



**Carlsberg Brewery Malaysia Berhad**

Company No. 9210-K  
(Incorporated in Malaysia)

Interim Financial Report  
30 September 2019

The Board of Directors of Carlsberg Brewery Malaysia Berhad is pleased to announce the following unaudited interim results of the Group for financial period ended 30 September 2019.

**CARLSBERG BREWERY MALAYSIA BERHAD**

(Company No.: 9210-K)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Third quarter ended		Financial period ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Revenue	542,221	492,770	1,682,665	1,456,693
Operating expenses	(454,787)	(412,497)	(1,401,688)	(1,198,058)
Other operating income	-	2,800	1,060	4,317
Profit from operations	87,434	83,073	282,037	262,952
Finance income	135	156	631	1,160
Finance costs	(2,720)	(2,295)	(7,957)	(5,827)
Share of profit of equity accounted associate, net of tax	5,331	3,753	14,687	14,713
Profit before taxation	90,180	84,687	289,398	272,998
Taxation	(18,406)	(17,025)	(60,945)	(56,418)
Profit for the financial period	71,774	67,662	228,453	216,580
Profit attributable to:				
Owners of the Company	69,184	64,979	222,025	209,702
Non-controlling interests	2,590	2,683	6,428	6,878
Profit for the financial period	71,774	67,662	228,453	216,580
Other comprehensive (expenses)/income				
Cash flow hedge	(743)	(1,655)	326	(3,139)
Foreign currency translation differences for foreign operations	(714)	(2,178)	851	(5,487)
Total comprehensive income for the period	70,317	63,829	229,630	207,954
Total comprehensive income attributable to:				
Owners of the Company	67,727	61,146	223,202	201,076
Non-controlling interests	2,590	2,683	6,428	6,878
Total comprehensive income for the Period	70,317	63,829	229,630	207,954
EPS - Basic (sen)	22.63	21.25	72.62	68.59
- Diluted (sen)	N/A	N/A	N/A	N/A

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**CARLSBERG BREWERY MALAYSIA BERHAD**

(Company No.: 9210 -K)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Property, plant & equipment	207,507	192,987
Right-of-use assets	16,591	-
Other intangible assets	7,549	3,219
Investment in an associate	84,411	72,970
Deferred tax assets	491	3,353
	316,549	272,529
<b><u>Current assets</u></b>		
Inventories	64,245	96,723
Receivables, deposits and prepayments	254,211	207,633
Tax recoverable	4,613	9,026
Cash and cash equivalents	63,187	96,612
	386,256	409,994
<b>TOTAL ASSETS</b>	702,805	682,523
<b>EQUITY</b>		
<b>Total equity attributable to equity holders of the Company</b>		
Share capital	149,363	149,363
Reserves	(17,361)	19,764
	132,002	169,127
Non-controlling interests	9,202	11,870
<b>TOTAL EQUITY</b>	141,204	180,997
<b>LIABILITIES</b>		
<b><u>Non-current liabilities</u></b>		
Deferred tax liabilities	26,370	15,777
Provision	327	329
Lease liabilities	15,247	-
	41,944	16,106
<b><u>Current liabilities</u></b>		
Payables and accruals	355,982	379,150
Current tax liabilities	30,011	31,270
Lease liabilities	1,664	-
Loans and borrowings	132,000	75,000
	519,657	485,420
<b>TOTAL LIABILITIES</b>	561,601	501,526
<b>TOTAL EQUITY AND LIABILITIES</b>	702,805	682,523
<b>Net assets per share (RM)</b>	0.46	0.59

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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**

Group	/-----Attributable to Equity Holders of the Company-----/						Total RM'000	Non- controlling Interests RM'000	Total RM'000
	Share Capital RM'000	Exchange Reserve RM'000	Cash flow Hedge Reserve RM'000	Capital Reserve RM'000	Share Option Reserve RM'000	Retained Earnings RM'000			
At 1 January 2018	149,363	10,673	1,438	3,931	(110)	133,723	299,018	13,448	312,466
Total comprehensive income for the period	-	(5,487)	(3,139)	-	-	209,702	201,076	6,878	207,954
Dividends to owners of the Company	-	-	-	-	-	(344,577)	(344,577)	-	(344,577)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(11,181)	(11,181)
Effects of share-based payments	-	-	-	-	1,344	-	1,344	-	1,344
At 30 September 2018	149,363	5,186	(1,701)	3,931	1,234	(1,152)	156,861	9,145	166,006
At 1 January 2019	149,363	174	(2,427)	3,931	707	17,379	169,127	11,870	180,997
Total comprehensive income for the period	-	851	326	-	-	222,025	223,202	6,428	229,630
Dividends to owners of the Company	-	-	-	-	-	(262,638)	(262,638)	-	(262,638)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(9,096)	(9,096)
Effects of share-based payments	-	-	-	-	2,311	-	2,311	-	2,311
At 30 September 2019	149,363	1,025	(2,101)	3,931	3,018	(23,234)	132,002	9,202	141,204

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**CARLSBERG BREWERY MALAYSIA BERHAD**  
(Company No.: 9210-K)  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>9 months ended 30 September</b>	
	<b>2019 RM'000</b>	<b>2018 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	289,398	272,998
Adjustments for:		
Non-cash items	36,245	28,690
Share of profit of equity accounted associate, net of tax	(14,687)	(14,713)
Finance costs	7,957	5,827
Finance income	(631)	(1,160)
Operating profit before working capital changes	318,282	291,642
Changes in working capital:		
Inventories	31,474	10,990
Receivables, deposits and prepayments	(46,658)	37,612
Payables and accruals	(23,479)	(18,887)
Cash generated from operations	279,619	321,357
Lease liabilities interest paid	(525)	-
Tax paid	(44,331)	(47,866)
Net cash generated from operating activities	234,763	273,491
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(49,170)	(27,131)
Acquisition of intangible assets	(848)	(210)
Dividend received from a foreign quoted associate	3,996	1,772
Interest received	631	1,160
Proceeds from disposal of property, plant and equipment	96	3
Net cash used in investing activities	(45,295)	(24,406)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to owners of the Company	(262,332)	(296,575)
Dividends paid to non-controlling interests of a subsidiary	(9,096)	(11,181)
Interest paid	(7,432)	(5,827)
(Reimbursement from)/Payment to ultimate holding company for share options granted	(113)	264
Payment of lease liabilities	(1,427)	-
Net drawdown of short-term borrowings	57,000	57,885
Net cash used in financing activities	(223,400)	(255,434)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(33,932)	(6,349)
Effect of exchange rate fluctuations on cash held	507	1,435
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	96,612	70,330
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	63,187	65,416

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**CARLSBERG BREWERY MALAYSIA BERHAD**

(Company No.: 9210-K)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)**

Cash and cash equivalents comprise the following amounts:

	<b>As at 30 September</b>	
	<b>2019 RM'000</b>	<b>2018 RM'000</b>
Cash at bank	63,165	65,288
Cash held on hand	22	128
	<b>63,187</b>	<b>65,416</b>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

## Notes:

### 1. Basis of Preparation

This Interim Financial Report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MFRS) 134, *Interim Financial Reporting* issued by Malaysian Accounting Standards Board, and International Accounting Standard (IAS) 34, *Interim Financial Reporting* issued by International Accounting Standards Board and paragraph 9.22 together with Part A, Appendix 9B of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Interim Financial Report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2018.

The significant accounting policies and methods adopted for the unaudited condensed financial statements are consistent with those adopted for the Group's audited financial statements for the financial year ended 31 December 2018, except as described below.

#### MFRS 16 'Leases'

MFRS 16 "Leases" replaced MFRS 117 and sets out the principles for recognition, measurement, presentation and disclosures of leases. The implementation of the standard resulted in almost all leases being recognised in the statement of financial position, as the distinction between operating and finance leases has been removed.

Leased assets are recognised as a right-of-use asset with a corresponding liability at the date at which the lease is available for use. The right-of-use asset is depreciated over the shorter of the assets useful life and the lease term on a straight-line basis. Each lease payment is allocated between repayment of the liability and financial expense. Previously, all lease payments related to operating leases were recognised in the income statement as expenses on a straight-line basis over the lease term.

The Group has adopted MFRS 16 using the simplified transition approach. On adoption, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's average incremental borrowing rate of 4.05%. The associated right-of-use asset were measured at the amount equal to the lease liability resulting in an increase of the Group's assets and liabilities of approximately RM18,096,000 as at 1 January 2019. Comparative figures are not restated.

## 1. Basis of Preparation (continued)

### MFRS 16 'Leases' (continued)

The following table presents the impact of changes to the consolidated statement of financial position of the Group resulting from the adoption of MFRS 16 *Leases* as at 1 January 2019:

	Note	As at 31 December 2018 RM'000	Changes RM'000	As at 1 January 2019 RM'000
<b>Non-current assets</b>				
Right-of-use assets	(a)	-	18,096	18,096
<b>Non-current liabilities</b>				
Loans and borrowings		-	16,210	16,210
<b>Current liabilities</b>				
Loans and borrowings		-	1,886	1,886
Total lease liabilities	(b)	-	18,096	18,096

- (a) The right-of-use assets comprise of rental of office and warehouse. Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities. The right-of-use assets are measured at an amount equal to the lease liabilities.
- (b) Lease liabilities arising from the rental of office and warehouse are recognised and discounted using the weighted average incremental borrowing rate of the Group of 4.05%. Subsequent to initial recognition, the Group measure the lease liabilities by increasing the carrying amount to reflect the interest on the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

Other than the above, the Group elected to apply exemption for leases expiring within twelve (12) months under the Appendix C, paragraph 10(c) of this Standard. The lease payments are recognised as expenses on a straight line basis over the remaining lease terms.



## 1. Basis of Preparation (continued)

The Group has also adopted the following amendments to MFRS and IC Interpretation that came into effect on 1 January 2019 which did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

IC Interpretation 23 ‘Uncertainty over Income Tax Treatments’  
Annual Improvements to MFRSs 2015 - 2017 Cycle

### **MFRS, Amendments to MFRSs and IC Interpretation Issued But Not Yet Effective**

At the date of authorisation of these Interim Financial Report, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>		<b>Effective</b>
Amendment to MFRS 3	Definition of a Business (Amendments to MFRS 3)	1 January 2020
Amendments to MFRS 101	Definition of Material (Amendments to MFRS 101)	1 January 2020
Amendments to MFRS 108	Definition of Material (Amendments to MFRS 108)	1 January 2020
MFRS 17	Insurance	1 January 2021

## 2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 31 December 2018 was not subject to any qualification.

## 3. Seasonal or Cyclical Factors

The Group’s level of operations are generally affected by the festive seasons.

#### 4. Unusual Items Affecting the Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows during the current financial period under review.

#### 5. Changes in Estimates

There were no significant changes in estimates that have had a material effect in the current financial period under review.

#### 6. Debt and Equity Securities

There were no issuances, repurchases, resale and repayments of debt and equity securities during the current financial period under review, except for those as disclosed under Note 23.

##### *Share Buyback*

During the period, there was no purchase of shares by the Company.

#### 7. Dividends Paid

The amount of dividends paid during the financial period ended 30 September 2019:-

<b>Date of payment</b>	<b>Dividends paid</b>	<b>Amount (Sen per ordinary share)</b>	<b>Amount (RM'000)</b>
30 January 2019	THIRD quarter single tier interim dividend 2018	16.0	48,920
8 April 2019	FOURTH quarter single tier interim dividend 2018	16.6	50,754
31 May 2019	FINAL single tier interim dividend 2018	22.4	68,488
31 May 2019	SPECIAL single tier interim dividend 2018	9.3	28,434
31 July 2019	FIRST quarter single tier interim dividend 2019	21.5	65,736
	<b>Total</b>		<b>262,332</b>

The Board of Directors has declared on 15 August 2019 a SECOND quarter single tier interim dividend of 16.1 sen per share for the year ending 31 December 2019. The total amount of RM49.2 million was paid on 31 October 2019.

## 8. Operating Segment

The Group concluded that the operating segments determined in accordance with MFRS 8 are the same as the geographical segments as previously adopted.

Segment assets and liabilities are not included in the internal management reports nor provided regularly to the Group's Managing Director who is considered as the Group's chief operating decision maker. Hence no such disclosures are provided below.

Quarter Ended 30 September 2019	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
<b>Geographical Segments:</b>				
Total external revenue	390,728	151,493	-	542,221
Inter segment revenue	16,897	-	(16,897)	-
<b>Total revenue</b>	<b>407,625</b>	<b>151,493</b>	<b>(16,897)</b>	<b>542,221</b>
<b>Profit from operations</b>	<b>62,185</b>	<b>24,839</b>	<b>410</b>	<b>87,434</b>

Quarter Ended 30 September 2018	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
<b>Geographical Segments:</b>				
Total external revenue	350,533	142,237	-	492,770
Inter segment revenue	15,802	-	(15,802)	-
<b>Total revenue</b>	<b>366,335</b>	<b>142,237</b>	<b>(15,802)</b>	<b>492,770</b>
<b>Profit from operations</b>	<b>59,803</b>	<b>23,454</b>	<b>(184)</b>	<b>83,073</b>

Financial Period Ended 30 September 2019	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
<b>Geographical Segments:</b>				
Total external revenue	1,232,955	449,710	-	1,682,665
Inter segment revenue	50,175	-	(50,175)	-
<b>Total revenue</b>	<b>1,283,130</b>	<b>449,710</b>	<b>(50,175)</b>	<b>1,682,665</b>
<b>Profit from operations</b>	<b>210,825</b>	<b>69,847</b>	<b>1,365</b>	<b>282,037</b>

Financial Period Ended 30 September 2018	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
<b>Geographical Segments:</b>				
Total external revenue	1,035,096	421,597	-	1,456,693
Inter segment revenue	47,929	-	(47,929)	-
<b>Total revenue</b>	<b>1,083,025</b>	<b>421,597</b>	<b>(47,929)</b>	<b>1,456,693</b>
<b>Profit from operations</b>	<b>198,607</b>	<b>63,854</b>	<b>491</b>	<b>262,952</b>

## **9. Material Contracts**

No new material contracts were concluded during current financial period under review.

## **10. Property, Plant and Equipment**

There were no changes to the valuation of property, plant and equipment since the previous audited financial statements.

## **11. Subsequent Events**

There were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the unaudited interim financial statements.

## **12. Changes in Contingent Liabilities and Contingent Assets**

On 23 September 2014, the Board of Directors of the Company had announced to the Bursa Malaysia that the Company had on 19 September 2014 received two bills of demand both dated 17 September 2014 from the Selangor State Director of Royal Malaysian Customs (“State Customs”) for the following:

- (i) Excise duty amounting to RM35,698,219.81 for period of 1 July 2011 to 14 January 2014;
- (ii) Sales tax amounting to RM13,763,381.02 and penalty amounting to RM6,881,690.56 for period of 1 July 2011 to 14 January 2014.

The Company has not agreed to the demands made by the State Customs. Based on legal advice sought, there are reasonable grounds to object the basis of the bills of demand issued by the State Customs. At this stage, the Directors believe that it is not probable that a future sacrifice of economic benefits will be required.

### 13. Capital Commitments

Capital commitments for property, plant and equipment and intangible assets not provided for in the financial statements as at 30 September 2019 are as follows:

	<b><u>RM'000</u></b>
Approved and contracted for	15,774
Approved but not contracted for	1,372
	<u>17,146</u>

### 14. Financial Instruments

Derivatives

The outstanding derivative as at 30 September 2019 is as follows:

<b>Aluminium Hedging Contract</b>	<b>Contract Value (RM'000)</b>	<b>Fair Value (RM'000)</b>	<b>Difference (RM'000)</b>
Less than one year	23,126	20,436	(2,690)
One to five years	1,423	1,349	(74)
	24,549	21,785	(2,764)

Changes in the portion of fair value of derivative financial instruments designated as and qualifying as a cash flow hedge and which effectively hedge changes in value of the hedged item, are recognised in other comprehensive income.

### 15. Holding Company

The Directors regard Carlsberg Breweries A/S and Carlsberg A/S as the immediate and ultimate holding companies respectively during the financial period. Both companies are incorporated in Denmark.

## 16. Significant Related Party Transactions

	<b>Financial period ended 30 September 2019 RM'000</b>
<b>Transactions with holding company:</b>	
Purchases of materials and products	334
Purchases of services	5,332
Royalties payable	28,509
Net settlements in respect of loss from hedging contracts	2,817
<b>Transactions with related companies:</b>	
Management fees payable	5,463
Purchases of materials and products	13,540
Purchases of services	4,310
Sales of goods	42,428

These transactions had been entered into in the ordinary course of business and based on normal commercial terms.

## 17. Review of Performance

### Current Quarter Performance

<b>Key Financials (RM'000)</b>	<b>Third Quarter Ended 30 September 2019</b>	<b>Third Quarter Ended 30 September 2018</b>	<b>% Change</b>
Revenue	542,221	492,770	10.0%
Profit from operations	87,434	83,073	5.3%
Share of profit in associate company	5,331	3,753	42.0%
Profit attributable to Owners of the Company ("Net profit")	69,184	64,979	6.5%

The Group's revenue grew 10.0% to RM542.2 million compared to the same quarter last year, whilst profit from operations increased by 5.3% to RM87.4 million following the higher sales as well as continued premiumisation in both Malaysia and Singapore. On a comparable basis, in adjusting for the impact of the Sales and Services Tax ("SST") regime which came into effect on 1 September 2018, the Group's organic revenue growth would be 6.0%.

## 17. Review of Performance (continued)

### Current Quarter Performance (continued)

Total revenue for Malaysia grew by 11.5% to RM390.7 million whilst profit from operations increased by 5.0% to RM62.6 million primarily due to the higher sales in the current quarter and lower other operating expenses offset by higher marketing investments. The organic revenue growth for the quarter was 5.9%, after adjusting for the SST impact as mentioned above. Malaysia operations sustained its growth momentum through volume growth across all major product segments driven by continuous marketing investments.

Singapore reported an increase of 6.5% in revenue to RM151.5 million whilst its profit from operations grew by 5.9% to RM24.8 million compared to the same quarter last year following the better sales performance.

The Group registered a higher share of profit in its associate company, Lion Brewery (Ceylon) PLC (“LBCP”) of RM5.3 million or 42% compared to a share of profit of RM3.8 million in the corresponding quarter last year.

The Group’s net profit for the quarter grew by 6.5% to RM69.2 million compared to the same quarter last year, driven by top-line growth and higher profits in both the Malaysia and Singapore operations and the higher share of profit in LBCP.

## 17. Review of Performance (continued)

### Year-to-date Performance

<b>Key Financials (RM'000)</b>	<b>Financial Period Ended 30 September 2019</b>	<b>Financial Period Ended 30 September 2018</b>	<b>% Change</b>
Revenue	1,682,665	1,456,693	15.5%
Profit from operations	282,037	262,952	7.3%
Share of profit in associate company	14,687	14,713	-0.2%
Profit attributable to Owners of the Company ("Net profit")	222,025	209,702	5.9%

For the first nine months ended 30 September 2019, the Group reported revenue of RM1,682.7 million, which represented a growth of 15.5% over the same period last year. On a comparable basis, after adjusting for the SST impact as mentioned earlier, the Group's organic revenue growth would be 10.7%. Profit from operations of the Group increased by 7.3% to RM282.0 million driven by the higher sales and lower other operating expenses partially offset by higher marketing investments.

Malaysia total revenue for the nine months in 2019 increased by 19.1% to RM1,233.0 million. The organic revenue growth for the quarter would be 12.4%, after adjusting for the SST impact. Profit from operations improved by RM13.1 million or 6.6%.

In Singapore, revenue for the nine months in 2019 increased by 6.7% to RM449.7 million whilst profit from operations grew by 9.4% to RM69.8 million.

The Group registered a marginally lower share of profit in its associate company, LBCP of 0.2% to RM14.7 million for the nine month period in 2019. The prior year's results included a non-recurring final insurance compensation of RM4.7 million relating to the 2016 flooding of its Sri Lanka brewery. Excluding this, the organic share of profit of LBCP would have increased by 46.4% attributable to its improved operational performance in Sri Lanka.

The Group's net profit grew by 5.9% to RM222.0 million over the same period last year primarily driven by higher profit contributions from Malaysia and Singapore operations, whilst the Group's organic net profit grew by 8.3% when excluding the RM4.7 million share of one-off income in LBCP last year.



## 18. Variation of Result against the Preceding Quarter

Key Financials (RM'000)	Third Quarter Ended 30 September 2019	Second Quarter Ended 30 September 2019	% Change
Revenue	542,221	480,524	12.8%
Profit from operations	87,434	83,013	5.3%
Net profit	69,184	65,255	6.0%

The Group's revenue increased by RM61.7 million or 12.8%, against the preceding quarter mainly due to higher sales and premiumisation in both Malaysia and Singapore.

The Group's profit from operations and net profit increased by RM4.4 million or 5.3% and RM3.9 million or 6.0% respectively against the preceding quarter mainly due to the aforementioned reasons.

## 19. Prospects

In Malaysia, consumer sentiment in 2019 has remained soft amid uncertainty in the macroeconomic situation. Contraband beer remains a major issue that significantly depresses the legitimate tax paying beer market. We continue to acknowledge the good efforts of the Royal Malaysian Customs and other law enforcement agencies in their enforcement activities against contraband beer. We applaud the Government's decision not to raise excise duties on beer in the recent Budget 2020 as further increases will exacerbate contraband beer activity.

In Singapore, the introduction of the European Free Trade Agreement in the fourth quarter of 2019 will pose further challenges from cheaper imports.

The Group is expected to sustain the current growth momentum for the rest of the year in anticipation of an early Chinese New Year in January 2020 and is committed to deliver the strategic priorities of SAIL'22 strategy.

## 20. Profit Forecast

Not applicable as no profit forecast was published.

## 21. Taxation

	Financial Period Ended 30 September	
	2019 RM'000	2018 RM'000
<u>Taxation</u>		
- Malaysia	34,557	49,866
- Outside Malaysia	12,665	10,581
	<b>47,222</b>	<b>60,447</b>
<u>Deferred tax</u>		
- Malaysia	13,723	(4,029)
- Outside Malaysia	-	-
<b>Tax expense</b>	<b>60,945</b>	<b>56,418</b>
Profit before taxation	289,398	272,998
Share of profit of equity accounted associate, net of tax	(14,687)	(14,713)
<b>Profit before taxation excluding share of profit of equity accounted associate, net of tax</b>	<b>274,711</b>	<b>258,285</b>
<b>Effective tax rate</b>	<b>22.2%</b>	<b>21.8%</b>

The Group's effective tax rate has remained relatively constant as compare to the same period in preceding year.

## 22. Corporate Proposals

There were no corporate proposals announced at the date of this announcement.

### 23. Borrowing and Debt Securities

Group borrowings and debt securities are as follows:

Short term - Unsecured loans	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
Revolving credits	132,000	75,000
<b>Total short term loans</b>	<b>132,000</b>	<b>75,000</b>

### 24. Material Litigation

There have been no material litigation action since the last annual audited financial statements up to the date of this report.

### 25. Earnings Per Share

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company for the period by the weighted average number of ordinary shares outstanding during the period:

	<b>Financial Period Ended</b>	
	<b>30 September 2019</b>	<b>30 September 2018</b>
Profit attributable to owners of the Company (RM'000)	222,025	209,702
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	72.62	68.59

#### *Diluted earnings per share*

Not applicable.

## 26. Dividends

The Board of Directors has declared on this date a THIRD quarter single tier interim dividend of 17.0 sen per share for the year ending 31 December 2019, in respect of the third quarter profits to 30 September 2019 (2018: 16.0 sen per share). Total amount payable is RM52.0 million.

Accordingly, the total single tier interim dividends declared for the financial period ended 30 September 2019 is 54.6 sen per share based on 305,748,000 ordinary shares (2018: 51.7 sen per share, based on 305,748,000 ordinary shares for the financial period ended 30 September 2018).

## 27. Notes to the Statement of Comprehensive Income

	<b>Financial period ended</b>	
	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>
Allowance for inventories written down	(225)	(225)
Depreciation and amortisation	(32,756)	(28,027)
Gain on disposal of property, plant and equipment	141	946
Inventories written off	(779)	(232)
Net foreign exchange gain	51	127
Property, plant and equipment written off	(121)	(15)
Reversal of impairment loss/(impairment loss) on receivables	406	(43)

## 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 26 November 2019.