITY</b>		
<b>Total equity attributable to equity holders of the Company</b>		
Share capital	154,039	154,039
Reserves	40,206	119,687
	194,245	273,726
Non-controlling interests	17,760	10,522
<b>Total Equity</b>	212,005	284,248
<b>LIABILITIES</b>		
<b><u>Non-Current Liabilities</u></b>		
Deferred tax liabilities	17,202	17,076
<b><u>Current Liabilities</u></b>		
Payables and accruals	228,069	241,297
Current tax liabilities	18,451	13,968
Loans and borrowings	134,148	40,422
	380,668	295,687
<b>TOTAL LIABILITIES</b>	397,870	312,763
<b>TOTAL EQUITY AND LIABILITIES</b>	609,875	597,011
<b>Net assets per share (RM)</b>	0.69	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 June 2014

### CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210 -K)

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Quarter Ended 30 June 2014

Group	<i>Attributable to Equity Holders of the Parent</i>										Non	
	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	Controlling Interests 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
<b>At 31 December 2013</b>	<b>154,039</b>	<b>(12,043)</b>	<b>7,367</b>	<b>505</b>	<b>3,931</b>	<b>747</b>	<b>(20,057)</b>	<b>(780)</b>	<b>140,017</b>	<b>273,726</b>	<b>10,522</b>	<b>284,248</b>
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	-	-	-	(1,336)	-	-	-	-	92,373	91,037	1,485	92,522
Dividends to owner of the Company	-	-	-	-	-	-	-	-	(171,219)	(171,219)	-	(171,219)
Acquisition of non-controlling shareholder interests	-	-	-	-	-	-	-	-	-	-	5,753	5,753
Others	-	-	-	-	-	701	-	-	-	701	-	701
<b>At 30 June 2014</b>	<b>154,039</b>	<b>(12,043)</b>	<b>7,367</b>	<b>(831)</b>	<b>3,931</b>	<b>1,448</b>	<b>(20,057)</b>	<b>(780)</b>	<b>61,171</b>	<b>194,245</b>	<b>17,760</b>	<b>212,005</b>

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 June 2014

### CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

### CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the Quarter Ended 30 June 2014

	6 months ended 30 June	
	2014 RM'000	2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	121,759	107,915
Adjustments for:		
Non-cash items	7,233	10,855
Interest income	(514)	(724)
Interest expense	2,837	2,367
Operating profit before working capital changes	131,315	120,413
Changes in working capital:		
Inventories	2,612	(3,673)
Receivables, deposits and prepayments	15,456	(2,930)
Payables and accruals	(16,312)	(17,552)
Cash generated from operations	133,071	96,258
Income tax paid	(23,418)	(20,139)
Net cash from operating activities	109,653	76,119
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	815	863
Acquisition of property, plant and equipment	(2,120)	(12,140)
Acquisition of intangible assets	(39)	(109)
Acquisition of a subsidiary, net of cash acquired	(3,341)	-
Interest received	514	724
Net cash used in investing activities	(4,171)	(10,662)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to shareholders of the Company	(171,219)	(177,334)
Interest paid	(2,837)	(2,367)
Net repayment of short term borrowings	93,726	94,000
Net cash used in financing activities	(80,330)	(85,701)
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	25,152	(20,244)
Effect of exchange rate fluctuations on cash held	(516)	978
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	44,141	57,688
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	68,777	38,422

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:

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>		<b>Effective for annual period beginning on or after</b>
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)	1 July 2014
Amendments to MFRS 2	Share-based Payment (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 3	Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)	1 July 2014
Amendments to MFRS 8	Operating Segments (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 13	Fair Value Measurement (Annual Improvements 2011-2013 Cycle)	1 July 2014
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 119	Employee Benefits – Defined Benefit Plans: Employee Contributions	1 July 2014
Amendments to MFRS 124	Related Party Disclosures (Annual Improvements 2010-2012 Cycle)	1 July 2014

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

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>		<b>Effective for annual period beginning on or after</b>
Amendments to MFRS 138	Intangible Assets (Annual Improvements 2010 -2012 Cycle)	1 July 2014
Amendments to MFRS 140	Investment Properties (Annual Improvements 2011-2013 Cycle)	1 July 2014
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 138	Intangible Assets – Clarification of Acceptable Methods of Amortisation	1 January 2016
MFRS 14	Regulatory Deferral Accounts	1 January 2016

**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 second 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 June 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.

## 6. Dividends Paid

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

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

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



## Interim Financial Report for the Quarter Ended 30 June 2014

### 7. 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 2014</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	256,348	99,673	-	356,021
Inter segment revenue	12,893	-	(12,893)	-
<b>Total revenue</b>	<b>269,241</b>	<b>99,673</b>	<b>(12,893)</b>	<b>356,021</b>
<b>Profit from operations</b>	<b>35,890</b>	<b>15,268</b>	<b>111</b>	<b>51,269</b>

<b>Quarter Ended 30 June 2013</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	274,272	70,257	-	344,529
Inter segment revenue	11,481	-	(11,481)	-
<b>Total revenue</b>	<b>285,753</b>	<b>70,257</b>	<b>(11,481)</b>	<b>344,529</b>
<b>Profit from operations</b>	<b>36,265</b>	<b>4,831</b>	<b>(854)</b>	<b>40,242</b>

<b>6 Months Ended 30 June 2014</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	623,039	178,918	-	801,957
Inter segment revenue	26,001	-	(26,001)	-
<b>Total revenue</b>	<b>649,040</b>	<b>178,918</b>	<b>(26,001)</b>	<b>801,957</b>
<b>Profit from operations</b>	<b>94,113</b>	<b>24,925</b>	<b>146</b>	<b>119,184</b>

<b>6 Months Ended 30 June 2013</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	642,399	172,896	-	815,295
Inter segment revenue	29,460	-	(29,460)	-
<b>Total revenue</b>	<b>671,859</b>	<b>172,896</b>	<b>(29,460)</b>	<b>815,295</b>
<b>Profit from operations</b>	<b>88,830</b>	<b>19,077</b>	<b>(932)</b>	<b>106,975</b>

**8. 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**

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 2013.

**14. Capital Commitments**

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

	<u><b>RM'000</b></u>
Approved and contracted for	2,59
Approved but not contracted for	20,32
	22,91

**15. 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	8,096	7,835	(261)
- 2 to 5 years	10,656	11,076	420
	18,752	18,911	159

**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 2014  
RM' million**

Transactions with:

a) Holding company:

Carlsberg Breweries A/S	
Reimbursement of expenses	6.5
Royalties payable	15.4
Purchase of materials and services	0.6

b) Related companies:

i) Danish Malting Group A/S	
Purchases of materials and products	9.3
ii) Eurobier Koncepts Sdn. Bhd.	
Purchases of materials and products	2.1
iii) Danish Malting Group Polska	
Purchases of materials and products	1.7
iv) Ha Noi Vung Tau Beer Joint Stock Company	
Sale of goods and services	1.4
v) Carlsberg Group Procurement AG	
Purchases of materials and products	2.1
Purchases of services	0.8

**18. Review of Performance**Current Quarter Performance

For the second quarter ended 30 June 2014, the Group increased revenue by 3.3% to RM 356.0 million. Profit after tax recorded an increase of 28.7% to RM40.4 million compared with RM31.4 million in prior year same quarter driven by the increase in revenue and by effective cost management.

The Malaysian operations recorded a 6.5% decline in revenue to RM 256.3 million due to sluggish consumer sentiments. The decline in revenue was mitigated by efficiency improvements, better cost management as well as improved price and product mix. As a result, operating profit declined a marginal 1% to RM 35.9 million.

In Singapore, the operations gained traction following the completion of the stock rationalisation program in the first quarter this year. As a result revenue grew 41.9% to RM 99.7 million and operating profit improved by RM 10.4 million to RM 15.3 million compared to same quarter last year.

Year-to-date Performance

For the first half, the Group recorded revenue of RM 802.0 million, 1.6% lower than last year. Profit after tax increased by RM11.2 million or 7.4% to RM93.9 million compared to the corresponding period last year.

In Malaysia, revenue declined by 3.0% to RM 623.0 million due to the softening of demand for beer. Operating profit increased by 5.9% to RM94.1 million driven by the ongoing effective cost management, improved price and product mix.

Singapore operations recorded revenue of RM 178.9 million, an increase of 3.5% compared to prior year same period following completion of the stock rationalisation program in the first quarter. Operating profit increased by 30.7% or RM 5.8 million to RM 24.9 million.

**19. Variation of Result against the Preceding Quarter**

The Group's revenue for the current quarter declined by 20.2% or RM89.9 million against the preceding quarter. This was mainly due to usual phasing of demand as the Chinese New Year was in the preceding quarter.

As a result, the Group's profit after tax declined by RM 12.9 million to RM 40.5 million.

**20. Prospects**

The 2014 market conditions are expected to remain challenging. Nevertheless, the Group are confident to meet the challenges and 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**

	<b>6 months ended 30 June</b>	
	<b>2014 RM'000</b>	<b>2013 RM'000</b>
<u>Taxation</u>		
- Malaysia	23,415	21,974
- Outside Malaysia	4,486	3,297
<b>Tax expense</b>	<b>27,901</b>	<b>25,271</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.

**23. Realised and Unrealised Profits/ Losses**

	<b>Group as at 30 June 2014 RM'000</b>	<b>Group as at 31 December 2013 RM'000</b>
Total retained earnings of the Company and its subsidiaries :		
- Realised	429,168	516,916
- Unrealised	(15,744)	(19,334)
Total retained earnings of an associate :		
- Realised	29,761	23,710
- Unrealised	(7,541)	(5,818)
Less : Consolidation adjustments	(374,473)	(375,457)
	<b>61,171</b>	<b>140,017</b>

**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:

<b>Short term – Unsecured loans</b>	<b>As at 30 June 2014 RM'000</b>
Revolving credit	126,881
Overdraft	7,267
<b>Total short term loans</b>	<b>134,148</b>

**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 amount payable is RM15.3 million (2013: 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:

	<b>6 months ended 30 June 2014</b>	<b>6 months ended 30 June 2013</b>
Net Profit attributable to shareholders (RM'000)	92,373	81,447
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	30.21	26.64

***Diluted earnings per share***

Not applicable.

**29. Notes to the Statement of Comprehensive Income**

	<b>6 months ended 30 June 2014 RM'000</b>	<b>6 months ended 30 June 2013 RM'000</b>
Depreciation and amortisation	(12,963)	(11,961)
Property, plant and equipment write-off	(26)	(9)
Gain on disposal of property, plant and equipments	811	797
Net impairment recoverable/ (loss) on receivables	334	(144)
Write-back/ (write-off) of inventories	943	(834)
Allowance for inventories obsolescence	(392)	(380)
Net foreign exchange gain/ (loss)	15	(628)

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 **26 August 2014**.