



Carlsberg Brewery Malaysia Berhad

Company No. 9210-K
(Incorporated in Malaysia)

Interim Financial Report
30 June 2012

Interim Financial Report for the Quarter Ended 30 June 2012

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Quarter Ended 30 June 2012

	3 months ended 30 June		6 months ended 30 June	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	383,395	345,512	837,443	752,727
Operating expenses	(335,488)	(307,300)	(725,987)	(652,184)
Other operating income	211	1,584	2,732	1,886
Profit from operations	48,118	39,796	114,188	102,429
Interest income	278	229	564	458
Interest expense	(719)	(669)	(1,746)	(1,386)
Share of results of associated company	1,578	1,592	4,029	3,746
Profit before taxation	49,255	40,948	117,035	105,247
Taxation	(11,119)	(9,706)	(25,837)	(24,624)
Profit for the period	38,136	31,242	91,198	80,623
Profit attributable To:				
Owner of the Company	37,744	31,019	90,106	79,963
Non-controlling Interests	392	223	1,092	660
Profit for the period	38,136	31,242	91,198	80,623
Profit for the period	38,136	31,242	91,198	80,623
Other comprehensive (expenses)/income				
Foreign currency translation differences for foreign operations	2,076	877	(3,910)	638
Total comprehensive income for the period	40,212	32,119	87,288	81,261
Total comprehensive income attributable to:				
Owner of the Company	39,820	31,896	86,196	80,601
Non-controlling Interests	392	223	1,092	660
Total comprehensive income for the period	40,212	32,119	87,288	81,261
EPS - Basic (sen)	12.34	10.15	29.47	26.15
- Diluted (sen)	N/A	N/A	N/A	N/A

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Report for the Quarter Ended 30 June 2012

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No. : 9210 -K)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	AS AT 30.06.12 RM'000	AS AT 31.12.11 RM'000	AS AT 1.1.11 RM'000
ASSETS			
<u>Non-current assets</u>			
Property, plant & equipment	143,763	146,631	143,890
Other intangible assets	9,344	11,588	7,945
Other investment	365	356	349
Investment in an associate	31,108	33,407	26,337
Deferred tax assets	161	36	-
	184,741	192,018	178,521
<u>Current assets</u>			
Inventories	40,206	62,538	48,834
Receivables, deposits and prepayments	257,879	231,108	207,223
Current tax assets	4,040	3,662	4,566
Cash & cash equivalents	96,259	72,196	101,370
	398,384	369,504	361,993
TOTAL ASSETS	583,125	561,522	540,514
EQUITY			
Total equity attributable to equity holders of the Company			
Share capital	154,039	154,039	154,039
Reserves	59,052	131,409	91,257
	213,091	285,448	245,296
Non-controlling interests	6,798	3,916	2,696
Total Equity	219,889	289,364	247,992
<u>Non-Current Liabilities</u>			
Provision for deferred tax	18,512	18,382	16,451
<u>Current Liabilities</u>			
Payables and accruals	214,081	214,185	212,908
Current tax liabilities	22,643	17,340	10,212
Loans and borrowings	108,000	22,251	52,951
	344,724	253,776	276,071
Total liabilities	363,236	272,158	292,522
TOTAL EQUITY AND LIABILITIES	583,125	561,522	540,514
Net assets per share (RM)	0.72	0.95	0.81

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Report for the Quarter Ended 30 June 2012

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No. : 9210 -K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Quarter Ended 30 June 2012

Group	<i>Attributable to Equity Holders of the Parent</i>							Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity 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	Other Reserves RM'000				
At 1 January 2011, restated	154,039	(12,043)	7,367	-	3,931	476	-	91,526	245,296	2,696	247,992
Total comprehensive income for the year	-	-	-	638	-	-	-	79,963	80,601	660	81,261
Dividends to owner of the Company	-	-	-	-	-	-	-	(115,802)	(115,802)	-	(115,802)
Others	-	-	-	-	-	409	-	-	409	-	409
At 30 June 2011, restated	154,039	(12,043)	7,367	638	3,931	885	-	55,687	210,504	3,356	213,860
At 1 January 2012, restated	154,039	(12,043)	7,367	1,682	3,931	54	-	130,418	285,448	3,916	289,364
Total comprehensive (expenses)/ 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)
Acquisition of non-controlling shareholder interests	-	-	-	-	-	-	(780)	(1,790)	(2,570)	1,790	(780)
Others	-	-	-	-	-	275	-	56	331	-	331
At 30 June 2012	154,039	(12,043)	7,367	(2,228)	3,931	329	(780)	62,476	213,091	6,798	219,889

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements

Interim Financial Report for the Quarter Ended 30 June 2012

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the Quarter Ended 30 June 2012

	6 months ended 30 June	
	2012 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	117,035	105,247
Adjustments for:		
Non-cash items	6,377	4,980
Interest income	(564)	(458)
Interest expense	1,746	1,386
Operating profit before working capital changes	124,594	111,155
Changes in working capital:		
Inventories	16,555	(7,302)
Receivables, deposits and prepayments	(57,376)	(42,809)
Payables and accruals	25,966	(19,425)
Cash generated from operations	109,739	41,619
Income taxes paid	(20,912)	(18,528)
Net cash generated from/ operating activities	88,827	23,091
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	755	1,711
Acquisition of property, plant and equipment	(6,922)	(9,342)
Acquisition of intangible assets	(124)	(16)
Acquisition of non-controlling shareholder interests	(780)	
Interest income	564	458
Dividend received from associate	1,699	2,165
Net cash used in investing activities	(4,808)	(5,024)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to shareholder of the Company	(156,314)	(115,802)
Interest paid	(1,746)	(1,386)
Net proceed from short term borrowings	98,053	32,765
Net cash used in financing activities	(60,007)	(84,423)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	24,012	(66,356)
Effect of exchange rate fluctuations on cash held	51	468
CASH AND CASH EQUIVALENTS AT 1 JANUARY	72,196	101,370
CASH AND CASH EQUIVALENTS AT 30 JUNE	96,259	35,482

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 2011.

The consolidated financial statements of the Group as at and for the year ended 31 December 2011 were prepared under Financial Reporting Standards (FRSs).

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The transition from FRS to MFRS does not have a material impact on the statement of cash flows. The impact of the transition from FRS to MFRS is described in Note 2 below.

2. Significant Accounting Policies

2.1. Adoption of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this Condensed Report are consistent with those of the audited financial statements for the year ended 31 December 2011, except as discussed below.

a) Business Combinations

MFRS 1 provides the option to apply MFRS 3, *Business Combinations*, prospectively from the date of transition or from a specific date prior to the date of transition. The Group has applied the transition exemption to apply MFRS 3 to business combinations commencing from 8th September 2009, the acquisition of Carlsberg Singapore Pte. Ltd. ("CSPL"). From this date, the Group also adopted the accounting policy to account for common control business combinations using book value accounting, by recognising assets and liabilities acquired using the book value of the entity transferred. By applying this accounting policy, the goodwill, distribution rights, deferred tax liabilities and their consequential exchange differences arising from the acquisition of CSPL have been derecognised.

2. Significant Accounting Policies (continued)

2.1. Adoption of MFRS 1 (continued)

b) Property, Plant and Equipment

Under MFRS 116, *Property, Plant and Equipment*, the Group elected to state assets at cost less accumulated depreciation and impairment, if any. However as permitted by MFRS 1, the Group has availed to the option to carry revalued assets as deemed cost at the date of transition. Consequently, these assets have not been restated. Nonetheless, the revaluation reserve of RM4.7 million at 1 January 2011, 1 January 2012 and 30 June 2012 was classified to retained earnings. The deferred tax liabilities have also been adjusted.

c) Foreign currency translation reserve

As allowed by MFRS 1, the Group's cumulative foreign currency translation reserve has been reset to zero on the date of transition. Under MFRS 121, *The Effect of Changes in Foreign Exchange Rate*, the Group has classified the exchange reserve to retained earnings.

Effects of adopting MFRS on financial position are provided as below:

Reconciliation as at 1 January 2011

	FRS as at 1 January 2011 RM'000	Reclassification RM'000	MFRS as at 1 January 2011 RM'000
Intangible assets	398,452	(390,507)	7,945
Deferred tax liabilities	(72,827)	56,376	(16,451)
Capital reserves	(8,678)	4,747	(3,931)
Exchange reserves	17,322	(17,322)	-
Retained earnings	(438,232)	346,706	(91,526)

Reconciliation as at 30 June 2011

	FRS as at 30 June 2011 RM'000	Reclassification RM'000	MFRS as a 30 June 2011 RM'000
Intangible assets	409,365	(401,840)	7,525
Deferred tax liabilities	(74,473)	58,012	(16,461)
Capital reserves	(8,678)	4,747	(3,931)
Exchange reserves	6,987	(7,625)	(638)
Retained earnings	(402,393)	346,706	(55,687)

2. Significant Accounting Policies (continued)

2.1. Adoption of MFRS 1 (continued)

c) Foreign currency translation reserve (continued)

Reconciliation as at 1 January 2012

	FRS as at 1 January 2012 RM'000	Reclassification RM'000	MFRS as at 1 January 2012 RM'000
Intangible assets	410,924	(399,336)	11,588
Deferred tax liabilities	(76,033)	57,651	(18,382)
Capital reserves	(8,678)	4,747	(3,931)
Exchange reserves	8,086	(9,768)	(1,682)
Retained earnings	(477,124)	346,706	(130,418)

There is no impact to profit or loss.

2.2 MFRS, Amendments to MFRSs and IC Interpretation Issued But Not Yet Effective

At the date of authorization 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	1 January 2015
Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	
MFRS 10	1 January 2013
MFRS 11	1 January 2013
MFRS 12	1 January 2013
Consolidated Financial Statements	
Joint Arrangements	
Disclosure of Interests in Other Entities	
MFRS 13	1 January 2013
MFRS 119	1 January 2013
MFRS 127	1 January 2013
MFRS 128	1 January 2013
Fair Value Measurement	
Employee Benefits	
Separate Financial Statements	
Investment in Associates and Joint Ventures	
Amendments to MFRS 7	1 January 2013
Disclosures – Offsetting Financial Assets and Financial Liabilities	
Amendments to MFRS 101	1 July 2012
Presentation of Items of Other Comprehensive Income	
Amendments to MFRS 132	1 January 2014
Offsetting Financial Assets and Financial Liabilities	
IC Interpretation 20	1 January 2013
Stripping Costs in the Production Phase of a Surface Mine	

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2011 was not subject to any qualification.

4. 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 was impacted by the higher local consumption of beer, stout and shandy during the 2012 Chinese New Year festive period.

5. 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.

6. Changes in Estimates

There were no significant changes in estimates that have had a material effect in the current financial period under review.

7. 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.

8. Dividends

The amount of dividends paid during the financial period ended 30 June 2012 was as follows:-

In respect of the financial year ended 31 December 2011 as reported in the directors' report of the year:

	<u>RM'000</u>
i) Final and special dividend of 65.5 sen per RM0.50 share less tax, paid on 18 May 2012	150,199
ii) Special tax exempt dividend of 2.0 sen per RM0.50 share, paid on 18 May 2012	6,115
	<hr style="width: 100%; border: 0.5px solid black;"/> <u>156,314</u>

9. 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 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

Quarter Ended 30 June 2011	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:					
Total external revenue	568,136	175,809	8,782	-	752,727
Inter segment revenue	29,125	-	-	(29,125)	-
Total revenue	597,261	175,809	8,782	(29,125)	752,727
Profit from operations	76,783	26,656	(1,010)	-	102,429

10. Material Contracts

No new material contracts were concluded during current financial period under review.

11. Property, Plant and Equipment

There were no changes to the valuation of property, plant and equipment since the previous audited financial statements.

12. 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.

13. Changes in Composition of the Group

On 31 May 2012, the Group had completed a capital restructuring exercise to dilute the shareholdings of its jointly-controlled entity, Carlsberg Distributors Taiwan Ltd. (“CDTL”) from 50% to 0.36%.

14. 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 2011.

15. 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 2012 are as follows:

	<u>RM'000</u>
Contracted for	8,038
Not contracted for	18,196
	<u>26,234</u>

16. 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	25,328	21,642	(3,686)

17. Holding Company

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

18. Significant Related Party Transactions

	6 months ended 30 June 2012 RM'million
Transactions with:	
a) Holding company:	
Carlsberg Breweries A/S	
Reimbursement of expenses	5.6
Royalties payable	16.4
b) Related companies:	
i) Carlsberg Group Procurement AG	
Purchases of materials and products	6.3
Purchase of services	0.4
ii) Slodownia Strzegom Sp.z.o.o.	
Purchases of materials and products	0.6
iii) Brasseries Kronenbourg	
Purchases of materials and products	2.4
iv) Na Noi Vung Tau Beer Joint Stock Company	
Sales of goods and services	3.4
v) Eurobier Koncepts SB	
Sales of products	1.6
vi) Carlsberg Sverige AB	
Purchases of materials and products	0.5
vii) Luen Heng Agency	
Rental expenses	0.4
viii) Saku Ollethase As	
Purchase of materials and products	1.0

19. Review of PerformanceCurrent Quarter Performance

The revenue from the Malaysia business increased by 14.1 percent compared to the corresponding quarter in the previous year. The increased revenue reflected the strong growth from the Group's premium beers, further fuelled by the launch of locally produced Asahi Beer.

The revenue from the Singapore business increased by 6.4 percent compared to the corresponding quarter in the previous year. The growth in revenue was mainly due to improved mix and pricing as compared to the corresponding quarter in the previous year.

Arising mainly from the higher revenue, the Group's Profit Before Tax for the quarter of RM49.3 million was 20.3 per cent higher than for the same period last year.

20. Variation of Result against the Preceding Quarter

The Group's revenue for the quarter reduced by RM70.7 million or 15.6 percent compared to the preceding quarter. In line with expectations, the lower revenue was mainly due to a strong first quarter performance driven by seasonal factors mainly from higher domestic sales during the peak Chinese New Year festive period.

Consequently, the Group's Profit Before Tax decreased by 27.3 percent or RM18.5 million during the period.

21. Current Year Prospects

Carlsberg Malaysia is likely to perform satisfactorily in line with the expected moderate growth of the domestic beer market.

22. Profit Forecast

The Group did not issue any profit forecast or profit guarantee in respect of the financial period under review.

23. Taxation

	6 months ended 30 June	
	2012 RM'000	2011 RM'000
<u>Taxation</u>		
- Malaysia	20,774	19,269
- Outside Malaysia	5,063	5,355
Tax expense	25,837	24,624

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.

24. Realised and Unrealised Profits/ Losses

	Group as at 30 June 2012 RM'000	Group as at 31 December 2011 RM'000
Total retained earnings of the Company and its subsidiaries :		
- Realised	446,556	525,600
- Unrealised	(18,529)	(17,867)
Total retained earnings of an associate :		
- Realised	20,923	18,369
- Unrealised	(3,652)	(3,106)
Total accumulated losses of jointly-controlled entity :		
- Realised	-	(13,219)
- Unrealised	-	(7)
Less : Consolidation adjustments	(382,822)	(379,352)
Total retained earnings	62,476	130,418

25. Corporate Proposals

There were no corporate proposals announced but not completed at the date of this announcement.

26. Borrowing and Debt Securities

Group borrowings and Debt securities are as follows:

Short term – Unsecured loans	As at 30 June 2012 RM'000
Revolving credit	108,000
Other bank loan	-
Total short term loans	108,000

27. Material Litigation

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

28. 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 2012 (2011: 5 sen per RM0.50 share, less 25% income tax).

Total amount payable is RM15.3m (2011:RM11.5m).

29. 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 2012	6 months ended 30 June 2011
Net Profit attributable to shareholders (RM'000)	90,106	79,963
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	29.47	26.15

Diluted earnings per share

Not applicable.

30. Notes to the Statement of Comprehensive Income

	6 months ended 30 June 2012 RM'000	6 months ended 30 June 2011 RM'000
Depreciation and amortisation	(10,448)	(9,858)
Property, plant and equipment write-off	(18)	(7)
Gain on disposal of property, plant and equipments	633	1,548
Impairment loss on receivables	(191)	(190)
Write-off of inventories	(1,922)	(780)
Allowance for inventories obsolescence	(436)	(80)
Net foreign exchange gain/(loss)	1,565	(367)

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.

31. 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 28 August 2012.