

Interim Financial Report
for the Financial Quarter ended
30 June 2003
(The figures have not been audited)



CARLSBERG BREWERY MALAYSIA BERHAD

(8210-K)

The undisputed beer.

The original beer from the Danish Master Brewer is the most popular beer in Malaysia. Carlsberg Green Label is enjoyed for its refreshing and consistently excellent taste. Drinkers who have acquired the taste of Carlsberg Green Label recognize that there is no substitute for this premium quality beer which is a requisite in social functions and celebrations.

CHARACTERISTICS:

- Colour
Pale yellow
- Alcohol Content
5.0%
- Pack Size
Can 320ml
Pint bottle 325ml
Quart bottle 660ml
Draught 22.7 litres
Draught 30 litres



Group Financial Highlights

Six months to	30 June '99 RM'000	30 June '00 RM'000	30 June '01 RM'000	30 June '02 RM'000	30 June '03 RM'000
Revenue	385,781	418,239	432,600	448,744	467,994
Profit before tax	68,580	63,340	82,006	73,509	56,252
Profit after tax	68,580	46,840	65,606	60,830	46,680
Shareholders' funds	438,472	431,447	476,777	509,071	485,912
Return on shareholders' funds (%)	15.6	10.9	13.8	12.0	9.6
Net assets backing per share (RM)	2.87	2.84	3.14	3.34	3.18
Post tax earnings per share (RM)	0.45	0.31	0.43	0.40	0.31

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Condensed Consolidated Income Statements

for the Quarter Ended 30 June 2003

	3 months ended 30 June		6 months ended 30 June	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue	193,261	193,101	467,994	448,744
Cost of sales	(141,290)	(134,266)	(344,375)	(314,922)
Gross Profit	51,971	58,835	123,619	133,822
Other operating income	1,879	2,791	4,184	5,391
Sales & distribution costs	(29,633)	(25,817)	(63,470)	(55,491)
Administrative expenses	(4,617)	(4,678)	(9,696)	(9,106)
Other operating expenses	(532)	(892)	561	(1,747)
Operating profit	19,068	30,239	55,198	72,869
Share of results of associated company	411	260	1,054	640
Profit Before Taxation	19,479	30,499	56,252	73,509
Taxation	(472)	(2,231)	(9,572)	(12,679)
Profit After Taxation	19,007	28,268	46,680	60,830
EPS - Basic (sen)	12.45	18.55	30.58	39.92
- Diluted (sen)	12.45	18.53	30.58	39.87

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2002 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Balance Sheet

as at 30 June 2003

		As At End Of Current Quarter 30.06.2003 (Unaudited) RM'000	As At Preceding Financial Year End 31.12.2002 (Restated) RM'000
	Note		
Property, Plant & Equipment	9	193,287	200,818
Investment in Associated Companies		13,147	13,570
Long Term Investments		1,733	1,733
Intangible Assets		-	-
		208,167	216,121
<u>Current Assets</u>			
Inventories		26,637	28,600
Trade Debtors		115,386	125,796
Other Debtors and Prepayments		15,680	18,278
Amount due from related companies		421	-
Bank & Cash Balances		232,398	266,948
		390,522	439,622
Total Assets		598,689	655,743
<u>Current Liabilities</u>			
Trade Creditors		28,003	36,430
Provision for Liabilities		1,750	1,700
Other Creditors and Accruals		36,654	39,458
Amount due to holding company	14	17,622	11,191
Amount due to related companies		5,350	5,569
Provision For Taxation		1,350	8,930
Provision For Dividends		-	-
		90,729	103,278
Net Current Assets		299,793	336,344
NET ASSETS		507,960	552,465
<u>Shareholders' Funds</u>			
Share Capital		153,895	153,684
<u>Reserves :</u>			
Share Premium		6,346	4,850
Capital Reserve		9,690	9,690
General Reserve		-	-
Exchange Reserve		(2,092)	(2,056)
Retained Profit		330,116	376,292
		497,955	542,460
Less : Cost of treasury shares		(12,043)	(12,043)
Total Shareholders' Funds		485,912	530,417
Minority Interests		-	-
Long Term Borrowings		-	-
Other Long Term Liabilities		-	-
Deferred Taxation		22,048	22,048
		507,960	552,465
* Net Tangible Assets Per Share (RM)		3.18	3.48

* Based on share capital net of share buyback of 1,165,000 ordinary shares

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2002 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Changes in Equity

for the Quarter ended 30 June 2003

GROUP	Share Capital RM'000	Share Premium RM'000	Exchange Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	General Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2002	153,010	71	(1,240)	10,524	(12,043)	5,766	380,809	536,897
Prior period adjustments:								
Effects of adopting MASB 25	-	-	-	(834)	-	(5,766)	(852)	(7,452)
Effects of adopting MASB 29	-	-	-	-	-	-	(1,600)	(1,600)
As restated	153,010	71	(1,240)	9,690	(12,043)	-	378,357	527,845
Exchange differences	-	-	(432)	-	-	-	-	(432)
Issue of ordinary shares pursuant to Employees' Share Option Scheme	544	3,857	-	-	-	-	-	4,401
Profit for the period	-	-	-	-	-	-	60,830	60,830
Dividends	-	-	-	-	-	-	(92,624)	(92,624)
At 30 June 2002	153,554	3,928	(1,672)	9,690	(12,043)	-	346,563	500,020
At 1 January 2003								
As previously stated	153,684	4,850	(2,056)	10,524	(12,043)	5,766	379,056	539,781
Prior year adjustments:								
Effects of adopting MASB 25	-	-	-	(834)	-	(5,766)	(1,064)	(7,664)
Effects of adopting MASB 29	-	-	-	-	-	-	(1,700)	(1,700)
As restated	153,684	4,850	(2,056)	9,690	(12,043)	-	376,292	530,417
Exchange differences	-	-	(36)	-	-	-	-	(36)
Issue of ordinary shares pursuant to Employees' Share Option Scheme	211	1,496	-	-	-	-	-	1,707
Profit for the period	-	-	-	-	-	-	46,680	46,680
Dividends	-	-	-	-	-	-	(92,856)	(92,856)
At 30 June 2003	153,895	6,346	(2,092)	9,690	(12,043)	-	330,116	485,912

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2002 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Cash Flow Statement

for the Quarter ended 30 June 2003

	6 months ended 30 June	
	2003 RM'000	2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	56,252	73,509
Adjustments for:		
Interest income	(3,857)	(4,280)
Dividend income from quoted investments	-	-
Dividend income from associate company	1,441	725
Share of profit of associated company	(1,054)	(640)
Depreciation & amortisation	11,680	14,581
Gain on disposal of property, plant and equipment	(327)	(1,101)
Operating profit before working capital changes	64,135	82,794
Working capital changes:		
Debtors	12,587	(2,963)
Inventories	1,963	20,364
Creditors	(4,969)	(11,596)
Cash generated from operations	73,716	88,599
Taxation paid	(17,153)	(28,208)
Net cash from operating activities	56,563	60,391
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	3,857	4,280
Dividend income	-	-
Proceeds from disposal of property, plant and equipment	547	1,310
Purchase of property, plant and equipment	(4,368)	(17,068)
Net cash used in investing activities	36	(11,478)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	1,707	4,401
Dividends paid	(92,856)	(92,624)
Net cash used in financing activities	(91,149)	(88,223)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(34,550)	(39,310)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	266,948	288,671
CASH AND CASH EQUIVALENTS AT END OF PERIOD	232,398	249,361

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2002 and the accompanying explanatory notes attached to the interim financial statements.



Notes to the Interim Financial Report

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MASB 26: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Kuala Lumpur Stock Exchange ("KLSE").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2002. These 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 2002.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the year ended 31 December 2002, except for the adoption of MASB 25 to MASB 29, which became effective from 1 January 2003. The adoption of MASB 27 and MASB 28 have not given rise to any adjustments to the opening balances of retained profits of the prior year and the current period or to changes in comparatives. The changes and effects of adopting MASB 25 and MASB 29 which resulted in prior year adjustments are as follows :

(a) Change in Accounting Policies

(i) MASB 25: Income Taxes

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Group and the Company have commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

(ii) MASB 29: Employee Benefits

The adoption of MASB 29 resulted in the Group and the Company making provisions for obligations in respect of short term employee benefits in the form of accumulated compensated absences. These obligations were not provided for prior to the adoption of MASB 29.

(b) Prior Year Adjustments

The changes in accounting policies have been applied retrospectively and comparatives have been restated.



2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2002 was not qualified.

3. Comments About Seasonal or Cyclical Factors

The Group's level of operations for the quarter under review was lower as expected following the preceding quarter where higher sales were recorded in connection with Chinese New Year festive activities.

4. Unusual Items Due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 June 2003.

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 except for the following:

Employees Share Option Scheme

During the period ended 30 June 2003, the issued and fully paid-up share capital of the Group was increased from RM153,684,000 to RM153,895,000 as a result of the issue of 211,000 ordinary shares under the Group's Employees Share Option Scheme.

All shares bought back in 1999 were retained as treasury shares for the current quarter and financial year-to-date.



Notes to the Interim Financial Report (cont'd)

7. Dividends Paid

The amount of dividends paid during the financial period ended 30 June 2003 were as follows :-

In respect of the financial year ended 31 December 2002 as reported in the directors' report of that year :

	RM'000
i) Final dividend of 15 sen per share less tax, paid on 23 May 2003	16,494
ii) Special dividend of 50 sen per share, tax exempt, paid on 23 May 2003	76,362
	<u>92,856</u>

8. Segmental Information

The Group operates in the brewing industry in Malaysia in the production, packaging, marketing and distribution of its products principally in Malaysia. Accordingly, information on geographical and industry segments of the Group's operations are not relevant.

9. 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 2002.

10. Subsequent Events

There were no material events subsequent to the end of the current quarter.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter.

12. 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 2002.



13. 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 2003 is as follows :

	RM'000
Commitments in respect of expenditure contracted for	5,849
Approved by the directors but not contracted for	15,088
	<u>20,937</u>

14. Holding Company

The Directors regard Carlsberg Asia Pte Ltd, a company incorporated in the Republic of Singapore, as the holding company. Following the termination as of 1 August 2003 of the joint venture between Carlsberg Breweries A/S and Chang Beverages Pte Ltd, Carlsberg Asia Pte Ltd remains a wholly owned subsidiary of Carlsberg Breweries A/S, a company incorporated in Denmark. Carlsberg Breweries A/S is now the ultimate holding company of Carlsberg Brewery Malaysia Berhad.

15. Significant Related Party Transactions

	6 Months To 30 June 2003 RM'000
Transactions with holding company:	
Carlsberg Asia Pte Ltd	
Royalties	6,788
Related companies:	
Sales to:-	
Carlsberg Singapore Pte Ltd	2,232
Purchases from:	
Carlsberg Brewery (Guangdong) Ltd	4,378
Carlsberg Breweries A/S	468
Technical consultancy fee payable to:	
Danbrew Ltd A/S	52
Related parties (common directors)*	
Purchases from:	
UMW Toyota Motor Sdn Bhd	430
Kian Joo Packaging Sdn Bhd	10,970

* With direct or indirect interest in either one or both companies.



Additional Information Required by the KLSE's Listing Requirements

1. Review Of Performance For Year-To-Date 30 June 2003

During the period under review, trade discounting remained at a high level as a result of the intense price competition in the market. The impact of SARS had also adversely affected the sales growth particularly in the quarter to 30 June 2003. The effect of the afore mentioned together with additional costs of a staff downsizing re-organisation in the Group and the launch of the new Green Label positioning as well as the positively received Carlsberg "Melody" campaign in the quarter ended 30 June 2003 had an impact on the Group's financial results for the 6 months and the quarter ended 30 June 2003 resulting in profit before tax declining by RM17.3 million (23.5%) and RM11.0 million (36.1%) respectively.

Despite intensive competition, the Group improved its corporate market share position during the half year and continued to maintain its market leadership in the duty paid beer segment. In the duty paid stout segment, the Group made further inroads with its Danish Royal Stout gaining sales despite a decline in the duty paid stout segment.

2. Variation Of Result Against The Preceding Quarter

Group revenue for the quarter decreased by RM81.5 million or 29.7% as compared to the previous quarter mainly due to the lower purchases by consumers after the Chinese New Year festive period. The slowdown in the 2nd quarter 2003 was also due to the impact of SARS which had affected on-premise food and beverage businesses as well as establishments in the tourism and travel business. Profit before tax decreased by RM17.3 million due to the decrease in revenue.

3. Current Year Prospects

The domestic consumption of beer and stout continues to be affected by the challenging economic conditions. The increasing activities of the low priced ASEAN beers as well as the increasing presence of smuggled duty free beer products in Malaysia will affect the growth in the duty paid beer market. The Government's recent revocation of the Customs Duties (Exemption) Order 1988 enabling ASEAN countries to export alcoholic beverages to Malaysia with a 50 per cent exemption on import duty should reduce the presence of low priced alcoholic beverages from ASEAN countries in the market.

The highly aggressive competitive environment is expected to continue. The Group however expects to maintain its corporate market share leadership.

Barring any unforeseen circumstances, the Group's performance after taking into account the above is expected to be satisfactory.

4. Profit Forecast

Not applicable as no profit forecast was published.



5. Taxation

	3 months ended 30 June		6 months ended 30 June	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Current Malaysian taxation				
- Current	4,200	4,900	13,300	16,200
- Prior period	(3,728)	(2,919)	(3,728)	(3,971)
Deferred taxation- Malaysian	472	1,981	9,572	12,229
	-	250	-	450
	472	2,231	9,572	12,679

The current quarter and year-to-date included a reversal in respect of prior years' taxation provision no longer required.

The effective tax rates for the Group is lower than the statutory tax rate as the Company is entitled to claim reinvestment allowances.

6. Unquoted Investments And Properties

There were no purchases or disposals of unquoted investments or properties during the period under review.

7. Quoted Investments

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

Investments in quoted securities as at 30 June 2003

	Cost RM'000	Book Value RM'000	Market Value RM'000
Total quoted investments	14,923	14,880	34,863

8. Status Of Corporate Proposals Announced

Status of corporate proposals announced but not completed: NIL.

9. Borrowing And Debt Securities

There were no Group borrowings and debt as at 30 June 2003.

Additional Information Required by the KLSE's Listing Requirements (cont'd)

10. Off Balance Sheet Financial Instruments

The Group did not enter into any contracts involving off balance sheet financial instruments during the financial year to date.

11. Material Litigation

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

The Company is involved in the following pending litigation matters :-

- a) On 30 April 1999, a Statement of Claim was filed in court by Asia Pacific Breweries Limited/ Guinness Anchor Berhad against the Company over an advertisement that appeared in certain newspapers. The Company had filed its Statement of Defence and the case is still pending trial.

The solicitors have advised that the Company's prospects of successfully defending the suit are good and any damages arising would occur only in the event of a finding against the Company on liability. The solicitors have advised that they are unable to make an estimate for any damages arising as the outcome of the case and damages arising, if any, are within the discretion of the Court.

- b) On 12 October 1999, the Company filed a Statement of Claim against Guinness Anchor Berhad in respect of their advertisements in the newspapers and other media associating Heineken with the World Cup Golf tournament which was held in Malaysia on 18 to 21 November 1999. The Company had obtained an inter-parte injunction against Guinness Anchor Berhad restraining such advertisements for the duration of the tournament. The case is still pending. The solicitors have advised that the Company is well positioned to prove liability, damages and other remedies against the Defendant at trial.

12. Dividends

The Board of Directors have declared an interim dividend of 10 sen per share, less 28% income tax for the year ending 31 December 2003 (2002 – 10 sen per share, less 28% income tax) to be paid on 9 October 2003. The amount payable is RM11.0 million (2002 – RM11.0 million).

The entitlement date for the interim dividend shall be 24 September 2003. A depositor shall qualify for entitlement to the dividend only in respect of :

- a) shares transferred into the depositor's securities account before 4.00 p.m. on 24 September 2003 in respect of transfers;
- b) shares deposited into the depositor's securities account before 12.30 p.m. on 22 September 2003 in respect of shares exempted from mandatory deposit; and
- c) shares bought on Kuala Lumpur Stock Exchange ("KLSE") on a cum entitlement basis in accordance with the rules of KLSE.



13. 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 30.06.03	6 Months Ended 30.06.03
Net Profit for the period (RM'000)	19,007	46,680
Weighted average number of ordinary shares in issue ('000)	152,687	152,624
Basic earnings per share (sen)	12.45	30.58

Diluted earnings per share

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares in issue during the period had been adjusted for the effects of dilutive potential ordinary shares from exercise of the Employees Share Option Scheme (ESOS).

Weighted average number of ordinary shares (diluted)

	3 Months Ended 30.06.03	6 Months Ended 30.06.03
Net Profit for the period (RM'000)	19,007	46,680
Weighted average number of ordinary shares in issue ('000)	152,687	152,624
Adjustment for assumed exercise of ESOS ('000)	21	43
Adjusted weighted average number of ordinary shares in issue and issuable	152,708	152,667
Diluted earnings per share (sen)	12.45	30.58

14. 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 20 August 2003.



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