



Carlsberg Brewery Malaysia Berhad

Company No. 9210-K
(Incorporated in Malaysia)

Interim Financial Report
31 March 2014

Interim Financial Report for the Quarter Ended 31 March 2014

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Quarter Ended 31 March 2014

	3 months ended 31 March		3 months ended 31 March	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	445,936	470,766	445,936	470,766
Operating expenses	(378,764)	(404,565)	(378,764)	(404,565)
Other operating income	743	533	743	533
Profit from operations	67,915	66,734	67,915	66,734
Interest income	190	292	190	292
Interest expense	(1,364)	(1,042)	(1,364)	(1,042)
Share of profit of equity accounted associate, net of tax	2,492	819	2,492	819
Profit before taxation	69,233	66,803	69,233	66,803
Taxation	(15,828)	(15,595)	(15,828)	(15,595)
Profit for the period	53,405	51,208	53,405	51,208
Profit attributable To:				
Owner of the Company	52,332	50,534	52,332	50,534
Non-controlling interests	1,073	674	1,073	674
Profit for the period	53,405	51,208	53,405	51,208
Profit for the period	53,405	51,208	53,405	51,208
Other comprehensive (expenses)/income				
Foreign currency translation differences for foreign operations	(584)	612	(584)	612
Total comprehensive income for the period	52,821	51,820	52,821	51,820
Total comprehensive income attributable to:				
Owner of the Company	51,748	51,146	51,748	51,146
Non-controlling interests	1,073	674	1,073	674
Total comprehensive income for the period	52,821	51,820	52,821	51,820
EPS - Basic (sen)	17.12	16.53	17.12	16.53
- 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 31 March 2014

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210 -K)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	AS AT 31.03.14 RM'000	AS AT 31.12.13 RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant & equipment	159,567	164,976
Other intangible assets	8,660	9,309
Other assets	-	-
Investment in an associate	42,920	40,880
Deferred tax assets	318	36
	211,465	215,201
<u>Current assets</u>		
Inventories	44,396	49,707
Receivables, deposits and prepayments	301,664	287,962
Current tax assets	-	-
Cash & cash equivalents	78,422	44,141
	424,482	381,810
TOTAL ASSETS	635,947	597,011
EQUITY		
Total equity attributable to equity holders of the Company		
Share capital	154,039	154,039
Reserves	171,781	119,687
	325,820	273,726
Non-controlling interests	11,595	10,522
Total Equity	337,415	284,248
LIABILITIES		
<u>Non-Current Liabilities</u>		
Deferred tax liabilities	17,080	17,076
<u>Current Liabilities</u>		
Payables and accruals	228,340	241,297
Current tax liabilities	18,852	13,968
Loans and borrowings	34,260	40,422
	281,452	295,687
TOTAL LIABILITIES	298,532	312,763
TOTAL EQUITY AND LIABILITIES	635,947	597,011
Net assets per share (RM)	1.10	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 31 March 2014

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210 -K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Quarter Ended 31 March 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	<u>154,039</u>	<u>(12,043)</u>	<u>7,367</u>	<u>505</u>	<u>3,931</u>	<u>747</u>	<u>(20,057)</u>	<u>(780)</u>	<u>140,017</u>	<u>273,726</u>	<u>10,522</u>	<u>284,248</u>
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	-	-	-	(584)	-	-	-	-	52,332	51,748	1,073	52,821
Dividends to owner of the Company	-	-	-	-	-	-	-	-	-	-	-	-
Recognition of call & put option	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	346	-	-	-	346	-	346
At 31 March 2014	<u>154,039</u>	<u>(12,043)</u>	<u>7,367</u>	<u>(79)</u>	<u>3,931</u>	<u>1,093</u>	<u>(20,057)</u>	<u>(780)</u>	<u>192,349</u>	<u>325,820</u>	<u>11,595</u>	<u>337,415</u>

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 31 March 2014

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the Quarter Ended 31 March 2014

	3 months ended 31 March	
	2014 RM'000	2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	69,233	66,803
Adjustments for:		
Non-cash items	3,325	4,957
Interest income	(190)	(292)
Interest expense	1,364	1,042
Operating profit before working capital changes	73,732	72,510
Changes in working capital:		
Inventories	6,131	4,076
Receivables, deposits and prepayments	(13,871)	(19,976)
Payables and accruals	(12,838)	(17,294)
Cash generated from operations	53,154	39,316
Income tax paid	(11,226)	(9,244)
Net cash from operating activities	41,928	30,072
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	772	540
Acquisition of property, plant and equipment	(506)	(4,544)
Acquisition of intangible assets	-	(30)
Interest received	190	292
Net cash generated from/ (used in) investing activities	456	(3,742)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,364)	(1,042)
Net repayment of short term borrowings	(6,162)	-
Net cash used in financing activities	(7,526)	(1,042)
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,858	25,288
Effect of exchange rate fluctuations on cash held	(577)	86
CASH AND CASH EQUIVALENTS AT 1 JANUARY	44,141	57,688
CASH AND CASH EQUIVALENTS AT 31 MARCH	78,422	83,062

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 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
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

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

MFRSs, Amendments to MFRSs and IC Interpretation		Effective for annual period beginning on or after
Amendments to MFRS 7	Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
MFRS 9	Financial Instruments: Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139	1 January 2015
MFRS 9	Financial Instruments (2009)	1 January 2015

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 first quarter has positively benefitted from higher sales during the 2014 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.

6. Debt and Equity Securities (continued)
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 31 March 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

There was no dividend paid during the current financial period under review.

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 31 March 2014	Malaysia	Singapore	Elimination	Consolidated
	RM’000	RM’000	RM’000	RM’000
Geographical Segments:				
Total external revenue	366,691	79,245	-	445,936
Inter segment revenue	13,108	-	(13,108)	-
Total revenue	379,799	79,245	(13,108)	445,936
Profit from operations	58,222	9,657	36	67,915

Quarter Ended 31 March 2013	Malaysia	Singapore	Elimination	Consolidated
	RM’000	RM’000	RM’000	RM’000
Geographical Segments:				
Total external revenue	368,127	102,639	-	470,766
Inter segment revenue	17,979	-	(17,979)	-
Total revenue	386,106	102,639	(17,979)	470,766
Profit from operations	52,566	14,246	(78)	66,734

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

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

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 2013.

14. Capital Commitments

Capital commitments for property, plant and equipment and intangibles assets not provided for in the financial statements as at 31 March 2014 are as follows:

	<u>RM'000</u>
Approved and contracted for	79
Approved but not contracted for	26,14
	26,94

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	12,272	11,180	(1,092)
- 2 to 5 years	2,759	2,704	(55)
	15,031	13,884	(1,147)

16. Holding Company

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

17. Significant Related Party Transactions

**3 months
ended
31 March 2014
RM' million**

Transactions with:

a) Holding company:

Carlsberg Breweries A/S	
Reimbursement of expenses	5.3
Royalties payable	8.1
Purchase of materials and services	0.2

b) Related companies:

i) Danish Malting Group A/S	
Purchases of materials and products	3.4
ii) Danish Malting Group Polska	
Purchases of materials and products	1.8
iii) Eurobier Koncepts Sdn. Bhd.	
Purchases of materials and products	1.1
iv) Ha Noi Vung Tau Beer Joint Stock Company	
Sale of goods and services	1.0
v) Carlsberg Group Procurement AG	
Purchases of materials and products	0.9
Purchases of services	0.6

18. Review of PerformanceCurrent Quarter Performance

The Group's recorded a 4.3% increase in profit after tax to RM53.4 million for its first quarter ended 31 March 2014 compared with RM51.2 million in the corresponding quarter last year, with the Malaysian operations being the main contributor as a result of effective consumer marketing activities and cost efficiency programs.

The Malaysian operations recorded a growth in profit from operations of 11% to RM58.2 million despite flat revenue. The weak consumer sentiments impacted overall market consumption throughout the quarter, mitigated by the efficiency programs and improved price and product mix.

In Singapore, the operations were impacted from the stock rationalization program, which ended in the first quarter, as well as lower consumption caused by the steep 25% rise in liquor excise duty in February 2014. As a result, Singapore revenue declined by RM23.4 million or 22.8% for the quarter under review.

The Group's earnings for the quarter were achieved on the back of a revenue of RM445.9 million which declined marginally by RM24.8 million or 5.3% compared with the same quarter last year. The Group's profit after tax rose by 4.3% to RM53.4 million in the first quarter.

19. Variation of Result against the Preceding Quarter

The Group's revenue for the current quarter increased by 15% or RM58.2 million against the preceding quarter. This was due to a strong first quarter performance during the Chinese New Year festive period.

However, the Group's profit before tax declined by RM7.4 million or 9.7% compared to the preceding quarter, as a result of higher operating expenses in the current quarter to run the Chinese New Year festive campaign.

20. Prospects

The 2014 market conditions are expected to remain challenging. Nevertheless, the Group will use its best endeavours 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

	3 months ended 31 March	
	2014 RM'000	2013 RM'000
<u>Taxation</u>		
- Malaysia	14,228	13,142
- Outside Malaysia	1,882	2,453
	16,110	15,595
<u>Deferred tax</u>		
- Malaysia	(282)	-
Tax expense	15,828	15,595

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 31 March 2014 RM'000	Group as at 31 December 2013 RM'000
Total retained earnings of the Company and its subsidiaries :		
- Realised	564,224	516,916
- Unrealised	(16,899)	(19,334)
Total retained earnings of an associate :		
- Realised	26,501	23,710
- Unrealised	(6,327)	(5,818)
Less : Consolidation adjustments	(375,150)	(375,457)
	192,349	140,017

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 31 March 2014 RM'000
Revolving credit	30,000
Overdraft	4,260
Total short term loans	34,260

26. Material Litigation

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

27. 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:

	3 months ended 31 March 2014	3 months ended 31 March 2013
Net Profit attributable to shareholders (RM'000)	52,332	50,534
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	17.12	16.53

Diluted earnings per share

Not applicable.

28. Notes to the Statement of Comprehensive Income

	3 months ended 31 March 2014 RM'000	3 months ended 31 March 2013 RM'000
Depreciation and amortisation	(6,526)	(5,903)
Property, plant and equipment write-off	(26)	(5)
Gain on disposal of property, plant and equipments	769	535
Net impairment loss on receivables	(124)	(102)
Write-back/ (write-off) of inventories	1,026	(240)
Allowance for inventories obsolescence	(205)	(125)
Net foreign exchange gain/ (loss)	154	(56)

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 **27 May 2014**.