

Carlsberg Brewery Malaysia Berhad

Company No. 9210-K
(Incorporated in Malaysia)

Interim Financial Report
31 December 2007

CONDENSED CONSOLIDATED INCOME STATEMENTS

For the Quarter Ended 31 December 2007

	3 months ended 31 December		12 months ended 31 December	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	203,732	178,647	897,530	929,744
Cost of sales	(132,907)	(120,658)	(613,339)	(621,674)
Gross Profit	70,825	57,989	284,191	308,070
Other operating income	5,404	2,538	8,047	3,723
Sales & distribution costs	(43,536)	(50,636)	(171,411)	(181,330)
Administrative expenses	(7,199)	(7,267)	(25,300)	(23,614)
Other operating expenses	(298)	(171)	(4,326)	(3,521)
Operating profit	25,196	2,453	91,201	103,328
Interest income	1,588	1,634	6,521	6,426
Share of results of associated company	240	(296)	(17)	669
Profit Before Taxation	27,024	3,791	97,705	110,423
Taxation	(2,436)	2,139	(19,212)	(24,519)
Profit After Taxation	24,588	5,930	78,493	85,904
EPS - Basic (sen)	8.04	1.94	25.67	28.10
- 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 2006 and the accompanying explanatory notes attached to the interim financial statements.

CARLSBERG BREWERY MALAYSIA BERHAD
(Company No. : 9210 -K)

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Note	AS AT END OF CURRENT QUARTER 31.12.07 (UNAUDITED) RM'000	AS AT PRECEDING FINANCIAL YEAR END 31.12.06 (AUDITED) RM'000
ASSETS			
<u>Non-Current Assets</u>			
Property, Plant & Equipment		146,684	148,862
Other Intangible Assets		2,716	3,082
Prepaid Lease Payments		8,742	8,834
Investment in an Associate		13,782	14,843
		171,924	175,621
<u>Current Assets</u>			
Other Investments		0	26,018
Inventories		41,551	39,957
Trade Receivables		117,115	112,934
Other Receivables and Prepayments		24,791	18,219
Amount due from related companies		18,376	17,661
Current Tax Assets		2,724	756
Cash & Cash Equivalents		216,774	201,226
		421,331	416,771
TOTAL ASSETS		593,255	592,392
EQUITY AND LIABILITIES			
Share Capital		154,039	154,039
Share Premium		7,367	7,367
Capital Reserve		8,678	8,678
Exchange Reserve		(5,900)	(4,856)
Retained Profit		319,241	323,331
		483,425	488,559
Less : Cost of treasury shares		(12,043)	(12,043)
Total Equity		471,382	476,516
<u>Non-Current Liabilities</u>			
Provision for Deferred Tax		19,648	22,395
<u>Current Liabilities</u>			
Trade Payables		72,158	71,076
Other Payables and Accruals		20,430	20,705
Amount due to holding company	15	3,445	1,558
Amount due to related companies		3,957	104
Short term borrowings		1,310	0
Current Tax Liabilities		925	38
		102,225	93,481
Total Liabilities		121,873	115,876
TOTAL EQUITY AND LIABILITIES		593,255	592,392
Net Assets Per Share (RM)		1.54	1.56

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

CARLSBERG BREWERY MALAYSIA BERHAD
(Company No.: 9210-K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Quarter Ended 31 December 2007

GROUP	Share Capital RM'000	Share Premium RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2006	154,039	7,367	(2,377)	8,678	(12,043)	324,259	479,923
Exchange differences	-	-	(2,479)	-	-	-	(2,479)
Profit for the period	-	-	-	-	-	85,904	85,904
Dividends	-	-	-	-	-	(86,832)	(86,832)
At 31 December 2006	154,039	7,367	(4,856)	8,678	(12,043)	323,331	476,516
At 1 January 2007	154,039	7,367	(4,856)	8,678	(12,043)	323,331	476,516
Exchange differences	-	-	(1,044)	-	-	-	(1,044)
Profit for the period	-	-	-	-	-	78,493	78,493
Dividends	-	-	-	-	-	(82,583)	(82,583)
At 31 December 2007	154,039	7,367	(5,900)	8,678	(12,043)	319,241	471,382

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the Quarter Ended 31 December 2007

	12 months ended 31 December	
	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	97,705	110,423
Adjustments for:		
Amortisation of intangible assets	2,066	1,569
Amortisation of prepaid lease payments	131	130
Depreciation of property, plant and equipment	21,555	20,709
Gain on disposal of property, plant and equipment	(7,896)	(2,470)
Intangible assets written off	-	1
Property, plant and equipment written off	439	19
Interest income	(6,521)	(6,426)
Share of profit after tax of equity accounted associate	17	(669)
Gain on unit trust funds	(531)	(1,273)
Operating profit before working capital changes	106,965	122,013
Working capital changes:		
Inventories	(1,594)	12,996
Receivables, deposits and prepayments	(11,468)	(24,890)
Payables and accruals	5,960	12,696
Cash generated from operations	99,863	122,815
Income taxes paid	(23,040)	(35,013)
Net cash generated from operating activities	76,823	87,802
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	9,571	3,327
Acquisition of property, plant and equipment	(21,491)	(12,280)
Acquisition of intangible assets	(1,700)	(1,870)
Acquisition of prepaid lease payments	(39)	-
Acquisition of a jointly-controlled entity	-	2,387
Dividends received from associate	-	1,284
Interest income	6,521	6,426
Disposal of unit trust funds	26,549	-
Net cash (used in)/generated from investing activities	19,411	(726)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(82,583)	(86,832)
Advances from ultimate holding company	776	-
Short term borrowings by a jointly-controlled entity	1,310	-
Net cash used in financing activities	(80,497)	(86,832)
Exchange difference on translation of the financial statements of a jointly-controlled entity	(189)	74
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,548	318
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	201,226	200,908
CASH AND CASH EQUIVALENTS AT END OF PERIOD	216,774	201,226

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 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 2006.

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 2006.

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 2006.

2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 31 December 2006 was not qualified.

3. Seasonal or Cyclical Factors

The Group’s level of operations for the quarter under review was not affected by seasonal or cyclical factors.

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 December 2007.

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

The following dividends were paid during the year:

- | | | |
|-----|--|---------------|
| (a) | In respect of the financial year ended 31 December 2006 as reported in the directors' report of that year: | <u>RM'000</u> |
| | | 16,740 |
| | | 54,683 |
| | | ----- |
| | | 71,423 |
| | | ===== |
| (b) | In respect of the financial year ended 31 December 2007: | |
| | | 11,160 |
| | | ===== |
| (c) | The Board of Directors propose the following dividends for shareholders' approval at the forthcoming Annual General Meeting on 22 April 2008 and if approved, to be paid on 16 May 2008: | |
| | | |
| | | |
| | | |

8. Segmental Information

There is no segmental analysis disclosed as the Group operates in the brewing industry in Malaysia involving the production, packaging, marketing and distribution of its products principally in Malaysia. Approximately 16.0 per cent of the total sales revenue are exports, mainly to Singapore.

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 2006.

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 2006.

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 31 December 2007 is as follows:

	RM'000
Commitments in respect of expenditure contracted for	1,080
Approved by the directors but not contracted for	15,855

	16,935
	=====

15. Holding Company

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

16. Significant Related Party Transactions

**12 Months To
31 December 2007
RM'Million**

Transactions with:

1) Ultimate holding company:	
Carlsberg A/S	
Utilisation of share options	0.8
2) Holding company:	
Carlsberg Breweries A/S	
Purchase of materials and products	0.4
Services rendered	4.7
Royalties	15.5
3) Related companies:	
a) Carlsberg Singapore Pte Ltd	
Sale of goods and services	61.4
Reimbursement of expenses	15.8
b) Carlsberg Brewery (Guangdong) Ltd	
Purchases of materials and products	1.5
c) DKDM (Danish Malting Group)	
Purchases of materials and products	2.9
d) Carlsberg UK Limited	
Purchases of materials and products	0.1
4) Associated company:	
The Lion Brewery Ceylon PLC	
Sale of goods and services	0.6
5) Jointly-controlled entity:	
Carlsberg Distributors Taiwan Ltd	
Sales of goods and services	1.4

17. Review Of Performance**(a) Quarter under review**

The Group's revenue for the fourth quarter ended 31 December 2007 increased by 14.0 per cent to RM203.7 million compared to the corresponding quarter in the previous year. Group profit before tax for the quarter increased substantially by 612.9 per cent to RM27.0 million. The better performance was mainly due to higher sales, an exceptional gain arising from the disposal of company assets included under Other Operating Income and high re-structuring costs in the previous year's quarter.

(b) Year to date

The Group's revised re-structuring programme implemented after the 1st quarter of the year had seen positive results. Inventory levels in the trade were optimised to manage

operations and working capital more effectively and to ensure the continued quality and freshness of Carlsberg products to consumers. The effect of this process had a short term impact on the Group's market share. However, the results achieved in the previous and current quarters, both in sales and profitability had shown clear improvement.

On a cumulative twelve months ended 31 December 2007 basis, Group profit before tax of RM97.7m was 11.5 per cent lower than the same period in the previous year. The decline in profit was mainly attributable to the weak 1st half 2007 financial performance due to lower domestic sales revenue and unfavourable costs arising from the re-structuring programme as explained in the preceding quarters' announcements.

18. Variation Of Result Against The Preceding Quarter

Group revenue for the quarter decreased by 16.7 per cent or RM40.9 million as compared to the previous quarter. This was mainly due to the higher domestic sales following the moderate pre-National Budget speculation in the previous quarter. Consequently, Group profit before tax decreased by 22.1 per cent or RM7.7 million.

19. Current Year Prospects

The Brewing Industry is pleased to note that there was no increase in duties for beer and stout products in the recent "Government Budget 2008" announcement. Arising from this, the Group expects the decline in the Malaysian duty paid beer and stout products over the last 3 years to stabilise. Whilst enforcement against smuggled beer products had improved over the period, the Group is hopeful for continued effective enforcement to further curb smuggled imported beer products in the country.

The Group will continue to implement its strategic plans during the year. The implementation of these strategic plans in the current year will focus on securing value for shareholders. When fully implemented, the Group is expected to be in a stronger position to achieve its medium to long term commercial objectives of growing profitable brand share in a fast changing and challenging environment.

As announced earlier, the Group's major contract manufacturing customer, Carlsberg Singapore Pte. Ltd. had relocated its sourcing of its supplies of Carlsberg beer products to a neighbouring country for competitive reasons, including the imposition of security ink markings on such exports, which have resulted in additional costs to the Company as well as lower duties between Singapore and the neighbouring country. This will impact the Group's export sales and earnings.

Meanwhile, competition in Malaysia is expected to remain intense and price discounting and escalating costs especially in raw and packaging materials will inevitably exert downward pressure on margins. The Group will nevertheless continue its efforts to make its business more cost effective and to maintain and expand its Carlsberg brand leadership for the beer segment as well as to increase its share in the stout segment.

In the light of the foregoing, the Group expects the outlook for 2008 to be an extremely challenging year.

20. Profit Forecast

Not applicable as no profit forecast was published.

21. Taxation

	<u>3 months ended</u>		<u>12 months ended</u>	
	<u>31 December</u>		<u>31 December</u>	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Malaysian Income Tax				
- Current	5,967	478	22,743	27,136
- Prior period	(784)	(2,627)	(784)	(2,627)
	5,183	(2,149)	21,959	24,509
Deferred Taxation	(2,747)	10	(2,747)	10
	2,436	(2,139)	19,212	24,519

The effective tax rates for the Group is lower than the statutory tax rate as the Group is entitled to claim export incentives.

22. Quoted Investments

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

Investments in quoted securities as at 31 December 2007:

	Cost	Book Value	Market Value
	RM'000	RM'000	RM'000
Total quoted investments	10,940	13,782	16,710

23. Status Of Corporate Proposals Announced

Status of corporate proposals announced but not completed: NIL.

24. Borrowing And Debt Securities

The Group had issued a corporate guarantee amounting to NTD20 million (approximately RM2.2 million) to a financial institution to finance working capital requirements of its jointly-controlled entity, Carlsberg Distributors Taiwan Ltd.

25. Off Balance Sheet Financial Instruments

Forward Foreign Exchange Contracts

As at 22 February 2008 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report), the foreign exchange currency contracts which have been entered into by the Group to hedge its foreign sales proceeds are as follows:

Currency	Contract Amount In FCY'000	Date of Contract	Value Date of Contract	Equivalent Amount in RM'000
Singapore Dollars (SGD)	3,000	29/10/07	25.02.08 – 25.03.08	6,924

Foreign currency transactions in the Group are accounted for at exchange rates ruling at the transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the balance sheet date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

26. Material Litigation

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

27. 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 31.12.07	12 Months Ended 31.12.07
Net Profit for the period (RM'000)	24,588	78,493
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	8.04	25.67

Diluted earnings per share

Not applicable.

28. 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 29 February 2008.