

Carlsberg Brewery Malaysia Berhad

Company No. 9210-K
(Incorporated in Malaysia)

Interim Financial Report
30 September 2008

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED INCOME STATEMENTS

For the Quarter Ended 30 September 2008

	3 months ended 30 September		9 months ended 30 September	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	266,591	244,664	755,014	693,798
Cost of sales	(185,020)	(166,273)	(526,424)	(480,432)
Gross Profit	81,571	78,391	228,590	213,366
Other operating income	313	337	3,969	2,643
Sales & distribution costs	(45,797)	(38,810)	(127,825)	(127,875)
Administrative expenses	(5,950)	(5,421)	(20,804)	(18,101)
Other operating expenses	(955)	(1,338)	(3,083)	(4,028)
Operating profit	29,182	33,159	80,847	66,005
Interest income	1,809	1,443	5,824	4,933
Share of results of associated company	(130)	108	365	(257)
Profit Before Taxation	30,861	34,710	87,036	70,681
Taxation	(7,269)	(8,081)	(20,505)	(16,776)
Profit After Taxation	23,592	26,629	66,531	53,905
EPS - Basic (sen)	7.72	8.71	21.76	17.63
- 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 September 2008

	Note	AS AT END OF CURRENT QUARTER 30.09.08 (UNAUDITED) RM'000	AS AT PRECEDING FINANCIAL YEAR END 31.12.07 (AUDITED) RM'000
ASSETS			
<u>Non-Current Assets</u>			
Property, Plant & Equipment		139,585	146,684
Other Intangible Assets		1,834	2,716
Prepaid Lease Payments		8,643	8,742
Investment in an Associate		14,902	13,782
		164,964	171,924
<u>Current Assets</u>			
Inventories		37,508	41,551
Trade Receivables		168,520	117,115
Other Receivables and Prepayments		11,368	24,791
Amount due from related companies		2,133	18,376
Current Tax Assets		0	2,724
Cash & Cash Equivalents		203,058	216,774
		422,587	421,331
TOTAL ASSETS		587,551	593,255
EQUITY			
Share Capital		141,996	141,996
Reserves		10,916	10,145
Retained Earnings		317,896	319,241
Total Equity attributable to shareholders of the Company		470,808	471,382
<u>Non-Current Liabilities</u>			
Provision for Deferred Tax		19,648	19,648
<u>Current Liabilities</u>			
Trade Payables		66,298	72,158
Other Payables and Accruals		21,876	20,430
Amount due to holding company	15	2,349	3,445
Amount due to related companies		2,661	3,957
Short term borrowings		3,301	1,310
Current Tax Liabilities		610	925
		97,095	102,225
Total Liabilities		116,743	121,873
TOTAL EQUITY AND LIABILITIES		587,551	593,255
Net Assets Per Share (RM)		1.54	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 September 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	-	-	(1,274)	-	-	-	(1,274)
Profit for the period	-	-	-	-	-	53,905	53,905
Dividends to shareholders	-	-	-	-	-	(71,423)	(71,423)
At 30 September 2007	154,039	7,367	(6,130)	8,678	(12,043)	305,813	457,724
At 1 January 2008	154,039	7,367	(5,900)	8,678	(12,043)	319,241	471,382
Exchange differences	-	-	771	-	-	-	771
Profit for the period	-	-	-	-	-	66,531	66,531
Dividends to shareholders	-	-	-	-	-	(67,876)	(67,876)
At 30 September 2008	154,039	7,367	(5,129)	8,678	(12,043)	317,896	470,808

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 September 2008

	9 months ended 30 September	
	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	87,036	70,681
Adjustments for:		
Amortisation of intangible assets	1,465	1,485
Amortisation of prepaid lease payments	99	130
Depreciation of property, plant and equipment	14,227	16,089
Gain on disposal of property, plant and equipment	(3,056)	(2,053)
Property, plant & equipment written off	16	-
Interest income	(5,824)	(4,933)
Share of profit after tax of equity accounted associate	(365)	257
Gain on disposal of other investments	-	(531)
Operating profit before working capital changes	93,598	81,125
Changes in working capital:		
Inventories	4,043	4,603
Receivables, deposits and prepayments	(21,739)	(8,457)
Payables and accruals	(6,804)	(17,978)
Cash generated from operations	69,098	59,293
Income taxes paid	(18,096)	(22,491)
Net cash from operating activities	51,002	36,802
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	3,353	2,125
Proceeds from disposal of unit trust funds	-	26,549
Acquisition of property, plant and equipment	(7,708)	(18,123)
Acquisition of intangible assets	(318)	(742)
Interest income	5,824	4,933
Net cash from / (used in) in investing activities	1,151	14,742
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	1,991	786
Net cash used in financing activities	(65,885)	(70,637)
Exchange difference on translation	16	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	(13,716)	(19,093)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	216,774	201,226
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	203,058	182,133

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 affected by a higher level of domestic sales which included some stocking up by the trade before the 2009 Government Budget announcement.

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 September 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 September 2008 was as follows:-

- (a) 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
(b) In respect of the financial year ended 31 December 2008:	
i) Interim dividend of 5.0 sen per RM0.50 share less tax, paid on 8 October 2008	11,313
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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 9.0 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 September 2008 is as follows:

	<u>RM'000</u>
Commitments in respect of expenditure contracted for	1,894
Approved by the directors but not contracted for	7,661
	<u>9,555</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

**9 months to
30 September 2008**
RM' Million

Transactions with:

1) Holding company:	
Carlsberg Breweries A/S	
Purchase of materials and products	0.5
Services rendered	5.6
Royalties	13.6
2) Related companies:	
a) Carlsberg Singapore Pte Ltd	
Sale of goods and services	12.7
Reimbursement of expenses	3.1
b) Carlsberg Brewery (Guangdong) Ltd	
Purchases of materials and products	0.3
c) Danish Malting Group	
Purchases of materials and products	5.7
d) Slodownia Strzegom Sp	
Purchases of materials and products	0.4
e) Nordic IT Services A/S	
Purchase of materials and products	0.4
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	0.7

17. Review of Performance

The Group's revenue for the third quarter ended 30 September 2008 increased by 9.0 per cent to RM266.6 million compared to the corresponding quarter in the previous year. The higher revenue was mainly driven by higher domestic sales which included the launch of two new products and some stocking up by the trade before the 2009 Government Budget announcement on 29 August 2008 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, the Group's revenue has increased by 8.8 percent compared to the same period last year.

The Group's Profit Before Tax for the quarter decreased by 11.1 per cent to RM30.9 million, impacted by higher marketing expenditure in the quarter to support the new product launches, lower contribution from contract manufacturing and higher prices in raw and packaging materials which were mitigated by higher domestic sales and improvements in price & mix.

Year-to-date Group's Profit Before Tax was RM87.0 million. This is an improved performance compared to the corresponding period last year which had been affected by a major restructuring exercise.

18. Variation of Result against the Preceding Quarter

The Group's revenue for the quarter increased by 34.0 per cent or RM67.6 million as compared to the preceding quarter. This was mainly due to higher domestic sales volume which included some stocking up by the trade before the 2009 Government Budget announcement. Consequently, the Group's Profit Before Tax increased by 49.2 per cent or RM10.2 million.

19. Current Year Prospects

Despite an encouraging performance for the first nine months of 2008, the global financial meltdown is expected to dampen sentiments and impact consumer demand.

As a result of the Group's policy of hedging to minimize risks, the Group had committed forward buying into major raw and packaging material requirements at higher prices despite the current lower spot prices arising from the sudden downturn in commodity prices. This is expected to exert downward pressure on the Group's profit margin.

On a positive note, the Brewing Industry is pleased to note that there was no increase in duties for beer and stout products in the recent 2009 Government Budget announcement.

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

20. Profit Forecast

Not applicable as no profit forecast was published.

21. Taxation

	<u>3 months ended</u>		<u>9 months ended</u>	
	<u>30 September</u>		<u>30 September</u>	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Malaysian Income Tax				
- Current	7,269	8,081	20,505	16,776
Deferred Taxation	-	-	-	-
	7,269	8,081	20,506	16,776

22. Unquoted Investments and Properties

There are no further changes apart from that disclosed in the previous announcement.

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 September 2008:

	Cost	Book Value	Market Value
	RM'000	RM'000	RM'000
Total quoted investments	10,940	14,902	21,233

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 22 October 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. 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 30.09.08	9 months ended 30.09.08
Net Profit for the period (RM'000)	23,592	66,531
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	<u>7.72</u>	<u>21.76</u>

Diluted earnings per share

Not applicable.

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 29 October 2008.