



Carlsberg Brewery Malaysia Berhad

Company No. 9210-K
(Incorporated in Malaysia)

Interim Financial Report
31 March 2011

Interim Financial Report for the Quarter Ended 31 March 2011

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Quarter Ended 31 March 2011

| | 3 months ended 31 March | | 3 months ended 31 March | |
|--|----------------------------|----------------|----------------------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Revenue | 407,215 | 378,455 | 407,215 | 378,455 |
| Operating expenses | (345,017) | (330,640) | (345,017) | (330,640) |
| Other operating income | 435 | 333 | 435 | 333 |
| Profit from operations | 62,633 | 48,148 | 62,633 | 48,148 |
| Interest income | 229 | 254 | 229 | 254 |
| Interest expense | (717) | (994) | (717) | (994) |
| Share of results of associated company | 2,154 | 1,810 | 2,154 | 1,810 |
| Profit Before Taxation | 64,299 | 49,218 | 64,299 | 49,218 |
| Taxation | (14,918) | (11,100) | (14,918) | (11,100) |
| Profit For The Period | 49,381 | 38,118 | 49,381 | 38,118 |
| Profit Attributable To: | | | | |
| Equity holders of the parent | 48,944 | 37,845 | 48,944 | 37,845 |
| Non-controlling Interests | 437 | 273 | 437 | 273 |
| Profit For The Period | 49,381 | 38,118 | 49,381 | 38,118 |
| Profit For The Period | 49,381 | 38,118 | 49,381 | 38,118 |
| Other comprehensive income | | | | |
| Foreign currency translation differences for foreign operations | 1,724 | (3,317) | 1,724 | (3,317) |
| Total comprehensive income for the period | 51,105 | 34,801 | 51,105 | 34,801 |
| Total Comprehensive Income Attributable To: | | | | |
| Equity holders of the parent | 50,668 | 34,528 | 50,668 | 34,528 |
| Non-controlling Interests | 437 | 273 | 437 | 273 |
| Total Comprehensive Income For The Period | 51,105 | 34,801 | 51,105 | 34,801 |
| EPS - Basic (sen) | 16.01 | 12.38 | 16.01 | 12.38 |
| - 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 2010 and the accompanying explanatory notes attached to the interim finance statements.

Interim Financial Report for the Quarter Ended 31 March 2011

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No. : 9210 -K)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

| | | AS AT END OF CURRENT QUARTER | AS AT PRECEDING FINANCIAL YEAR END |
|---|---|-----------------------------------|---------------------------------------|
| | | 31.03.11 (UNAUDITED) RM'000 | 31.12.10 (AUDITED) RM'000 |
| ASSETS | | | |
| <u>Non-Current Assets</u> | | | |
| Property, Plant & Equipment | | 141,022 | 143,890 |
| Other Intangible Assets | | 400,548 | 398,452 |
| Other Investment | | 350 | 349 |
| Investment in an Associate | | 28,098 | 26,337 |
| | | 570,018 | 569,028 |
| <u>Current Assets</u> | - | | |
| Inventories | | 47,866 | 48,834 |
| Receivables, deposits and prepayment | | 252,466 | 207,223 |
| Current Tax Assets | | 1,123 | 4,566 |
| Cash & Cash Equivalents | | 59,259 | 101,370 |
| | | 360,714 | 361,993 |
| TOTAL ASSETS | | 930,732 | 931,021 |
| EQUITY | | | |
| Total Equity attributable to shareholders of the Company | | | |
| Share Capital | | 154,039 | 154,039 |
| Reserves | | 476,260 | 425,388 |
| | | 630,299 | 579,427 |
| Non-Controlling Interests | | 3,133 | 2,696 |
| Total Equity | | 633,432 | 582,123 |
| <u>Non-Current Liabilities</u> | | | |
| Provision for Deferred Tax | | 73,163 | 72,827 |
| <u>Current Liabilities</u> | | | |
| Payables and Accruals | | 196,930 | 212,908 |
| Current Tax Liabilities | | 12,597 | 10,212 |
| Loans and Borrowings | | 14,610 | 52,951 |
| | | 224,137 | 276,071 |
| Total Liabilities | | 297,300 | 348,898 |
| TOTAL EQUITY AND LIABILITIES | | 930,732 | 931,021 |
| Net Assets Per Share (RM) | | 2.07 | 1.90 |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Report for the Quarter Ended 31 March 2011

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Quarter Ended 31 March 2011

| GROUP | Attributable to Equity Holders of the Parent | | | | | | | Total | Non-Controlling Interests | Total Equity |
|---|--|-----------------|---------------|------------------|-----------------|----------------------|-------------------|----------------|---------------------------|----------------|
| | Share Capital | Treasury Shares | Share Premium | Exchange Reserve | Capital Reserve | Share Option Reserve | Retained Earnings | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2010 | 154,039 | (12,043) | 7,367 | (7,233) | 8,678 | 524 | 363,464 | 514,796 | 1,815 | 516,611 |
| Total comprehensive income for the period | - | - | - | (3,317) | - | - | 37,845 | 34,528 | 273 | 34,801 |
| Others | - | - | - | - | - | 212 | - | 212 | - | 212 |
| At 31 March 2010 | 154,039 | (12,043) | 7,367 | (10,550) | 8,678 | 736 | 401,309 | 549,536 | 2,088 | 551,624 |
| At 1 January 2011 | 154,039 | (12,043) | 7,367 | (17,322) | 8,678 | 476 | 438,232 | 579,427 | 2,696 | 582,123 |
| Total comprehensive income for the period | - | - | - | 1,724 | - | - | 48,944 | 50,668 | 437 | 51,105 |
| Others | - | - | - | - | - | 204 | - | 204 | - | 204 |
| At 31 March 2011 | 154,039 | (12,043) | 7,367 | (15,598) | 8,678 | 680 | 487,176 | 630,299 | 3,133 | 633,432 |

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Report for the Quarter Ended 31 March 2011

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 9210-K)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the Quarter Ended 31 March 2011

| | 3 months ended 31 March | |
|---|----------------------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 64,299 | 49,218 |
| Adjustments for: | | |
| Amortisation of intangible assets | 234 | 288 |
| Depreciation of property, plant and equipment | 4,676 | 4,656 |
| Gain on disposal of property, plant and equipment | (108) | (2) |
| Property, plant & equipment written off | 6 | - |
| Share of profit after tax of equity accounted associate | (2,154) | (1,810) |
| Interest income | (229) | (254) |
| Interest expense | 717 | 994 |
| Others | 204 | (244) |
| Operating profit before working capital changes | 67,645 | 52,846 |
| Changes in working capital: | | |
| Inventories | 967 | 14,980 |
| Receivables, deposits and prepayments | (45,297) | (27,677) |
| Payables and accruals | (15,923) | (139,170) |
| Cash generated from operations | 7,392 | (99,021) |
| Income taxes paid | (9,090) | (6,624) |
| Net cash from operating activities | (1,698) | (105,645) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of property, plant and equipment | 112 | 7 |
| Acquisition of property, plant and equipment | (1,826) | (2,239) |
| Acquisition of intangible assets | (15) | (239) |
| Acquisition of a subsidiary | - | (29,350) |
| Interest income | 229 | 254 |
| Interest expense | (717) | (994) |
| Net cash from / (used in) investing activities | (2,217) | (32,561) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short term borrowings | (38,341) | 150,629 |
| Net cash used in financing activities | (38,341) | 150,629 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | (42,256) | 12,423 |
| Effect of exchange rate fluctuations on cash held | 145 | 2,806 |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY | 101,370 | 118,585 |
| CASH AND CASH EQUIVALENTS AT 31 MARCH | 59,259 | 133,814 |

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statement for the year ended 31 December 2010 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 2010.

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 2010.

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 2010 except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations which are applicable for the Group’s financial period beginning 1 January 2011.

On 1 January 2011, the Group adopted the following FRSs, Amendment to FRSs and IC Interpretations:-

| | |
|-----------------------------|---|
| Amendments to FRS 1 | First Time Adoption of Financial Reporting standards |
| | - Limited Exemption from Comparative FRS7 Disclosures for First-time Adopters |
| | - Additional Exemption for First-time Adopters |
| Amendments to FRS7 | Financial Instruments: Disclosure – Improving Disclosures about Financial Instruments |
| Amendments to FRS2 | Group Cash-settled Share-based Payment Transactions |
| IC Interpretation 4 | Determining whether an Arrangement contains a lease |
| IC Interpretation 18 | Transfers of Assets from Customers |
| Improvements to FRSs (2010) | |

2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 31 December 2010 was not qualified.

3. Seasonal or Cyclical Factors

The Group's level of operations for the quarter was positively impacted by the higher local consumption of beer, stout and shandy during the 2011 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 31 March 2011.

5. Changes in Estimates

There were no estimates reported in the financial year.

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

No dividends were paid during the current quarter.

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.

| Three Months Ended 31 March 2011 | Malaysia | Singapore | Others | Elimination | Consolidated |
|---|----------------|---------------|--------------|-----------------|----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Geographical Segments: | | | | | |
| Total external revenue | 310,908 | 93,209 | 3,098 | - | 407,215 |
| Inter segment revenue | 15,270 | - | - | (15,270) | - |
| Total revenue | 326,178 | 93,209 | 3,098 | (15,270) | 407,215 |
| Segment result | 46,893 | 16,262 | (522) | - | 62,633 |
| Financing cost | | | | | (717) |
| Interest income | | | | | 229 |
| Share of profit of equity accounted associate | | | | | 2,154 |
| Profit before tax | | | | | 64,299 |
| Tax Expense | | | | | (14,918) |
| Profit for the period | | | | | 49,381 |

| Three Months Ended 31 March 2010 | Malaysia | Singapore | Others | Elimination | Consolidated |
|---|----------------|---------------|--------------|-----------------|----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Geographical Segments: | | | | | |
| Total external revenue | 290,397 | 85,657 | 2,401 | - | 378,455 |
| Inter segment revenue | 13,740 | - | - | (13,740) | - |
| Total revenue | 304,137 | 85,657 | 2,401 | (13,740) | 378,455 |
| Segment result | 29,651 | 19,122 | (625) | - | 48,148 |
| Financing cost | | | | | (994) |
| Interest income | | | | | 254 |
| Share of profit of equity accounted associate | | | | | 1,810 |
| Profit before tax | | | | | 49,218 |
| Tax Expense | | | | | (11,100) |
| Profit for the period | | | | | 38,118 |

8. Operating Segments (cont'd..)

| As At March 2011 | Malaysia | Singapore | Others | Consolidated |
|-------------------------------|----------|-----------|--------|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Geographical Segments: | | | | |
| Segment assets | 412,806 | 467,812 | 20,893 | 901,511 |
| Investment in associate | | | | 28,098 |
| Unallocated assets | | | | 1,123 |
| Total assets | | | | 930,732 |
| Segment liabilities | 130,080 | 39,710 | 27,140 | 196,930 |
| Unallocated liabilities | | | | 100,370 |
| | | | | 297,300 |

| As At 31 March 2010 | Malaysia | Singapore | Others | Consolidated |
|-------------------------------|----------|-----------|--------|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Geographical Segments: | | | | |
| Segment assets | 508,310 | 441,459 | 16,176 | 965,945 |
| Investment in associate | | | | 25,082 |
| Unallocated assets | | | | 3,558 |
| Total assets | | | | 994,585 |
| Segment liabilities | 166,986 | 23,243 | 10,968 | 201,197 |
| Unallocated liabilities | | | | 241,764 |
| | | | | 442,961 |

9. Material Contracts

There were no new material contracts in the quarter under review.

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 2010.

11. Subsequent Events

There were no material events subsequent to the end of the financial period under review that have not been reflected in the quarterly financial statements.

12. Changes in Composition of the Group

There has been no change in the composition of the Group in the 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 2010.

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 March 2011 is as follows:

| | <u>RM'000</u> |
|--|----------------------|
| Commitments in respect of expenditure contracted for | 7,799 |
| Approved by the directors but not contracted for | 26,331 |
| | 34,130 |

15. Financial Instruments

Derivatives

During the 4th quarter 2010, the Company entered into a foreign currency contract to hedge its foreign purchases as follows:

| Forward Foreign Currency Contract | Contract Value (RM'000) | Fair Value (RM'000) | Difference (RM'000) |
|-----------------------------------|----------------------------|------------------------|------------------------|
| US Dollar | | | |
| - Less than 1 year | 11,992 | 12,910 | 918 |
| - 1 year to 3 years | - | - | - |
| - More than 3 years | - | - | - |

16. Holding Company

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

17. Significant Related Party Transactions

**3 months to
31 March
2011**
RM'Million

Transactions with:

| | | |
|-------------------------------------|--|-----|
| a) Holding company: | | |
| Carlsberg Breweries A/S | | |
| Purchases of materials and products | | 0.2 |
| Reimbursement of expenses | | 1.2 |
| Management fees receivable | | 0.1 |
| Royalties | | 9.8 |
| b) Related companies: | | |
| i) Danish Malting Group Polska | | |
| Purchases of materials and products | | 3.3 |
| ii) Carlsberg Group Procurement AG | | |
| Purchases of materials and products | | 0.7 |
| iii) Slodownia Strzegom Sp.z.o.o. | | |
| Purchases of materials and products | | 0.1 |
| iv) Carlsberg Polska Sp.z.o.o. | | |
| Purchases of materials and products | | 0.4 |
| v) Brasseries Kronenbourg | | |
| Purchases of materials and products | | 1.0 |
| vi) Carlsberg Hong Kong Ltd. | | |
| Sales of goods and service | | 1.2 |
| Purchases of materials and products | | 0.1 |
| vii) Carlsberg IT A/S | | |
| Purchases of services | | 0.1 |

18. Review of Performance

The Group's revenue for the first quarter ended 31 March 2011 increased by 7.6 per cent compared to the corresponding quarter in the previous year. The higher revenue were primarily driven by a successful Chinese New Year sales campaign.

Arising from the higher revenue mentioned above, the Group's Profit Before Tax for the quarter of RM64.3 million was 30.6 per cent or RM15.1 million higher than the same period last year.

19. Variation of Result against the Preceding Quarter

The Group's revenue for the quarter increased by 24.9 per cent or RM81.2 million as compared to the preceding quarter. The higher 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 increased by 61.1 per cent or RM24.4 million during the period.

20. Current Year Prospects

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

21. Profit Forecast

Not applicable as no profit forecast was published.

22. Taxation

| | 3 months ended 31 March | |
|-----------------------------------|----------------------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| Malaysian Income Tax - Current | 14,918 | 11,100 |

23. Realised and Unrealised Profits/ Losses

| | Group ended 31 March 2011 RM'000 |
|---|---|
| Total retained earnings of the Company and its subsidiaries : | |
| - Realised | 535,397 |
| - Unrealised | (16,630) |
| Total retained earnings of an associate : | |
| - Realised | 13,549 |
| - Unrealised | (2,572) |
| | - |
| Total accumulated losses of jointly-controlled entity : | |
| - Realised | (10,783) |
| - Unrealised | (45) |
| Less : Consolidation adjustments | (31,740) |
| Total retained earnings | 487,176 |

24. Unquoted Investments and Properties

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

25. Quoted Investments

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

Investments in quoted securities as at 31 March 2011:

| | Cost RM'000 | Book Value RM'000 | Market Value RM'000 |
|--------------------------|------------------------|------------------------------|--------------------------------|
| Total quoted investments | 19,936 | 28,098 | 103,910 |

26. Corporate Proposals

There were no new corporate proposals announced as at 4 May 2011 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

27. Borrowing and Debt Securities

Group borrowings and Debt securities are as follows:

| Short term – Unsecured loans | As at 31 March 2011 RM'000 |
|-------------------------------|-------------------------------|
| Revolving credit | - |
| Other bank loan | 14,610 |
| Total short term loans | 14,610 |

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

The Group does not have any existing contracts.

29. Material Litigation

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

30. 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 31.03.11 | 3 months ended 31.03.10 |
|--|--|--|
| Net Profit attributable to shareholders (RM'000) | 48,944 | 37,845 |
| Weighted average number of ordinary shares in issue ('000) | 305,748 | 305,748 |
| Basic earnings per share (sen) | 16.01 | 12.38 |

Diluted earnings per share

Not applicable.

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 11 May 2011.