



Carlsberg Brewery Malaysia Berhad

Company No. 9210-K
(Incorporated in Malaysia)

Interim Financial Report
30 June 2010

Interim Financial Report for the Quarter Ended 30 June 2010

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Quarter Ended 30 June 2010

	3 months ended 30 June		6 months ended 30 June	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	334,154	213,141	712,609	502,991
Operating expenses	(293,717)	(197,652)	(624,357)	(459,750)
Other operating income	177	108	510	153
Profit from operations	40,614	15,597	88,762	43,394
Interest income	93	1,173	347	2,672
Interest expense	(1,210)	(109)	(2,204)	(221)
Share of results of associated company	1,088	438	2,898	655
Profit Before Taxation	40,585	17,099	89,803	46,500
Taxation	(9,510)	(4,001)	(20,610)	(11,811)
Profit For The Period	31,075	13,098	69,193	34,689
Profit Attributable To:				
Equity holders of the parent	30,815	12,875	68,660	34,263
Minority Interests	260	223	533	426
Profit For The Period	31,075	13,098	69,193	34,689
Profit For The Period	31,075	13,098	69,193	34,689
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	31,075	13,098	69,193	34,689
Total Comprehensive Income Attributable To:				
Equity holders of the parent	30,815	12,875	68,660	34,263
Minority Interests	260	223	533	426
Total Comprehensive Income For The Period	31,075	13,098	69,193	34,689
EPS - Basic (sen)	10.08	4.21	22.46	11.21
- 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 2009 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Report for the Quarter Ended 30 June 2010

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No. : 9210 -K)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	AS AT END OF CURRENT QUARTER 30.06.10 (UNAUDITED) RM'000	AS AT PRECEDING FINANCIAL YEAR END 31.12.09 (AUDITED - RESTATED) RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, Plant & Equipment	132,782	138,420
Other Intangible Assets	405,942	382,772
Other Investment	338	352
Investment in an Associate	27,003	24,340
	566,065	545,884
<u>Current Assets</u>		
Inventories	40,103	58,590
Receivables, deposits and prepayment	252,210	217,591
Current Tax Assets	2,812	4,462
Cash & Cash Equivalents	42,360	118,585
	337,485	399,228
TOTAL ASSETS	903,550	945,112
EQUITY		
Total Equity attributable to shareholders of the Company		
Share Capital	141,996	141,996
Reserves	6,986	9,336
Retained Earnings	390,848	363,464
	539,830	514,796
Minority Interests	2,348	1,815
Total Equity	542,178	516,611
<u>Non-Current Liabilities</u>		
Provision for Deferred Tax	72,325	72,328
<u>Current Liabilities</u>		
Payables and Accruals	198,957	340,367
Short term borrowings	80,044	8,586
Current Tax Liabilities	10,046	7,220
	289,047	356,173
Total Liabilities	361,372	428,501
TOTAL EQUITY AND LIABILITIES	903,550	945,112
Net Assets Per Share (RM)	1.77	1.69

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Report for the Quarter Ended 30 June 2010

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Quarter Ended 30 June 2010

GROUP	Attributable to Equity Holders of the Parent									
	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	Retained Earnings RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
At 1 January 2009	154,039	(12,043)	7,367	(5,882)	8,678	-	315,986	468,145	1,232	469,377
Exchange differences on translation	-	-	-	40	-	-	-	40	-	40
Share based transaction	-	-	-	-	-	-	149	149	-	149
Dividends to shareholders	-	-	-	-	-	-	(17,198)	(17,198)	-	(17,198)
Total comprehensive income for the period	-	-	-	-	-	-	34,263	34,263	426	34,689
At 30 June 2009	154,039	(12,043)	7,367	(5,842)	8,678	-	333,200	485,399	1,658	487,057
At 1 January 2010	154,039	(12,043)	7,367	(7,233)	8,678	524	363,464	514,796	1,815	516,611
Exchange differences	-	-	-	(2,772)	-	-	-	(2,772)	-	(2,772)
Share option granted	-	-	-	-	-	422	-	422	-	422
Dividends to shareholders	-	-	-	-	-	-	(41,276)	(41,276)	-	(41,276)
Total comprehensive income for the period	-	-	-	-	-	-	68,660	68,660	533	69,193
At 30 June 2010	154,039	(12,043)	7,367	(10,005)	8,678	946	390,848	539,830	2,348	542,178

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Report for the Quarter Ended 30 June 2010

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the Quarter Ended 30 June 2010

	6 months ended 30 June	
	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	89,803	46,500
Adjustments for:		
Amortisation of intangible assets	507	644
Depreciation of property, plant and equipment	9,127	9,552
Gain on disposal of property, plant and equipment	(112)	(153)
Share of profit after tax of equity accounted associate	(2,898)	(655)
Interest income	(347)	(2,672)
Interest expense	2,204	221
Other non-cash	(345)	149
Operating profit before working capital changes	97,939	53,586
Changes in working capital:		
Inventories	18,487	24,003
Receivables, deposits and prepayments	(34,619)	12,280
Payables and accruals	28,589	(25,897)
Cash generated from operations	110,396	63,972
Income taxes paid	(16,134)	(16,432)
Net cash from operating activities	94,262	47,540
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	177	516
Acquisition of property, plant and equipment	(3,511)	(5,923)
Acquisition of intangible assets	(322)	(197)
Acquisition of a subsidiary	(198,560)	-
Interest income	347	2,672
Interest expense	(2,204)	(221)
Net cash from/ (used in) investing activities	(204,073)	(3,153)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to shareholders of the Company	(41,276)	(17,198)
Proceeds from short term borrowings	71,768	2,027
Net cash used in financing activities	30,492	(15,171)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(79,319)	29,216
Exchange difference on translation of the financial statements of foreign entities	3,094	-
CASH AND CASH EQUIVALENTS AT 1 JANUARY	118,585	227,017
CASH AND CASH EQUIVALENTS AT 30 JUNE	42,360	256,233

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

Notes:

1. Basis of Preparation

The interim financial statements are unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134 “Interim Financial Reporting” (previously known as MASB 26) issued by the Malaysian Accounting Standard Board and paragraph 9.22 and Appendix 9B of the Listing Requirements of the Bursa Malaysia Securities Berhad. It should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 December 2009.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2009.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2009 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 July 2009 and 1 January 2010. The adoption of these standards, amendments and interpretations have no material impact to these interim financial statements except for the adoption of the following standards which impact the presentation and disclosure impact:

- FRS 8 - Operating Segments
- FRS 101 - Presentation of Financial Statements (Revised)
- FRS 117 - Leases

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment and has no effect on reported profit equity. The following comparative figures have been restated following the adoption of the amendments to FRS117:

Group	As previously reported	Adoption of FRS 117	As restated
	RM’000	RM’000	RM’000
Property, Plant and Equipment	130,498	7,922	138,420
Prepaid lease payments	7,922	(7,922)	-

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2009 was not qualified.

3. Seasonal or Cyclical Factors

In line with past trends, the Group's level of operations for the second quarter was slightly lower as expected following the preceding quarter which was impacted by the higher local consumption of beer, stout and shandy during the 2010 Chinese New Year festive period.

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 June 2010.

5. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter.

6. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities.

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 2010 was as follows:-

In respect of the financial year ended 31 December 2009 as reported in the directors' report of the year:

	<u>RM'000</u>
i) Final dividend of 7.5 sen per RM0.50 share less tax, paid on 18 May 2010	17,198
ii) Special dividend of 10.5 sen per RM0.50 share less tax, paid on 18 May 2010	24,078
Total	<u>41,276</u>

8. Operating Segments

FRS 8 Operating Segments replaces FRS 114²⁰⁰⁴ Segment Reporting. The Group concluded that the operating segments determined in accordance with FRS 8 are the same as the geographical segments previously adopted.

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets.

Six Months Ended 30 June 2010	Malaysia	Singapore	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Geographical Segments:					
Total external revenue	545,156	161,312	6,141	-	712,609
Inter segment revenue	30,302	-	-	(30,302)	-
Total revenue	575,458	161,312	6,141	(30,302)	712,609
Segment result	61,199	28,707	(1,144)	-	88,762
Financing cost					(2,204)
Interest income					347
Share of profit of equity accounted associate					2,898
Profit before tax					89,803
Tax Expense					(20,610)
Profit for the period					69,193

Six Months Ended 30 June 2009	Malaysia	Singapore	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Geographical Segments:					
Total external revenue	496,575	-	6,416	-	502,991
Inter segment revenue	686	-	-	(686)	-
Total revenue	497,261	-	6,416	(686)	502,991
Segment result	44,694	-	(1,300)	-	43,394
Financing cost					(221)
Interest income					2,672
Share of profit of equity accounted associate					655
Profit before tax					46,500
Tax Expense					(11,811)
Profit for the period					34,689

Interim Financial Report for the Quarter Ended 30 June 2010

8. Operating Segments (cont'd..)

As At 30 June 2010	Malaysia	Singapore	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000
Geographical Segments:				
Segment assets	390,206	462,967	20,562	873,735
Investment in associate				27,003
Unallocated assets				2,812
Total assets				903,550
Segment liabilities	163,788	28,353	14,943	207,084
Unallocated liabilities				154,288
				361,372

As At 30 June 2009	Malaysia	Singapore	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000
Geographical Segments:				
Segment assets	591,103	-	10,113	601,216
Investment in associate				14,641
Unallocated assets				2,129
Total assets				617,986
Segment liabilities	101,272	-	3,521	104,793
Unallocated liabilities				26,136
				130,929

9. Material Contracts

Apart from that disclosed in the previous announcements, there are no other material contracts.

10. Carrying Amount of Revalued Assets

The valuations of property, plant and equipment and investment properties have been brought forward without amendment from the financial statements for the year ended 31 December 2009.

11. Subsequent Events

There were no material events subsequent to the end of the current quarter.

12. Changes in Composition of the Group

There has been no change in the composition of the Group in the current quarter.

13. Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual Balance Sheet as at 31 December 2009.

14. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 June 2010 is as follows:

	<u>RM'000</u>
Commitments in respect of expenditure contracted for	1,685
Approved by the directors but not contracted for	14,037
	<u>15,722</u>

15. Holding Company

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

16. Significant Related Party Transactions

	6 months to 30 June 2010 RM'Million
Transactions with:	
a) Holding company:	
Carlsberg Breweries A/S	
Purchases of materials and products	0.1
Reimbursement of expenses	2.2
Royalties	16.7
b) Related companies:	
i) Danish Malting Group A/S	
Purchases of materials and products	4.8
ii) Danish Malting Group Polska	
Purchases of materials and products	7.3
iii) Carlsberg Group Procurement AG	
Purchases of materials and products	1.2
iv) Słodownia Strzegom Sp.z.o.o.	
Purchases of materials and products	0.5

b) <i>Related companies (cont'd....):</i>	
v) Carlsberg Polska Sp.z.o.o.	
Purchases of materials and products	0.4
vi) Brasseries Kronenbourg	
Purchases of materials and products	1.2
vii) Carlsberg Hong Kong Ltd.	
Purchases of materials and products	0.2
viii) Carlsberg IT A/S	
Purchases of services	0.2
Transactions with:	
c) Jointly-controlled entity:	
Carlsberg Distributors Taiwan Ltd	
Sales of goods and services	1.6
Reimbursement of marketing expenditure	0.5

17. Review of Performance

The Group's revenue for the second quarter ended 30 June 2010 increased by 56.8 per cent compared to the corresponding quarter in the previous year. The higher revenue was driven by higher export sales, the World Cup season and better performance in hypermarkets and supermarkets in both the Malaysian and Singapore markets.

Arising from the higher revenue mentioned above, the Group's Profit Before Tax for the quarter of RM40.6 million was RM23.5 million higher than the same period last year. The main drivers for the significant profit improvement were from the acquisition of CSPL, higher domestic sales and higher profit from associated company Lion Brewery (Ceylon) PLC.

18. Variation of Result against the Preceding Quarter

The Group's revenue for the quarter decreased by 11.7 per cent or RM44.3 million as compared to the preceding quarter. The lower revenue followed the trend in previous years with a strong first quarter performance arising mainly from higher domestic sales particularly during the peak Chinese New Year festive period. Consequently, the Group's Profit Before Tax was lower by 17.5 per cent or RM8.6 million.

19. Current Year Prospects

We expect the domestic beer market will grow moderately in 2010 in line with the higher GDP growth forecasted by Bank Negara. The synergies arising from the acquisition of Carlsberg Singapore Ptd. Ltd. are being delivered and the Group also continued to outperform in the super premium segment through its subsidiary Luen Heng F & B Sdn. Bhd. With good performances in both Malaysia and Singapore, the Group expects to remain on a positive track in terms of revenue and earnings growth for the rest of the year.

The Group expects the full year 2010 performance to be good.

20. Profit Forecast

Not applicable as no profit forecast was published.

21. Taxation

	6 months ended 30 June	
	2010 RM'000	2009 RM'000
Malaysian Income Tax		
- Current	20,610	11,811
Deferred Taxation	-	-
	20,610	11,811

22. Unquoted Investments and Properties

Apart from that disclosed in the previous announcements, there were no further changes.

23. Quoted Investments

There were no purchases or disposals of any quoted investment during the period under review.

Investments in quoted securities as at 30 June 2010:

	Cost RM'000	Book Value RM'000	Market Value RM'000
Total quoted investments	19,936	27,003	69,250

24. Status of Corporate Proposals Announced

The acquisition of Carlsberg Singapore Pte Ltd was finalized in April 2010 and the final payment of SGD10.0 million was paid in June 2010.

25. Borrowing and Debt Securities

Group borrowings and Debt securities are as follows :

Short term – Unsecured loans	As at 30 June 2010 RM'000
Revolving credit	70,000
Other bank loan	10,044
Total short term loans	80,044

26. Off Balance Sheet Financial Instruments
Forward Foreign Exchange Contracts

The Group does not have any existing contracts.

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 have declared the following interim dividends payment for the year ending 31 December 2010:

- a) Interim dividend of 5 sen per RM0.50 share, less 25% income tax (2009: 5 sen per RM0.50 share, less 25% income tax).
- b) Interim special dividend of 2.5 sen per RM0.50 share, less 25% income tax (2009: Nil).

Total amount payable is RM17.2 million (2009: RM11.5 million).

29. Basic 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 31.03.10	6 months ended 30.06.10
Net Profit attributable to shareholders (RM'000)	36,761	68,660
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	12.02	22.46

Diluted earnings per share

Not applicable.

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 18 August 2010.