

Carlsberg Brewery Malaysia Berhad

Company No. 9210-K
(Incorporated in Malaysia)

Interim Financial Report
30 June 2008

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED INCOME STATEMENTS

For the Quarter Ended 30 June 2008

	3 months ended 30 June		6 months ended 30 June	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	198,990	196,144	488,423	449,134
Cost of sales	(136,518)	(130,644)	(341,404)	(314,159)
Gross Profit	62,472	65,500	147,019	134,975
Other operating income	3,214	703	3,656	2,306
Sales & distribution costs	(37,625)	(39,096)	(82,028)	(89,065)
Administrative expenses	(8,661)	(5,562)	(14,854)	(12,680)
Other operating expenses	(998)	(1,705)	(2,128)	(2,690)
Operating profit	18,402	19,840	51,665	32,846
Interest income	2,065	1,928	4,015	3,490
Share of results of associated company	217	77	495	(365)
Profit Before Taxation	20,684	21,845	56,175	35,971
Taxation	(4,245)	(5,208)	(13,236)	(8,695)
Profit After Taxation	16,439	16,637	42,939	27,276
EPS - Basic (sen)	5.38	5.44	14.04	8.92
- 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 2007 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 30 June 2008

	Note	AS AT END OF CURRENT QUARTER 30.06.08 (UNAUDITED) RM'000	AS AT PRECEDING FINANCIAL YEAR END 31.12.07 (AUDITED) RM'000
ASSETS			
<u>Non-Current Assets</u>			
Property, Plant & Equipment		143,400	146,684
Other Intangible Assets		1,967	2,716
Prepaid Lease Payments		8,676	8,742
Investment in an Associate		14,167	13,782
		168,210	171,924
<u>Current Assets</u>			
Inventories		33,365	41,551
Trade Receivables		99,105	117,115
Other Receivables and Prepayments		19,679	24,791
Amount due from related companies		7,009	18,376
Current Tax Assets		0	2,724
Cash & Cash Equivalents		224,711	216,774
		383,869	421,331
TOTAL ASSETS		552,079	593,255
EQUITY			
Share Capital		141,996	141,996
Reserves		10,035	10,145
Retained Earnings		294,304	319,241
Total Equity attributable to shareholders of the Company		446,335	471,382
<u>Non-Current Liabilities</u>			
Provision for Deferred Tax		19,648	19,648
<u>Current Liabilities</u>			
Trade Payables		59,720	72,158
Other Payables and Accruals		16,617	20,430
Amount due to holding company	15	4,620	3,445
Amount due to related companies		200	3,957
Short term borrowings		2,609	1,310
Current Tax Liabilities		2,330	925
		86,096	102,225
Total Liabilities		105,744	121,873
TOTAL EQUITY AND LIABILITIES		552,079	593,255
Net Assets Per Share (RM)		1.46	1.54

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 30 June 2008

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 2007	154,039	7,367	(4,856)	8,678	(12,043)	323,331	476,516
Exchange differences	-	-	(819)	-	-	-	(819)
Profit for the period	-	-	-	-	-	27,276	27,276
Dividends to shareholders	-	-	-	-	-	(71,423)	(71,423)
At 30 June 2007	154,039	7,367	(5,675)	8,678	(12,043)	279,184	431,550
At 1 January 2008	154,039	7,367	(5,900)	8,678	(12,043)	319,241	471,382
Exchange differences	-	-	(110)	-	-	-	(110)
Profit for the period	-	-	-	-	-	42,939	42,939
Dividends to shareholders	-	-	-	-	-	(67,876)	(67,876)
At 30 June 2008	154,039	7,367	(6,010)	8,678	(12,043)	294,304	446,335

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 30 June 2008

	6 months ended 30 June	
	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	56,175	35,971
Adjustments for:		
Amortisation of intangible assets	1,003	977
Amortisation of prepaid lease payments	66	130
Depreciation of property, plant and equipment	9,530	10,635
Gain on disposal of property, plant and equipment	(2,740)	(1,716)
Property, plant & equipment written off	13	-
Interest income	(4,015)	(3,490)
Share of profit after tax of equity accounted associate	(495)	365
Gain on disposal of other investments	-	(531)
Operating profit before working capital changes	59,537	42,341
Changes in working capital:		
Inventories	8,186	4,213
Receivables, deposits and prepayments	34,489	21,345
Payables and accruals	(18,831)	(18,177)
Cash generated from operations	83,381	49,722
Income taxes paid	(9,107)	(15,520)
Net cash from operating activities	74,274	34,202
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	2,978	1,790
Proceeds from disposal of unit trust funds	-	26,549
Acquisition of property, plant and equipment	(6,500)	(14,051)
Acquisition of intangible assets	(253)	(549)
Interest income	4,015	3,490
Net cash from / (used in) in investing activities	240	17,229
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to shareholders of the Company	(67,876)	(71,423)
Proceeds from short term borrowing by a jointly-controlled entity	1,299	-
Net cash used in financing activities	(66,577)	(71,423)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,937	(19,992)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	216,774	201,226
CASH AND CASH EQUIVALENTS AT 30 JUNE	224,711	181,234

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 2007.

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 2007.

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 2007.

2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 31 December 2007 was not qualified.

3. Seasonal or Cyclical Factors

The Group’s level of operations for the quarter under review was lower as expected following the preceding quarter which was impacted by the Chinese New Year festive activities.

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 June 2008.

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 2008 was as follows:-

In respect of the financial year ended 31 December 2007 as reported in the directors' report of that year:

	<u>RM'000</u>
i) Final dividend of 7.5 sen per RM0.50 share less tax, paid on 16 May 2008	16,969
ii) Special dividend of 22.5 sen per RM0.50 share less tax, paid on 16 May 2008	50,907
	<hr/> 67,876 <hr/>

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 10.0 per cent of the total sales revenue was generated through exports.

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 2007.

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 2007.

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 2008 is as follows:

	<u>RM'000</u>
Commitments in respect of expenditure contracted for	829
Approved by the directors but not contracted for	20,198
	<u>21,027</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 2008**
RM'Million

Transactions with:

1) Holding company:	
Carlsberg Breweries A/S	
Purchase of materials and products	0.1
Services rendered	3.2
Royalties	8.9
2) Related companies:	
a) Carlsberg Singapore Pte Ltd	
Sale of goods and services	10.0
Reimbursement of expenses	2.5
b) Carlsberg Brewery (Guangdong) Ltd	
Purchases of materials and products	0.2
c) Danish Malting Group	
Purchases of materials and products	3.5
d) Slodownia Strzegom Sp	
Purchases of materials and products	0.1
3) Associated company:	
The Lion Brewery Ceylon PLC	
Sale of goods and services	0.2
4) Jointly-controlled entity:	
Carlsberg Distributors Taiwan Ltd	
Sales of goods and services	0.5

17. Review of Performance

Group's revenue for the second quarter ended 30 June 2008 increased marginally by 1.5 per cent to RM199.0 million compared to the corresponding quarter in the previous year. The higher revenue was mainly driven by higher domestic sales which has more than offset the significantly lower level of revenue from contract manufacturing of Carlsberg for the Singapore market (full impact from February 2008 onwards).

On year-to-date basis, Group's revenue has increased by 8.7 percent compared to the same period last year.

Group's Profit Before Tax for the quarter decreased by 5.3 per cent to RM20.7 million, impacted by lower contribution from contract manufacturing and rising global prices in raw and packaging materials mitigated by higher domestic sales and lower trade discounts.

Year-to-date Group's Profit Before Tax was RM56.2 million. This is an improved performance compared to the corresponding period last year which had suffered from a major restructuring exercise.

18. Variation of Result against the Preceding Quarter

Group's revenue for the quarter decreased by 31.2 per cent or RM90.4 million as compared to the preceding quarter. This was mainly due to lower sales volumes following the Chinese New Year festive period in the previous quarter. Consequently, Group's Profit Before Tax decreased by 41.7 per cent or RM14.8 million.

19. Current Year Prospects

The growth in the first quarter of 2008 was an encouraging start to the year. However, the recent fuel and diesel price hike and rising inflationary costs are expected to dampen sentiments and slow the growth.

With the ongoing implementation of the Group's revised strategic plan, the increasing demand for the Group's products is expected to continue in the coming quarters, especially given the enlarged portfolio and increased focus on premium brands.

As previously announced, the Group has lost a major part of the contract manufacturing business with Carlsberg Singapore Pte. Ltd. which reduces the Group's export revenue and profit significantly compared to the previous year.

Escalating prices for raw and packaging materials are expected to exert downward pressure on the Group's profit margin, which is expected to be offset by the consumer price increase of two per cent implemented in April 2008 as well as improvements in operational cost effectiveness.

However, sustainable growth for the rest of the year is dependent on no further increases in duties for beer and stout products as well as effective enforcement to curb smuggled and counterfeit beer and stout products in the country.

In light of the foregoing, the Group expects the second half of 2008 to be challenging, but the result for the full year is expected to be satisfactory.

20. Profit Forecast

Not applicable as no profit forecast was published.

21. Taxation

	<u>3 months ended</u>		<u>6 months ended</u>	
	<u>30 June</u>		<u>30 June</u>	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Malaysian Income Tax				
- Current	4,245	5,208	13,236	8,695
Deferred Taxation	-	-	-	-
	4,245	5,208	13,236	8,695

22. Unquoted Investments and Properties

On 23 June 2008, Carlsberg Distributors Taiwan Ltd (CDTL), a 50% joint-venture company between Carlsberg Brewery Malaysia Berhad (CBMB) and Wiseline Limited signed a Share Sales Agreement with Cottingham Co. Ltd., to acquire 75% equity in Cottingham Co. Ltd., Taiwan (Cottingham). Cottingham is an established Taiwan distributor of premium beers such as Corona, Erdinger, Hoergaarden, Stella Artois as well as hard liquor products and other beverages.

The net investment for CBMB's 37.5% equity in Cottingham is NTD22.5 million.

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 2008:

	Cost	Book Value	Market Value
	RM'000	RM'000	RM'000
Total quoted investments	10,940	14,167	23,452

24. Status of Corporate Proposals Announced

Status of corporate proposals announced but not completed: NIL.

25. Borrowing and Debt Securities

There were no further group borrowings and debt in the current quarter apart from that previously disclosed.

26. Off Balance Sheet Financial Instruments*Forward Foreign Exchange Contracts*

As at 15 August 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 have matured and there are no 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 has declared an interim dividend of 5 sen per 50 sen share, less 26% income tax (2007 – interim 5 sen per 50 sen share, less 27% income tax) for the year ending 31 December 2008.

Total amount payable is RM11.3 million (2007 – RM11.2 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 30.06.08	6 months ended 30.06.08
Net Profit for the period (RM'000)	16,439	42,939
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	5.38	14.04

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 22 August 2008.