

Carlsberg
Malaysia

**ANNUAL
REPORT 2007**

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TUBORG
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CHEERS TO A NEW LOOK!

Carlsberg Malaysia launched a new Corporate Visual Identity (CVI) by incorporating the six basic design elements developed by the Carlsberg Group for all its Carlsberg companies.

The newly-unveiled Carlsberg Malaysia's CVI portrays a new look with 'international presence, local significance' and unifies both Carlsberg Brewery Malaysia Berhad and its wholly-owned subsidiary Carlsberg Marketing Sdn Bhd.

With its characteristics of being contemporary, dynamic and international, the new CVI of Carlsberg Malaysia perfectly denotes the momentum of the vibrant organization moving forward. The Management and staff of Carlsberg Malaysia are proud of the successful implementation of the new CVI.

AT A GLANCE CARLSBERG MALAYSIA

Incorporated in December 1969, Carlsberg Brewery Malaysia Berhad (Carlsberg Malaysia) is currently listed on the Main Board of Bursa Malaysia Securities Berhad under the consumer products sector. It began brewing Carlsberg beer locally in 1972. Since then, Carlsberg has become part of Malaysian beer drinkers' lifestyle and is the undisputable brand leader in the Malaysian beer market.

Carlsberg Malaysia brews a broad portfolio of beers, stout and beverage brands. The products include Carlsberg beer, Skol beer, Tuborg, Carlsberg Special Brew, Danish Royal Stout, Royal Stout Ginseng, Jolly Shandy Lemon and Lychee and Nutrimalt. The Group also imports and distributes leading brands such as Jacobsen Bramley Wit specialty beer, Corona Extra, Tetley's English Ale and Beamish Stout.

At the forefront of innovation and quality, Carlsberg Malaysia has always led the market with dynamic product launches and consumer campaigns. On the corporate scene, Carlsberg Malaysia is acknowledged for its dedication and commitment to Corporate Social Responsibility initiatives.

vision

Regardless of the occasion and place, our Brands shall be the consumers' preferred choice.

mission

Carlsberg Malaysia is a Dynamic provider of beer, stout and beverage brands, Bringing people together and Adding to the enjoyment of life.

6 core values

- We are **Ambitious** when setting targets.
- We are **Innovative** in finding new ways.
- We are **Responsible** in our actions.
- We are **Honest** in our approach.
- Our **Heritage** is built on a tradition of high quality.
- We are a **Good Corporate Citizen** in our deeds.

DO YOU KNOW THAT...?

1. Carlsberg beer was first imported into Malaysia in 1903.
2. The Malaysian brewery was set up in 1969 and Malaysians celebrated the first locally brewed Carlsberg beer in 1972.
3. In 1998, Carlsberg Malaysia won the 'Jacobsen Golden Words Award' in recognition of its consistent high quality standards, commitment to improvement and successful sales development.
4. In 2003, Carlsberg Malaysia received KLSE Corporate Merit Award for Corporate Governance for the 2nd consecutive year.
5. In 2007, Carlsberg beer received Malaysia's Platinum Most Trusted Brand Award for the 8th consecutive year in a Reader's Digest consumer survey.
6. In 2007, Skol beer won Superior Taste Award by the International Taste and Quality Institute (iTiQ) Brussels in 2007, and had previously won two international awards at the Australian International Beer Awards (AIBA).
7. In 2006, Danish Royal Stout was awarded the Gold medal award at the Monde Selection Awards in Belgium.



Carlsberg Sans Light
Carlsberg Sans Bold
Carlsberg Sans BLACK



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CORPORATE INFORMATION

DIRECTORS

Dato' Lim Say Chong

J.S.M., D.M.P.N.
Chairman

Tan Sri Datuk Asmat bin Kamaludin

P.S.M., P.J.N., J.S.M., S.M.J., K.M.N.

Jesper Bjoern Madsen

Soren Holm Jensen

Managing Director

Dato' Chin Voon Loong

D.S.P.N.

Janne Petteri Juvonen

M.R. Gopala Krishnan C.R.K Pillai

COMPANY SECRETARY

Dato' Chin Voon Loong

D.S.P.N.

AUDITORS

KPMG

SOLICITORS

Shearn Delamore & Co.

PRINCIPAL BANKERS

Public Bank Berhad

Wisma Lim Foo Yong,
86, Jalan Raja Chulan,
50200 Kuala Lumpur.

Maybank Berhad

Menara Maybank,
100, Jalan Tun Perak,
50050 Kuala Lumpur.

ABN AMRO Bank Berhad

Level 1, Menara Maxis,
Kuala Lumpur City Centre,
50088 Kuala Lumpur.

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

No. 55, Persiaran Selangor, Section 15,
40200 Shah Alam, Selangor Darul Ehsan.

Tel : +603 5522 6688

Fax : +603 5519 1931

Email : info@carlsberg.com.my

Website : www.carlsberg.com.my

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd

Level 26, Menara Multi-Purpose,
Capital Square,
No 8, Jalan Munshi Abdullah,
50100 Kuala Lumpur.

Tel : +603 2721 2222

Fax : +603 2721 2530 / 2531

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

DIRECTORS' PROFILE

DATO' LIM SAY CHONG

J.S.M., D.M.P.N.
 Independent Non-Executive Chairman
 Member of Audit Committee
 Member of Remuneration Committee
 Member of Nomination Committee



Dato' Lim Say Chong, aged 67, a Malaysian, was appointed to the Board on 21 May 2003.

Dato' Lim graduated from the University of Malaya with an honours degree majoring in Economics and obtained a Masters in Business Administration from the University of British Columbia, Canada. He also attended an Advanced Management Programme at the Harvard Business School, Boston. Dato' Lim worked with the Imperial Chemical Industries (ICI) Plc's Group of Companies in Malaysia and abroad for 30 years, during which time he sat on the Boards of several companies within the Group. He later became the Managing Director of the ICI (Malaysia) Group for 5 years. Dato' Lim was the Group Managing Director of Chemical Company of Malaysia Bhd

from 1989 to 2004. Dato' Lim also served in various associations, including as President of the Malaysian International Chamber of Commerce & Industry (MICCI). He was also a Member of the National Human Resource Development Council, Board of Directors of the Malaysian Industrial Development Authority (MIDA), Board of Trustees of the Aged European Fund, Council Member of the Federation of Malaysian Manufacturers (FMM) and Board of ASEAN Chamber of Commerce & Industry (ACCI).

Presently, Dato' Lim is a Director of Standard Chartered Bank Malaysia Berhad, Opus Group Berhad (formerly known as Opus International Group PLC) and Mulpha International Berhad. He is also a trustee of the Ti-Ratana Welfare Society and Chairman of the Coalition of Service Industries Malaysia.

DIRECTORS' PROFILE

TAN SRI DATUK ASMAT BIN KAMALUDIN

P.S.M., P.J.N., J.S.M., S.M.J., K.M.N
Senior Independent Non-Executive Director
Chairman of Audit Committee
Chairman of Nomination Committee
Chairman of Remuneration Committee



Tan Sri Datuk Asmat bin Kamaludin, aged 64, a Malaysian, was appointed to the Board on 1 February 2001.

Tan Sri graduated with a Bachelor of Economics (Honours) degree from the University of Malaya and later attended a special programme on the European Economic Community in Amsterdam. Tan Sri served in the Ministry of International Trade and Industry (MITI) for 35 years, and retired as the Secretary General, a position he held for 9 years. Dealing with both domestic and international trade sectors at MITI, he also worked with several international bodies such as ASEAN, WTO

and APEC, representing Malaysia in relevant negotiations and agreements. He was also actively involved in several national organisations such as Johor Corporation, the Small and Medium Scale Industries and MATRADE.

Tan Sri is presently serving on the Boards of Malaysian Pacific Industries Bhd, UMW Holdings Berhad, Lion Industries Corporation Berhad, YTL Cement Berhad, Panasonic Manufacturing Malaysia Berhad, Symphony House Berhad, SCOMI Group Berhad, Compugates Holdings Berhad, Permodalan Nasional Berhad, Trans-Asia Shipping Corporation Berhad and ABN Amro Bank Behad.

DIRECTORS' PROFILE

JESPER BJOERN MADSEN

Non-Executive Director
Member of Nomination Committee



Mr Jesper B. Madsen, aged 53, a Dane, was appointed to the Board on 21 May 2003.

Mr Madsen obtained a Masters of Law from Copenhagen University, Denmark and later studied Scottish/English law at the University of Edinburgh, Scotland. Mr Madsen worked in the legal field for 4 years. He has since been working with the Carlsberg A/S Group for 23 years, beginning his career within the Group as a Personal Assistant to the CEO of Carlsberg International. Mr Madsen subsequently held positions as the Vice President responsible for overseas investments/markets, General Manager and Managing Director of Carlsberg Brewery Hong Kong Ltd and Chief Operating Officer of Carlsberg Asia Pte Ltd.

Mr Madsen is now the Senior Vice President of Carlsberg Breweries A/S with responsibility for Asia, among other markets. He also holds the position of Chairman of Carlsberg Brewery Hong

Kong Limited (Hong Kong), Hue Brewery Ltd (Vietnam), South East Asia Brewery Ltd (Vietnam) and International Beverage Distributors Ltd (Vietnam). He is also the Vice Chairman of Tibet Lhasa Brewery Company Ltd (Tibet Autonomous Region), Lao Soft Drink Co., Ltd., (Laos) and Lao Brewery Co. Ltd (Laos).

He is a Board member of Xinjiang Lanjian Jianiang Investment Co. Ltd (China), Wusu Beer Co. Ltd (China), Xinjiang Beer (Group) Company Limited (China), Ningxia Xixia Jianiang Brewery Limited (China), Xinjiang Wusu Beer Co. Ltd (China), Halong Beer and Beverage Joint Stock Company (Vietnam), Hanoi-Vungtau Beer Joint Stock Company (Vietnam), Carlsberg Malawi Brewery Ltd. (Malawi), The Bottling and Brewing Group Limited (Malawi), Southern Bottlers Ltd (Malawi), Caretech Limited (Cambodia), Ceylon Brewery Limited (Sri Lanka), Lion Brewery (Ceylon) PLC and Gorkha Brewery Ltd (Nepal). Mr Madsen also sits on the Boards of several private companies within the Carlsberg Breweries A/S Group.

DIRECTORS' PROFILE

SOREN HOLM JENSEN

Managing Director



Mr Soren Holm Jensen, aged 39, a Dane, was appointed as the Managing Director of Carlsberg Malaysia on 5 March 2007.

Mr Jensen graduated with a BSc in Business Administration and holds a Masters of Science degree in Economics and Business Administration from the Aarhus School of Business, Denmark. Mr Jensen was the Managing Director of Carlsberg Hong Kong Ltd., from June 2004 to February 2007. Mr Jensen joined the Carlsberg Group in 1998 and has held various managerial positions within the sales, marketing and export

divisions. He was also the Vice President of the Export & License Division of Carlsberg in Copenhagen, Denmark. Mr Jensen had worked as International Key Account Manager and as a Sales and Marketing Manager in the food segment of the fast moving consumer goods industry prior to joining the Carlsberg Group.

Mr Jensen is presently the Chairman of Carlsberg Distributors Taiwan Limited, (Taiwan). He is also Member of the Governing Council of the Confederation of Malaysian Brewers Bhd and a Member of the Malaysian Danish Business Council.

DIRECTORS' PROFILE

DATO' CHIN VOON LOONG

D.S.P.N.
Executive Director



Dato' Chin Voon Loong, aged 51, a Malaysian, was appointed to the Board on 1 April 2003.

Dato' Chin graduated with a Bachelor of Science (Honours) degree in Systems and Management from The City University, London and is a Fellow Member of the Institute of Chartered Accountants in England and Wales. He is also a Chartered Accountant with the Malaysian Institute of Accountants, an Associate Member of the Malaysian Institute of Taxation, Affiliate of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and a Member of the Institute of Public Relations Malaysia.

Dato' Chin has worked with Carlsberg Malaysia for 21 years. After holding the position of Chief Financial Officer and subsequently, as Commercial Director with Carlsberg Malaysia, he currently holds the position of Executive Director-Corporate Affairs. He is also the Company Secretary of CBMB. Dato' Chin was previously a Member of the Audit Committee.

Currently, Dato' Chin holds directorships in Lion Brewery (Ceylon) PLC (Sri Lanka), South East Asia Brewery Ltd (Vietnam), International Beverage Distributors Ltd (Vietnam), Gorkha Brewery Ltd (Nepal) and Carlsberg Distributors Taiwan Limited, (Taiwan). Dato' Chin is also a Member of the Governing Council of the Confederation of Malaysian Brewers Berhad and also serves on the Boards of several private companies within the Carlsberg Asia Group.

DIRECTORS' PROFILE

JANNE PETTERI JUVONEN

Non-Executive Director



Mr Janne Petteri Juvonen, aged 42, a Finn, was appointed to the Board on 31 May 2007.

Mr Juvonen obtained a Masters of Business and Administration from Helsinki School of Economics. Prior to joining Carlsberg Malaysia, Mr Juvonen was the Commercial Excellence Director at Carlsberg Breweries A/S, Denmark. Mr Juvonen was the Director of Sales Development & Administration for Oy Sinebrychoff Ab and Director Customer & Marketing in Oy Coca-Cola Jومات Ab in Finland before joining the Carlsberg Group.

Mr Juvonen is employed as Commercial Vice President Asia and holds directorships in South East Asia Brewery Ltd (Vietnam), Hue Brewery Ltd (Vietnam), Lao Brewery Co. Ltd (Laos), Carlsberg Brewery (HK) Ltd., (Hong Kong), Carlsberg Brewery (Guangdong) Ltd (China), Kunming Huashi Brewery Company Ltd., (China) and Dali Beer Company Ltd (China). Mr Juvonen also serves on the Board of several private companies within the Carlsberg Asia Group.

DIRECTORS' PROFILE

M.R. GOPALA KRISHNAN C.R.K. PILLAI

Independent Non-Executive Director
Member of Audit Committee
Member of Remuneration Committee



Mr Gopala Krishnan, aged 68, a Malaysian, was appointed to the Board on 3 December 2007.

Mr Krishnan is a Fellow of the Australian Society of Certified Practising Accountants (CPA Australia) and had also attended the Advanced Management Programme at the Harvard Business School. He was the Managing Director of Land & General Berhad, a position he held from 2001 to 2007. Mr Krishnan was also the Executive Director of Antah Holdings Berhad from 1990 to 2000. Mr Krishnan started his career at ICI Malaysia Sdn Bhd (ICI) and has held various management positions within the Group and that of Chemical Company of Malaysia Berhad. He was subsequently appointed

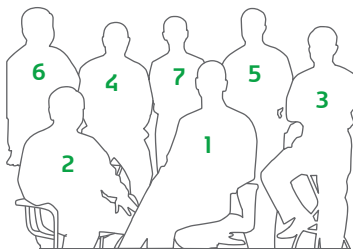
as Managing Director of ICI Fertilisers Malaysia Sdn Bhd., ICI Industrial Chemicals Malaysia Sdn Bhd. and Executive Director of Chemical Company of Malaysia Berhad. He was also the Council Member of the Federation of Malaysian Manufacturers (FMM).

Mr Krishnan is currently the President of the Malaysian International Chamber of Commerce & Industry (MICCI) and serves as a member of the Board of Directors of the Malaysian Industrial Development Authority (MIDA) as well as a Committee member on PEMUDAH. Mr Krishnan is the Chief Operating Officer and Head of Asia for Green Rubber Global.

OTHER INFORMATION ON DIRECTORS

None of the Directors have any family relationship with any director/substantial shareholder of the Group and the Company, nor any interest in any business arrangement involving the Group and the Company. None of them have had any convictions for any offences, other than traffic offences, within the past 10 years.

MANAGEMENT TEAM



1. Soren Holm Jensen
Managing Director

2. Dato' Chin Voon Loong D.S.P.N.
Executive Director, Corporate Affairs

3. Chan Chee Seng
General Manager, Corporate Services

4. Matthew John Callan
General Manager, Supply Chain

5. Ole Sovso Nielsen
General Manager, Marketing

6. Roy Lee Chin Seng
General Manager, Sales & Distribution

7. Chong Choon Yeng
Chief Financial Officer

CHAIRMAN'S ADDRESS



“On behalf of the Board of Directors of Carlsberg Brewery Malaysia Berhad, I am pleased to present the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2007.”

2007 was an extremely challenging year for the Group. The re-structuring programme developed and executed in the previous year that led to the poor performances in the 4th quarter of 2006 and 1st quarter of 2007 had to be revised. Inventory levels in the trade were optimized to manage operations and working capital more effectively and to ensure the continued quality and freshness of Carlsberg products to consumers. The aforementioned had an impact on the Group's market share.

A new Management Team complemented by experienced Senior Management of the Group was established. The Team developed a set of revised strategic plans and initiatives which were executed under the headline of “Must Win Battles” (MWBs).

The implementation of the MWBs commenced at the end of the 2nd

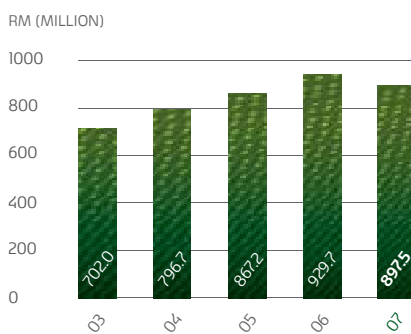
quarter 2007 and the initiatives launched to support the MWBs resulted in positive developments in the Group's operations. Exciting new products were launched. Improvements in organisational effectiveness as well as programmes on costs optimization were put in place.

The Group's performance for the second half of the year recovered but not to the extent of making up for the weak performance in the first half of the year. On a quarter by quarter performance basis, the Group's Management Team had been focusing on delivering value to its shareholders since the 3rd quarter of the year.

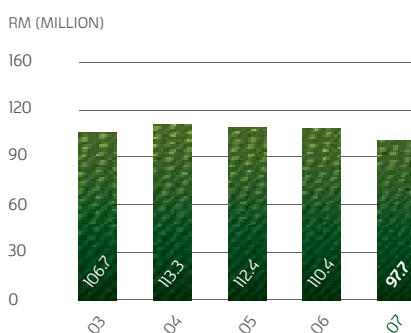
Taking the above into consideration, the Group recorded a satisfactory performance for 2007 with Group revenue reaching RM897.5 million and profit before tax of RM97.7 million.

CHAIRMAN'S ADDRESS

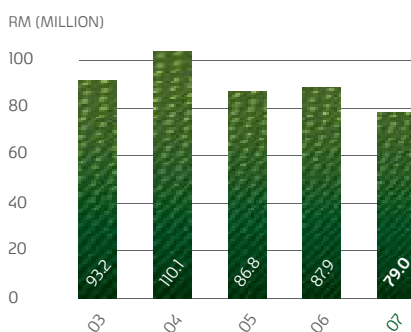
Revenue



Profit Before Tax



Dividend



The Board after taking into consideration the Group's funding requirements and the objectives of maximising shareholders' returns is recommending the payment of a final gross dividend of 7.5 sen per ordinary share of RM0.50 as well as a special gross dividend of 22.5 sen per ordinary share of RM0.50. This together with the interim gross dividend of 5.0 sen per ordinary share of RM0.50 brings the total gross dividends for the financial year to 35 sen per ordinary share of RM0.50 each. The total net payout amount for the financial year amounts to RM79.0 million which is equivalent to a 100.7 per cent payout of profit after tax for the Group.

The Board and the various Board Committees had been active during the year in support of the new Management Team. The Board and the Audit Committee chose to adopt the revised recommendations of the Malaysian Code of Corporate Governance before Bursa Malaysia adopted the recommendations in the Listing Guidelines. The Group's Audit Committee now comprises only Independent Non-Executive Directors, one of whom is a registered professional with the Malaysian Institute of Accountants.

The duty paid malt liquor beverage market which had been declining since the implementation of the 3 successive duty increases in 2003, 2004 and 2005 recovered marginally in 2007. The industry is pleased to note that there had been no increase in the duties for beer and stout in the Government Budget 2008 announcement. Malaysia is still the nation with the 2nd highest duty in the world after Norway and the continued reprieve from duty increases is necessary as the consumer prices for beer products in Malaysia are already very high. This is not consistent with the promotion of Malaysia as a vacation destination for tourists. Around the region, nations are reducing their excise duties on light alcoholic beverages such as beers and wines as part of a package of initiatives to attract a higher level of visitors to vacation in their countries. Hong Kong

had most recently adjusted their duties for beer products and wines to zero rate.

The Group will continue to implement its MWBs in the coming year. These MWBs will focus on securing value for shareholders. When fully implemented, the Group is expected to be in a stronger position to achieve its medium to long term commercial objectives of growing profitable market share in a fast changing and challenging environment.

Meanwhile, the Board and I are pleased to welcome Mr. Janne Petteri Juvonen and Mr. M.R. Gopala Krishnan C.R.K. Pillai to the Board. Mr. Janne Petteri Juvonen was appointed as a Non Executive Director on 31 May 2007 and Mr. Gopala Krishnan was appointed as an Independent Non Executive Director on 3 December 2007.

Since the last Annual General Meeting, Mr. Soren Ask Nielsen, Dato' Jorgen Bornhoft and Datuk (Dr.) Lim Ewe Jin have resigned from the Board. The Board wishes to record its appreciation to all of them for their invaluable contributions and guidance to the Group.

On behalf of the Board, I wish to thank our most invaluable assets – the Management and employees who are continuing to shoulder the heavy tasks of rebuilding a "Winning Company". Their unwavering commitment and dedicated efforts will ensure that the Group will achieve its strategic objectives in the shortest possible time. I would also like to express my special thanks to all the distributors, suppliers, retailers and consumers who have been supporting the Group firmly and strongly.

Finally, I wish to express my thanks to the shareholders and stakeholders for your continued support.

Dato' Lim Say Chong
Chairman

Shah Alam
26 March 2008

UCAPAN PENERUS

Bagi pihak Lembaga Pengarah Carlsberg Brewery Malaysia Berhad, saya dengan sukacitanya ingin membentangkan Laporan Tahunan dan Penyata Tahunan Beraudit bagi Kumpulan dan Syarikat untuk tahun kewangan berakhir 31 Disember 2007.

Tahun 2007 merupakan satu tahun yang amat mencabar bagi Kumpulan. Program penyusunan semula yang telah dibangunkan dan dilaksanakan pada tahun lepas yang membawa kepada prestasi yang menurun pada suku keempat tahun 2006 dan suku pertama 2007 terpaksa disemak semula. Paras inventori dalam dagangan telah dioptimumkan untuk mengurus operasi dan modal kerja dengan lebih berkesan dan memastikan kualiti dan kesegaran yang berterusan bagi produk Carlsberg kepada pengguna. Perkara yang disebutkan di atas telah memberi kesan kepada bahagian pasaran Kumpulan.

Satu Pasukan Pengurusan baru yang dilengkapi oleh Pengurusan Kanan yang penuh pengalaman telah ditubuhkan. Pasukan tersebut telah membangunkan satu gagasan rancangan strategik dan inisiatif yang telah disemak semula dan telah dilaksanakan di bawah tajuk "Perang Mesti Menang" (PMM).

Pelaksanaan PMM bermula pada akhir suku kedua tahun 2007 dan inisiatif yang dilancarkan untuk menyokong PMM menghasilkan perkembangan positif dalam operasi Kumpulan. Produk baru yang mengujakan telah dilancarkan. Peningkatan dalam keberkesanan organisasi serta program mengenai pengoptimuman kos telah disusun.

Prestasi Kumpulan bagi separuh pertama tahun telah pulih tetapi tidak mencukupi untuk sampai kepada tahap yang dapat memulihkan prestasi lemah pada separuh

pertama tahun tersebut. Berdasarkan prestasi suku tahun ke suku tahun, Pasukan Pengurusan Kumpulan telah memberikan tumpuan utama ke atas menyampaikan nilai kepada pemegang sahamnya semenjak suku ketiga tahun.

Mengambil kira perkara di atas, Kumpulan telah mencatatkan prestasi yang memberangsangkan bagi tahun 2007 dengan pendapatan Kumpulan mencecah RM897.5 juta dan keuntungan sebelum cukai sebanyak RM97.7 juta.

Selepas mengambil kira keperluan pendanaan Kumpulan dan objektif dalam memaksimumkan pulangan bagi pemegang saham, Kumpulan mengesyorkan pembayaran dividen kasar akhir sebanyak 7.5 sen bagi setiap unit saham biasa bernilai RM0.50 serta dividen kasar khas sebanyak 22.5 sen bagi setiap unit saham biasa bernilai RM0.50. Oleh itu, bersama-sama dengan dividen kasar interim sebanyak 5.0 sen bagi setiap unit saham biasa bernilai RM0.50 membawakan jumlah dividen kasar bagi tahun kewangan kepada 35 sen bagi setiap unit saham biasa bernilai RM0.50 setiapnya. Jumlah bayar balik bersih bagi tahun kewangan berjumlah sebanyak RM79.0 juta dan ini bersamaan dengan 100.7 peratus bayar balik keuntungan selepas cukai bagi Kumpulan.

Pihak Lembaga dan pelbagai Jawatankuasa Lembaga adalah aktif sepanjang tahun sebagai penyokong Pasukan Pengurusan baru. Lembaga dan Jawatankuasa Audit memilih untuk menerima guna saranan Kod Malaysia Urus Tadbir Korporat yang telah disemak semula sebelum Bursa Malaysia menerima guna saranan dalam Garis Panduan Penyenaraian. Jawatankuasa Audit Kumpulan kini terdiri daripada hanya Pengarah Bukan Eksekutif Bebas, yang mana salah seorang daripadanya adalah profesional berdaftar dengan Institut Akauntan Malaysia.

Pasaran minuman keras malt yang berbayar duti yang menurun semenjak pelaksanaan 3 kenaikan duti berturut-turut pada tahun 2003, 2004 dan 2005 dan telah pulih sedikit pada tahun 2007. Industri amatlah berpuas hati untuk mengetahui bahawa tidak terdapat kenaikan dalam duti untuk bir dan stout dalam pengumuman Belanjawan Kerajaan 2008. Malaysia masih lagi merupakan Negara dengan duti kedua paling tinggi di dunia selepas Norway dan penangguhan berterusan daripada kenaikan duti adalah perlu kerana harga pengguna untuk produk bir di Malaysia sudah pun terlalu tinggi. Ini tidak konsisten dengan promosi ke atas Malaysia sebagai satu destinasi percutian bagi pelancong. Beberapa negara di sekitar rantau ini menurunkan duti eksais mereka ke atas minuman keras ringan seperti bir dan wain sebagai sebahagian daripada pakej inisiatif untuk menarik bilangan pelawat yang lebih tinggi untuk bercuti di negara mereka. Baru-baru ini, Hong Kong telah menyesuaikan duti mereka untuk produk bir dan wain kepada kadar sifar.

Kumpulan akan terus melaksanakan PMM pada tahun akan datang. PMM ini akan memberikan tumpuan terhadap menjamin nilai bagi pemegang saham. Apabila dilaksanakan sepenuhnya, Kumpulan dijangka akan berada pada kedudukan yang lebih kukuh untuk mencapai objektif komersial jangka sederhana ke jangka panjang dalam bahagian pasaran yang bertumbuh dalam persekitaran yang berubah dengan begitu cepat dan penuh cabaran.

Sementara itu, Pihak Lembaga dan saya dengan sukacitanya mengalu-alukan kedatangan En. Janne Petteri Juvonen dan En. M.R. Gopala Krishnan C.R.K. Pillai menyertai Jemaah Lembaga. En. Janne Petteri Juvonen telah dilantik sebagai Pengarah Bukan Eksekutif pada 31 Mei 2007 dan En. Gopala Krishnan telah dilantik sebagai Pengarah Bukan Eksekutif Bebas pada 3 Disember 2007.

主席献词

Sejak dari Mesyuarat Umum Tahunan, En. Soren Ask Nielsen, Data' Jorgen Barnhoft dan Datuk (Dr.) Lim Ewe Jin telah meletakkan jawatan dari pada Jemaah Lembaga. Jemaah Lembaga ingin mengucapkan penghargaannya kepada semua yang berkaitan terhadap sumbangan dan bimbingan mereka yang tidak ternilai kepada Kumpulan.

Bagi pihak Jemaah Lembaga, saya ingin mengucapkan terima kasih kepada aset kita yang paling berharga – pihak Pengurusan dan kakitangan yang berterusan memikul tanggungjawab terhadap tugas yang berat untuk membina semula "Syarikat yang Menang". Komitmen mereka yang tidak berbelah bagi dan usaha yang penuh dedikasi akan memastikan bahawa Kumpulan akan mencapai objektif strategiknya dalam masa yang paling pendek yang dapat dicapai. Saya ingin menyatakan terima kasih saya yang sungguh istimewa kepada semua pengedar, pembekal, peruncit dan pengguna yang telah menyokong Kumpulan tanpa berbelah bagi dan teguh sejak dulu lagi.

Akhir sekali, saya ingin mengucapkan terima kasih saya kepada pemegang saham dan pihak berkepentingan di atas sokongan berterusan anda.

Data' Lim Say Chong
Pengerusi

Shah Alam
26 Mac 2008

本人欣然代表马来西亚皇帽酿酒厂有限公司董事部同仁，在此提呈本集团兼公司截至2007年12月31日的财政年度之年度报告及经审核的财务报告书。

2007年对于本集团而言，是极具挑战性的一年。去年所开展及推行的重组计划，导致2006年第四季及2007年第一季的表现差强人意，因而必须修正。我们优化了贸易的存货量，以便更有效地管理生意运作及营运资金，并确保继续为消费者提供新鲜及优良品质的皇帽产品。上述的措施对皇帽集团的市场占有率带来了负面的影响。

除此以外，皇帽集团也重组了一支新的管理层，成员包括集团内富有经验的高级管理人员，该管理层推展了一套改进了的策略计划，并在“必胜战役”标题下实行。

“必胜战役”在2007年第二季尾声开始实行。为支援“必胜战役”而开展的各项措施计划，已为集团的营运带来了正面的发展。集团推出令人兴奋的新产品；组织的运作效力得到改善以及成本优化计划也付诸实行。

集团在下半年的表现获得改善，不过还不足以弥补上半年的疲弱表现。在各季表现方面，集团管理层自2007年第三季开始，即专注于为股东增值。

因为上述良好的因素，本集团在2007年创下令人满意的表现记录，集团收入达到8亿9千750万令吉；税前盈利为9千770万令吉。

在考虑了集团的融资需求，及尽量增加股东回报的目标后，董事会建议每50仙普通股的终期总股息为7.5仙；特别总股息为22.5仙。这加上每50仙普通股5.0仙的中期总股息，本财政年度派发的每50仙普通股的总股息合计为35仙。本财政年度的总派发额为7千9百万令吉，相等于派发本集团税后盈利的100.7%。

董事会及各个董事委员在过去的一年积极支援新管理层。在马来西亚证券交易所采纳上市指南的建议前，董事会及审核委员会已选择采纳马来西亚企业管理法典。本集团审核委员会目前由独立的非执行董事组成，他们之中的其中一人是马来西亚

会计师协会注册的专业会计师。

因2003、2004及2005年的税务提高，而连续3年衰退的缴税麦芽酒精饮料市场，在2007年稍微获得复苏。业者感到欣慰的是，政府宣布的2008年预算案中，没有调高啤酒和麦芽的税务。但是，马来西亚仍然是继挪威之后，全世界征收啤酒税第二高的国家；马来西亚的啤酒产品售价已非常高，因此继续制止啤酒税的增高是有必要的。调高啤酒税无助于马来西亚推广旅游业的努力。在这个区域内，为了吸引更多的游客前来度假，各国正调低啤酒、葡萄酒等轻酒精类饮品的国产税。香港最近才将啤酒产品和葡萄酒类的国产税调至零。

本集团在来年将继续推行“必胜战役”。这些“必胜战役”将专注于保障股东们的利益。“必胜战役”一旦完善实行，将有望巩固本集团的地位，以达到中期至长期的商业目标，即在快速转变及充满挑战的环境中，继续增高市场占有率。

与此同时，我与董事会很高兴地欢迎 Janne Petteri Juvonen 先生和 M.R. Gopala Krishnan C.R.K. Pillai 先生加入董事会。Janne Petteri Juvonen 先生在2007年5月31日被委任为非执行董事；而 Gopala Krishnan 先生则在2007年12月3日被委任为独立非执行董事。

上一届年度大会之后，Soren Ask Nielsen 先生、掌管 Jorgen Barnhoft 和掌管 Lim Ewe Jin (医生) 已辞去他们在董事会的职位。董事会感谢他们对本集团非常宝贵的贡献及指引。

我谨代表董事会，向我们最珍贵的资产—管理层及雇员—表示感谢。他们持续肩负起重建一家“胜利的公司”的沉重任务。他们毫不动摇的献身精神与付出，将让本集团能在最短的时间内达到我们策略目标。我也要特别感谢所有坚定且全力支持本集团的批发商、供应商、零售商和消费者。

最后，我感谢股东及利益共享者持续地给予我们支持。

主席
掌管林世宗

莎阿南
2008年3月26日

தலைவரின் அறிக்கை

கார்ல்ஸ்பெர்க் மலேசியா பெர்ஹாட்டிங் இயக்குநர்கள் வாரியத்தின் சார்பில் ஆண்டறிக்கையையும், குகுப் மற்றும் கம்பெனி ஆகியவற்றின் 31 டிசம்பர் 2007இல் முடிவுற்ற நிதியாண்டிற்கான தணிக்கை செய்யப்பட்ட ஊக்கறிக்கைகளையும் சமர்ப்பிப்பதில் நான் மகிழ்ச்சியடைகிறேன்.

2007 குகுப்பக்குச் சவால்பிக்க ஆண்டாய் இருந்தது. 2006இல் நான்காம் காலாண்டு மற்றும் 2007இல் முதல் காலாண்டு ஆகியவற்றின் பலவீனமான செயற்பாடுகளுக்கு இட்டுச் சென்ற கடந்த ஆண்டின் அபிவிருத்தி செய்யப்பட்ட அமலாக்கம் பெற்ற மறுசீரமைப்புத் திட்டம் திருத்தியமைக்கப்பட்ட வேண்டியுள்ளது. செயலாக்க நடவடிக்கைகள் மற்றும் செயலாற்றும் முறைகள் ஆகியவற்றை மேலும் விளைபாய் பிக்கைவளாக நிர்வகித்தல் மற்றும் பயன்பட்டாளர்களுக்குத் தரபிக்க பத்தம் பது கார்ல்ஸ்பெர்க் பொருட்களைத் தொடர்ந்து அளிப்பதை உறுதி செய்தல் ஆகியவற்றுக்காக வந்தகத்தில் தளவாடங்களின் அளவுகள் பிகச் சிறப்பாக மேற்கொள்ளப்பட்டன. இது குகுப்பின் சந்தைப் பங்கில் ஒரு தாக்கத்தை ஏற்படுத்தியது.

அனுபவபிக்க மூத்த நிர்வாகத்தடான ஒரு புதிய நிர்வாகக் குழு நிறுவப்பட்டது. இக்குழு சீரமைக்கப்பட்ட திறத் திட்டங்களையும் முயற்சிகளையும் அபிவிருத்தி செய்ததன் இவை 'மஸ்ட் விக் போட்டல்ஸ்' (MWBs) என்னும் தலைப்பின் கீழ் சேர்ப்படுத்தவும் பட்டன.

MWB க்களின் அமலாக்கம் 2007இல் 2ஆம் காலாண்டு இறுதியில் தொடங்கியதோடு MWB க்களுக்கு ஆதரவு நல்கத் தொடங்கப்பட்ட முயற்சிகள் குகுப்பின் நடவடிக்கைகளுக்கு ஏறமுக முடிவுகளைத் தந்தன. விறுவிறுப்பான பூதிய பொருட்கள் தொடங்கப்பட்டன. நிறுவன விளைபாய்களில் மேம்பாடுகள் மற்றும் செலவைச் சிறந்த அளவில் கட்டுப்படுத்தும் திட்டங்கள் ஆகியவையும் மேற்கொள்ளப்பட்டன.

இரண்டாவது அரையாண்டில் குகுப்பின் செயற்பாடு மீட்சி பெற்றாலும் முதலாம் அரையாண்டின் பலவீன செயற்பாட்டுக்கு ஒரு செய்யும் வகையில் அமையவில்லை. காலாண்டு செயற்பாடு அடிப்படையில், குகுப்பின் நிர்வாகக் குழு 3ஆம் காலாண்டு முதல் பங்குதாரர்களுக்குப் பலனைத் தருவதில் கவனம் செலுத்தியுள்ளது.

மேற்கண்டவற்றைக் கருத்தில் கொள்ளப்பித்தது, குகுப்பின் வருமானம் ரி.ம 8975 மில்லியனை அடைந்தது, வரிக்கு முந்தைய இலாபம் ரி.ம 977 மில்லியனாக இருந்ததால் குகுப்பின் 2007க்கான செயற்பாடு திருப்தியானது என்றே கூற வேண்டும்.

குகுப்பின் மானியத் தேவைகளையும் பங்குதாரர்களின் வருமானத்தை ஆகக் கூடுதலானதாக்கும் நோக்கங்களையும் கருத்தில் கொண்டு, வரியும் இறுதி இலாப ஈனாக ஒவ்வொரு ரி.ம 0.50 சென் சாதாரண பங்குக்கும் 75 சென் இலாப ஈனும் ஒரு பிரத்தியேகக் குரோல் இலாப ஈனாக ஒவ்வொரு ரி.ம 0.50 சென் சாதாரண பங்குக்கும் 225 சென்னும் வழங்கப் பரிந்துரை செய்கிறது. இதோடு இடைக்கால குரோல் இலாப ஈனான ஒவ்வொரு ரி.ம 0.50



தலைவரின் அறிக்கை

சென் சாதாரண பங்குக்கும் 5.0 சென் சேர்த்து, நிதியாண்டின் நி.ம 0.50 சென் சாதாரண பங்கு ஒவ்வொன்றுக்கும் மொத்த குரோஸ் இலாப ரூ. 35 சென் ஆகிறது. நிதியாண்டின் மொத்த நெட் இலாப சுவனது நி.ம 79.0 மில்லியனாகும். இது குகுப் வரங்கும் வரிக்குப் பிந்தைய இலாபத்தில் 100.7 சதவிகிதத்துக்குச் சமமாகும்.

வாரியமும் பல்வேறு வாரியக் கமிட்டிகளும் ஆண்டு முழுமையம் பதிய நிர்வாகக் குழுவுக்கு ஆதரவு தருவதில் தீவிரமாய் இருந்துள்ளன. சின்படி கைக்கலைகளில் உள்ள பரிந்துரைகளைப் பர்சா மலேசியா ஏற்றுக் கொள்வதற்கு முன்பே மலேசியன் கோட் ஆஃப் கார்ப்பரேட் கவனென்ஸின் சீர் திருத்தப்பட்ட பரிந்துரைகளை வாரியமும் தணிக்கைக் கமிட்டியும் ஏற்றுக் கொள்வதைத் தேர்ந்தெடுத்தன. குகுப்பின் தணிக்கைக் கமிட்டி தற்சமயம் மலேசியன் இன்ஸ்டிடியூட் ஆஃப் அக்கவுண்ட்ஸ்கில் பதியு நெற்ற ஒரு நிர்வாக மட்ட இண்டிபெண்டன்ட் நோன்-எக்சிசிடிட்டிங் டைரக்டர்களை மட்டுமே கொண்டுவந்தது.

2003, 2004 மற்றும் 2005இல் தொடர்ந்தால் போன்று 3 வரி அதிகரிப்பின் அமலாக்கம் காரணமாக வீழ்ச்சி கண்டு வந்த வரி செலுத்தப்பட்ட மால்ட் சீக்கர் பானச் சந்தையானது 2007இல் சற்று மீட்சியடைந்தது. 2008க்கான அரசாங்க பட்ஜெட்டில் பர் மற்றும் ஸ்டாஃப்களுக்கு வரி அதிகரிப்பு இல்லை என்ற அறிவிப்பானது இந்தத் தொழிற்சாலைக்கு மகிழ்ச்சியைத் தந்துள்ளது. நோர்வேக்கு அடுத்த நிலையில் உலகிலேயே மிக உயர்வான வரி கொண்ட நாடாக மலேசியா இன்னும் உள்ளது. மலேசியாவில் பர் பொருட்களுக்கான

பயன்பாட்டாளர் விலை ஏற்கனவே மிக அதிகமாக உள்ளதால் இந்த வரியை அதிகரிக்காதது தொடர வேண்டியது தேவையானதாகும். கற்றுப் பயணிகளுக்கு விடுமுறை கால கற்றுண இடமாக மலேசியாவை அழிவிருத்தி செய்வதற்கு இது முரணானதாகும். விடுமுறையின் போது தங்களை நாடுகளுக்குச் கற்றுப் பயணிகளை அதிகளவு கவரும் பொருட்டுப் பல முயற்சிகளில் ஒன்றாகப் பர் மற்றும் வைன் போன்ற மிதமான மதுபானங்களின் வரிகளை இவ்வட்டாரத்திலுள்ள நாடுகள் குறைத்து வருகின்றன. மிக அண்மையில் ஹாங்காங் பர் பொருட்கள் மற்றும் வைன்களுக்குப் பூஜ்ய அளவுக்குச் சரிபடுத்தியுள்ளது.

எதிர்வரும் ஆண்டில் குகுப் தனது MWB க்களைத் தொடர்ந்து அமலாக்கம் செய்யும். பங்குதாரர்களுக்குப் பலனளிக்கும் வண்ணம் இந்த MWB க்கள் கவனம் செலுத்தும். முழுமையாக அமலாக்கம் செய்யப்பட்டதும், விரைவாக மாறி வரும் சவால் மிக்கதமான தழுவில் இலாபகரமான சந்தைப் பங்கை வளரச் செய்யும் தனது இடைப்பட்ட மற்றும் நீண்ட கால வர்த்தக நோக்கங்களை அடைவதில் குகுப் ஒரு வலிமையான நிலையில் இருக்குமென எதிர்பார்க்கப்படுகிறது.

இதனிடையே, திரு. ஜேன் பெட்டரி ஜுவோனென் மற்றும் திரு. கோபால கிருஷ்ணன் C.R.K. பின்னை ஆகிய இருவரையும் வாரியத்துக்கு வரவேற்பதில் வாரியமும் நானும் மகிழ்ச்சி கொள்கிறோம். திரு. ஜேன் பெட்டரி ஜுவோனென் ஒரு நோன் எக்சிசிடிட்டிங் டைரக்டராக 31 மே 2007இலும், திரு. கோபால கிருஷ்ணன் ஒரு இண்டிபெண்டன்ட் நோன் எக்சிசிடிட்டிங் டைரக்டராக 31 சம்பர் 2007இலும் நியமிக்கப்பட்டனர்.

கடந்த வருடாந்திரப் பொதுக் கூட்டத்துக்குப் பிறகு, திரு. சோரென் எஸ்க் நர்சன், டத்தோ' ஜோர்க்ஸ் போர்ன்ஹோல்டர் மற்றும் டத்தோ (டாக்டர்) சீம் என் ஜீன் ஆகியோர் வாரியத்திலிருந்து பதவி விலகினர். குகுப்புக்கான அவர்களது மதிப்பிட இயலாத பங்களிப்புகள் மற்றும் வழிகாட்டுதல்களுக்கும் அம்முவுக்கும் வாரியம் நன்றி பாராட்டிக் கொள்கிறது.

"விண்விங் கம்பெனி"யை மறுவுருவாக்கம் செய்யும் பளுவான வேலைகளைத் தொடர்ந்து கமக்கும் நமது ஆகக் கூடுதலான மதிப்படிமிக்க சொத்துக்கான நிர்வாகத்துக்கும் ஊழியர்களுக்கும் வாரியத்தின் சார்பாக நன்றி தெரிவித்துக் கொள்கிறேன். இவர்களது தடுமாற்றமில்லாத ஈடுபாடும் அன்புணர்வுகளும் உழைப்பும் குகுப் தனது திற நோக்கங்களை இயன்ற அளவு குறுகிய காலத்திலேயே அடையச் செய்வதை உறுதி செய்யும். குகுப்புக்கு உறுதியுடனும் வலிமையுடனும் ஆதரவு நல்கி வரும் விநியோகிகள், சப்ளையர்கள், சிறு வியாபாரிகள் மற்றும் பயன்பாட்டாளர்கள் ஆகிய அனைவர்க்கும் எனது பிரத்தியேக நன்றியைத் தெரிவித்துக் கொள்ளவும் விரும்புகிறேன்.

இறுதியாக, பங்குதாரர்களுக்கும் ஸ்டேக்ஹோல்டர்களுக்கும் தொடர்ந்து ஆதரவு தந்து வருவதற்காக நன்றி கூறுகிறேன்.

டத்தோ' சீம் சாய் சோங் தலைவர்

ஷா ஆலாம்
26 மார்ச் 2008

REVIEW OF OPERATIONS BY MANAGING DIRECTOR

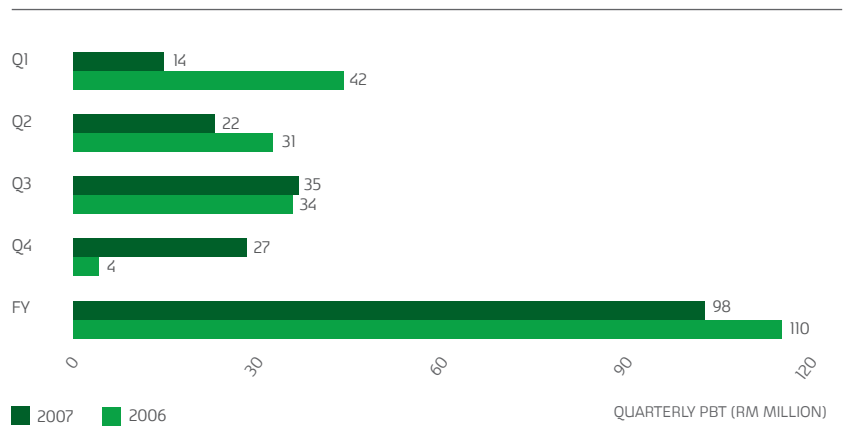


“I would like to start by thanking all the passionate employees of Carlsberg Malaysia for their great efforts as the Group’s improved performance in the 2nd half of 2007 would not have been possible without the excellent team efforts in executing the revised business strategies.”

2007 was a year of many changes for Carlsberg Malaysia, there were some disappointments and some positive achievements. The Group had a poor 1st half performance but had recovered in the 2nd half of the year with improved results in the 3rd and 4th quarters of 2007.

The less than stellar performance in 1H 2007 was largely due to the earlier restructuring initiatives which were not successful and this was compounded by cost escalation particularly in packaging material costs.

Performance improving (Quarterly Profit Before Tax in RM Million)



REVIEW OF OPERATIONS BY MANAGING DIRECTOR



The Group had since the 1st half of the year achieved the following:

- Established a new experienced Management Team and restructured the Commercial Organisation.
- Revenue growth via stabilizing market share and improving product mix.
- Optimized inventory levels in the trade, improved the working capital and ensured all beer products are within the Company's freshness guidelines.
- Strengthened the confidence of Distributors and Customers to secure their future support.
- Raised Carlsberg Malaysia's Corporate Social Responsibility programme to a higher platform with the Carlsberg-Nanyang Top 10 Charity Campaign which over the 20 years had raised a total of more than RM300 million for the development of schools.

- Strengthened the Group's portfolio by successfully launching the Carlsberg 160th Anniversary beer; the exciting new Tuborg beer and a new Jolly Shandy Lychee flavour product.

- Improved the Group's efficiencies and cost effectiveness by implementing a Commercial Excellence project which resulted in major savings. An Administration Excellence project was also implemented which is expected to realize savings in the following years.

In the middle of 2007 the new management team revised the Group's strategic plan in order to achieve the long term ambition of regaining market leadership - profitably. Under the concept of "Must Win Battles" a number of projects were identified to be implemented during 2008 and 2009. The Group's selected five Must Win Battles are:

1. Rebuild Winning Culture

Drive unified company values and identity. Build a

performance-based culture with improved cross functional cooperation and increased focus on Consumer and Customer needs;

2. Win the Carlsberg GL Challenge

Maintain our market leadership in the mainstream beer segment and revitalize the Carlsberg Green Label brand image via best-in-class Communication, Innovation and on-ground Activation;

3. Develop Strong Portfolio of brands

Optimize role and strategy of existing portfolio brands. Launch new brands to target different Consumer needs and different Consumption occasions, with particular focus on the Premium segment;

4. Drive Sales Execution Excellence

Ensure recruitment, retention and development of best sales People. Optimize Structure of sales force and Distributors. Strengthen commercial Mindset of sales staff. Develop effective Processes and IT tools;

REVIEW OF OPERATIONS BY MANAGING DIRECTOR

5. Establish a Strong Platform for Growth

Drive efficient use of resources and improve productivity in Administration and Supply Chain; establish effective and transparent Business Processes; build robust data and Management Information Systems.

The implementation of the projects under the Must Win Battles is also the Group's journey to make Carlsberg "Probably the best beer company in Malaysia". We acknowledge that the competition had benefited in terms of market share gains during our business restructuring. We however believe that with our continued focus to implement the strategic agenda, we shall be in a stronger position to grow profitable brand share and maximize medium and long term value for our shareholders.

Escalating material costs have been a major concern for the Group but we will continue to drive the initiatives under the "Excellence Projects" to reduce the impact on profit margin. As announced earlier, the Group's major contract manufacturing customer, Carlsberg Singapore Pte Ltd had re-located its sourcing of its supplies to a neighbouring country due to competitive reasons, including the imposition of security ink markings on such exports, which have resulted in additional costs to the Company as well as lower duties between Singapore and the neighbouring country. This will have an impact on the Group's export sales and earnings in 2008 and future years.

It is the hope of the Group and the industry that the Government, being aware that the excise duties in Malaysia are the 2nd highest in the world after Norway, will not introduce further duty increases for a few years until such time the excise duties of neighbouring countries catches up with Malaysia. The presently high excise duties encourage smuggling. Whilst enforcement against

smuggled beer products have improved over the period, the Group is hopeful for continued effective enforcement to further curb smuggled imported beer products in the country.

The Group will continue to invest in training to develop the skill base of the employees. Continued training of employees is essential to equip them with the skills and knowledge to enhance their performances in the dynamic and challenging competitive environment.

Competition in Malaysia is expected to remain intense especially with the entrance of a 3rd brewery in the country in 2007. The Group will nevertheless continue to make its business more cost effective and to maintain and expand its Carlsberg brand leadership for the beer segment as well as to increase share in the stout segment.

In the light of the foregoing, the Group expects 2008 to be a very challenging year.

Soren Holm Jensen
Managing Director

Shah Alam
26 March 2008



BRAND STRATEGY

Delivering a strong portfolio of brands is the key strategic imperative for Carlsberg Malaysia to grow profitably. The portfolio is constantly strengthened through clear branding strategy with Carlsberg brand as the leading international beer, supported by Tuborg, Skol and Royal Stout. Each of the brands has its own unique heritage and positioning, which gives them a distinct brand identity and appeal.



BRAND STRATEGY



BRAND PORTFOLIO



CARLSBERG

Carlsberg Pilsner is the flagship in the Carlsberg Group's portfolio of beers. A regular in millions of bars across 140 countries world wide it is a truly international brand and pilsner beer of exceptional taste and quality. Carlsberg Pilsner is a well-proportioned bottom-fermented lager beer. The bitterness of the hops and the apple-like sweetness provide a harmoniously balanced taste. In Malaysia, Carlsberg Green Label is the beer that most beer drinkers prefer.



CARLSBERG SPECIAL BREW

Special Brew was originally brewed by Carlsberg in Denmark for Winston Churchill. His visit to Copenhagen in 1950 was commemorated with a 'special' brew produced in his honour. Churchill's favourite drink was cognac, so in brewing him a commemorative beer, the brewers at Carlsberg created a stronger lager with cognac flavours among its tasting notes. Special Brew was launched in Malaysia in 1974 and has undoubtedly been the original strong beer since then. Special Brew is a full bodied, fruity tasting, strong lager with a good clean bitterness. The alcohol strength of 8.8% by volume is very well received by consumers who prefer a strong beer.



BRAND PORTFOLIO

**TUBORG**

Carlsberg Malaysia added another premium label to its list of world class brands with the introduction of Tuborg, one of the world's fastest growing premium beers. The story of Tuborg starts in Hellerup, north of Copenhagen, where the Tuborg Brewery brewed Denmark's first pilsner-type beer in 1880 and packaged it in bottles with a distinctive green label. It became instantly popular with the Danes and has since grown to become Denmark's best selling beer. These days Tuborg is a real cosmopolitan beer which is sold in more than 70 different countries.

**SKOL**

First brewed in 1959 for the European market, Skol International was founded in 1964 by four international breweries to market the brand globally. It is now available in more than 20 countries around the world. Carlsberg Breweries has the licence to brew and market Skol worldwide, apart from Africa and South America. The beer is part of Carlsberg Breweries' international portfolio. The good quality and great taste of Skol is underlined by the brand winning the coveted Australia International Beer Awards and annual sales of over 9 billion bottles a year.

Skol is truly winning the world over.

**ROYAL STOUT**

The honest to goodness Royal Stout was introduced to the Malaysian market in 1992 to complement the company's existing range of products. The brand has since then grown by attracting drinkers to its genuinely brewed smooth stout flavour.

BRAND PORTFOLIO



JACOBSEN BRAMLEY WIT

Jacobsen is a specialty beer brewed at the famous Jacobsen Brewery in Copenhagen, Denmark. It is a super premium beer and is found exclusively in selected fine dining outlets. The Jacobsen Bramley Wit has a distinct refreshing taste with very discrete bitterness and a refreshing acidity from the Bramley apples added to the brew.



CORONA

Found in more than 150 countries, Corona is one of the most highly-recognized Mexican products in the world. This refreshing beer, with its signature light straw color, is Mexico's leading national brand. What's more, it ranks as the fourth most popular brand in the U.S and is now distributed in Malaysia by Carlsberg Malaysia. A cold Corona is a well deserved reward anytime, anywhere. It's a great choice when you're looking for relaxing refreshment. When you enjoy a Corona, you are tasting the pride of Mexico's leading beer.



TETLEY'S

The Tetley's name has been synonymous with the brewing of high quality ales for almost 200 years. Today, we combine these centuries of experience with the latest brewing technology to create ales to suit all the tastes of the modern ale drinker. Tetley's Original is a traditional style ale with a full-bodied hoppy flavour and a refreshing crispness on the palate.

BRAND PORTFOLIO



BEAMISH

Beamish Genuine Irish Stout, the flagship product of Ireland's oldest brewery is the only Irish Stout brewed exclusively in Ireland. The brand has been brewed at the Beamish Brewery in Cork since 1792 and is renowned for its smooth, consistent quality and taste. Beamish Stout has won numerous accolades over the last 11 years including the 1996 - International Brewing 'Oscar' for Beamish Stout - "The Best Stout in the World", awarded at the Brewing Industry International Awards in Harrogate, England.



JOLLY SHANDY

Jolly Shandy is a refreshing mix of Lemonade and real Beer. The brand was re-launched in 2007 with an improved lemon taste and a new design. To coincide with the new look, a new variant, Jolly Shandy Lychee was introduced for those who cannot get enough of the great taste of Jolly Shandy.



NUTRIMALT

Launched in June 1995, Nutrimalt is a great tasting, non-alcoholic malt beverage that is nourishing and packed with vitamins and nutrients such as Vitamin C and B complex. It can be consumed at any time of the day but is a great energy booster after a workout and also helps to recharge your body after a strenuous working day.

CARLSBERG



CELEBRATING 160TH ANNIVERSARY BREW

In 2007, Carlsberg celebrated its 160 years anniversary, since the first brew on 10th November 1847 in Copenhagen, Denmark. And to commemorate the occasion, the Carlsberg 160th Anniversary Brew was crafted to celebrate this momentous milestone.

CARLSBERG



The Anniversary Brew was inspired by an original recipe from the 19th century. Made from 3 different malts, double brewed and blended to perfection, the beer has a darker, richer colour compared to a regular beer. It also has a deeper, more robust and slightly sweet, caramel-like flavour. The 5.5 % Alcohol by Volume (ABV) beer was available for a limited period and was well received by beer drinkers nationwide. The launch of the Carlsberg 160th Anniversary Brew and the ensuing activities was the highlight of the celebration for the evergreen Carlsberg brand.

Carlsberg continued to extend its innovative "first in Malaysia" Extra Cold draught beer to key entertainment and drinking outlets in major towns in Peninsular Malaysia. Consumers are not only attracted to the unique ice formation on the dispensing tap but also the crisp and refreshing taste of Carlsberg draught beer served at -1 degree Celcius.

PART OF THE GAME



FOOTBALL & CARLSBERG PART OF THE GAME

Carlsberg has a stable of strong football sponsorship properties, amongst which Liverpool, UEFA Super Cup and Euro championships. By leveraging on these properties and activating it with money-can't-buy experiences, Carlsberg delivered probably the best consumer promotion that ran from April to June 2007. We sent 4 lucky winners on a luxury cruise onboard their own private yacht along the French Riviera for 7 days. To top it off, they were treated to the best European football showdown in VIP style - the UEFA Super Cup.

PART OF THE GAME



In August, football fans celebrated the start of the English Premier League season with Carlsberg, with the unique opportunity to win ten all expense paid trip to watch the match of the season, Manchester United vs Liverpool at Anfield Stadium. The winners were selected from a contest in fifty participating sports bars nationwide, where every purchase of Carlsberg brings them closer to their dream football holiday trip.

Football fans in Malaysia were treated to a personified football experience with Carlsberg bringing in former greats from the English Premier League. John Barnes, once a prominent figure in Liverpool FC was given a hero's welcome by 500 strong Liverpool fans at Mardi Gras, 1 Utama. Ian Rush then followed suit by attending an official launch of Carlsberg / Sports Book Genting Football Promotion at Genting Highlands. As expected, the boisterous Liverpool fans were there as well showing their support

PART OF THE GAME



Gary McAllister, also a former Liverpool player, made his way to Malaysia in November to officiate the inaugural Carlsberg – LSCM International Futsal 2007. Liverpool Fan Club members from 5 different countries participated in this tournament and the presence of Gary McAllister made it even more special for the die hard Reds fans.

But it was in December that saw probably the largest gathering of football fans for a viewing party. Approximately 6,000 people attended the viewing party at Sunway Amphitheatre where Carlsberg brought in 2 former legends, Ray Wilkins and Lee Sharpe. Both players had an illustrious career in the league and the 6,000 eager fans got up close and personal with their idol, truly an experience to cherish.

PART OF THE GAME



What started as a small localized golf tournament, the Carlsberg Golf Classic has now blossomed into a reputable and dominant force in golf event with over forty golf clubs and 4,500 golfers participating in a year. 2007 is the 14th consecutive year of the event, which makes it one of the longest running amateur golf event in the country. The 2007 season

saw an overwhelming participation level with close to 4,650 players and with the Grand Finals held at Kelab Golf Sultan Abdul Aziz Shah on 8th December 2007. In the 2008 campaign, RM 60,000 was contributed by participants to help the less fortunate. The Carlsberg Golf Classic has collected almost RM650,000 since year 2000.

TUBORG



**THE FUN
STARTS HERE**

After taking the world by storm, TUBORG, one of the world's FASTEST growing premium beers is now in Malaysia. Introduced in November 2007 to a selected group of Malaysians at Mardi Gras, 1 Utama, TUBORG's presence in Malaysia will also bring new meaning to "Pop" culture and re-define the urban partyscape in the country.

TUBORG



With music as the main pillars of the TUBORG brand around the world, it is all set to offer new consumer experiences in the way beer is enjoyed. Music has always been synonymous with TUBORG and the magnitude of that association has resonated across Europe and Russia. TUBORG has been part of some of the biggest concerts around the world and it is now ready to unleash this new phenomenon and urban partyscape on Malaysians.

With the introduction of TUBORG's signature pull cap, distinct taste and its strong positioning as a FUN STARTER, these will further cement TUBORG's commitment and brand promise to offer new experiences to the Malaysian beer market.

SKOL



WINNING THE WORLD OVER



SKOL has achieved a double digit growth for the past 3 consecutive years.

Staying true to its spirit of selling more than 9 billion bottles worldwide in 2006 (Canedean Beer Service Global Consumption Report), SKOL has set another milestone by winning the "best Use of Newspapers" award from the Malaysian Specialist Association Media Awards (MSA) 2007.

The award given by MSA was in recognition of excellent ideas, inspiration and creative execution of SKOL beer's media solution. In addition to the AIBA award, SKOL has won yet another

international award in 2007 - the "Superior Taste Awards 2007" from the Brussels' International Taste & Quality Institute (iTQi). iTQi is a leading independent Chef and Sommelier-based organisation that dedicates to judging, honouring and promotion superior tasting food and drinks around the world. Its rigorous evaluation process is conducted on a strictly blind basis, without packaging and any kind of identifications. SKOL beer was awarded based on iTQi's "hedonic approach" which measures the intensity of pleasure during tasting.

Given the importance of taste in consumers' choice, the award is a further affirmation of SKOL's stature as the smooth tasting and easy to drink beer in Malaysia.

ROYAL STOUT



**HONEST TO
GOODNESS TO
STOUTS**

Royal Stout was introduced in 1992 and since then, packaging design and taste were improved to appeal and embrace stout drinkers. Royal Stout, being the people's stout, presents all this goodness in the new Royal Stout Ginseng.

Following the national launch of Royal Stout Ginseng in 2007, stout lovers in Sabah and Sarawak were also given the opportunity to enjoy this full-bodied stout blended with ginseng extract. Royal Stout Ginseng has a rich aroma, is full flavoured, and has a revitalizing taste that is uniquely different from other ordinary stout products.



JOLLY SHANDY



*Zesty. Refreshing.
You should get into it !*

**ZESTY
AND
REFRESHING**

In late 2007, Jolly Shandy was relaunched with an improved lemon taste and an improved design. Jolly also introduced a new variant – Jolly Shandy Lychee, for a slightly different kind of excitement.

The new variant is aimed at rejuvenating the brand to target the young and trendy consumers. Contemporary and yet classic in design, it's a whole new feeling with a little twist and the same great taste. After all, there is nothing that will come close to Jolly Shandy.



CORPORATE SOCIAL RESPONSIBILITY



COMMITMENT TOWARDS CORPORATE SOCIAL RESPONSIBILITY

Inspired by its founder J.C. Jacobsen who managed his company using a set of ethical principles rooted in philanthropy and fairness and placed the quality of his products well above any short term gains, all companies in the Carlsberg Group are committed to operating its businesses in a manner that is environmentally sound and socially responsible.

Carlsberg Malaysia have not only adhered to the prescribed practices adopted by the Carlsberg Group but have also initiated its own Corporate Social Responsibility (CSR) programme that goes beyond just compliance to laws and philanthropy. The four main areas of Carlsberg Malaysia's on-going CSR programme focuses on environment, community, workplace and marketplace and the initiatives taken in these areas are in line with the core values of being responsible, honest and good corporate citizen.

CORPORATE SOCIAL RESPONSIBILITY ENVIRONMENT



ENVIRONMENT – MORE THAN BREWING BEER

Carlsberg Group with its headquarters in Copenhagen, Denmark has a Global Environmental Policy that advocates protection of environment and continuous improvement in environmental performance. Carlsberg Malaysia's Environmental Policy is consistent with the Carlsberg Group's Policy and is also compliant with current local legislative requirements regarding the environment.

Carlsberg Malaysia utilizes its resources in a sustainable manner; almost 80% of all solid waste generated is recycled. Production operations are run in an energy efficient manner where energy and electricity use is monitored and improvement projects are put in place to reduce consumption. Carbon dioxide

- which is naturally produced in the fermentation process - is recovered for purification and reused in other areas of production and sales thus saving greenhouse gas emissions. Biogas, produced as a by-product of the Waste Water Treatment Plant is channeled to the dual fuel boiler as another way to cut emissions and prevent depletion of non-renewable resources.

Carlsberg Malaysia is currently implementing ISO 14001 Environmental Management System to further improve the current environmental performance by modeling it to an international standard. Certification is expected by middle of 2008. Carlsberg Malaysia also participated in the Prime Minister

Hibiscus Award for environmental performance to show our commitment to the environmental cause.

Carlsberg Malaysia's Practices:

1. **Reduce** – Energy Management schemes are run to reduce electricity demand.
2. **Re-Use** – Bottles are returned to the brewery, washed then used again to optimize the need to use new bottles and resources.
3. **Recycle** – Where possible wastes such as paper, plastic and aluminum are re-cycled to minimize use of new resources.

CORPORATE SOCIAL RESPONSIBILITY WORKPLACE



WORKPLACE - REBUILDING WINNING CULTURE

The launch of the **Must Win Battles (MWBs)** by the Management Team was followed by a concerted drive to get the involvement of all employees to move forward in the same direction, by first of all, having the winning mindset for change.

Three key initiatives were implemented under the ambit of the MWB 1 to Rebuild Winning Culture.

- Transforming the physical environment in line with the aim of building a unified corporate identity; as seen in the new visuals symbolizing a modern corporate outlook synonymous with a professional and vibrant company.
- Raising the performance standards of individuals and driving for greater people effectiveness by changing the performance reward system to one of shared key

corporate performance indicators that was cascaded to all executive employees. Effectively, all individual performance measures were linked to the Company key performance indicators to institute the principle of linked performance measures that will result in shared accountability across the organisation.

- Creating the awareness for change through implementing a series of cross-functional team building workshops to align teams vide the Winning Culture Thru Team Power Workshops for employees. The main thrust of this series of workshops is aimed at creating a ripple effect throughout the organisation to get a critical mass of individuals to accelerate change in our strife for excellence; with the ultimate goal of fostering greater team integration to evolve the organisation into a seamless organisation.

Continued efforts in Accelerating Human Capital Development

1. Continuance in the roll-out of the **Team Development Learning Centers** to map the skills inventory for employees in supply chain and the support services sector.
2. Implementing the **Employee Attitude Survey (EAS) 2007** to gauge our organisational climate and the findings from this survey will help the Company to develop action plans / initiatives to transform Carlsberg Malaysia into a workplace where all employees are proud to be associated with.
3. Leveraging on IT-SAP system to upgrade employee database and facilitate real-time information accessibility and retrieval.

CORPORATE SOCIAL RESPONSIBILITY **COMMUNITY**



COMMUNITY – SHARING WITH SOCIETY

True to its mission of bringing people together and adding to the enjoyment of life, Carlsberg Malaysia believes in the importance of providing opportunities specially to the younger generation, for the betterment of our society for a better future. Carlsberg Malaysia has been playing an important long term role in the advancement and development of non-governmental aided educational institutions.

Carlsberg Malaysia's philanthropic initiatives are grouped under the Carlsberg Nanyang Top Ten Charity Campaign, Carlsberg Education Fund and the sponsorship of the Education, Welfare and Research Foundation.

In 2007, the Carlsberg Nanyang Top Ten Charity Campaign conducted 17 roadshows around Peninsular Malaysia and raised RM19.0 million for the

development of schools. The Top Ten Charity Campaign also celebrated its 20th Anniversary in 2007 and the celebration was made more special as the total funds raised by this campaign surpassed the RM300 million mark. This amount of funds raised over the 20 years had enabled more than 550 Chinese primary schools in Malaysia to implement their develop plans and improve their standards of facilities to promote education for children.

The Top Ten Charity Campaign has also enabled many talented Malaysian artistes to have a platform to perform and develop their talents in front of live audiences by having the opportunity to perform in roadshows around the country. Many of the local talented artistes who have performed for the Top Ten Charity Campaign are now well known international artistes.

CORPORATE SOCIAL RESPONSIBILITY COMMUNITY



The Carlsberg Education Fund (CEF) jointly managed with the Hua Zhong in Malaysia had committed RM1.0 million in study loans for around 40 students enrolling in universities in 2007. The CEF has a revolving fund of RM4.0 million and the loans disbursed to needy students are interest free and repayable when the students graduate and find employment.

Carlsberg Malaysia has been a long term sponsor of the Education, Welfare and Research Foundation (EWRFF). In 2007, Carlsberg Malaysia undertook the full sponsorship of EWRFF's two programmes, Project READ and EEP (English Enhancement Programme). School children and teachers from Tamil schools participated in these programmes have enhanced their English reading proficiencies as well as teaching skills.

In addition to the above community programmes, Carlsberg Malaysia has also contributed to other various causes. The Group has been a sponsor of the elephants at the National Zoo for 21 continuous years. In 2007, the Group's renewal of its annual sponsorship coincided with Children's day and the Group hosted a visit to the zoo with various activities for under privileged children.

CORPORATE SOCIAL RESPONSIBILITY **MARKETPLACE**



MARKETPLACE – HEADING TOWARDS ORGANISATION EXCELLENCE

Carlsberg Malaysia is more than just brewing and selling beer. Carlsberg Malaysia pays great attention on implementing good business conducts within the organisation and towards its stakeholders. Being Honest and Responsible are two of the Group's core values. The Group functions on principles that responsible business reduces risks, increases efficiencies and contribute to a good reputation, which enhances value creation, competition and long term sustainability.

The Board and the Management practices good corporate governance and have previously won awards for Corporate Governance during the time when Bursa Malaysia introduced various awards for public listed companies.

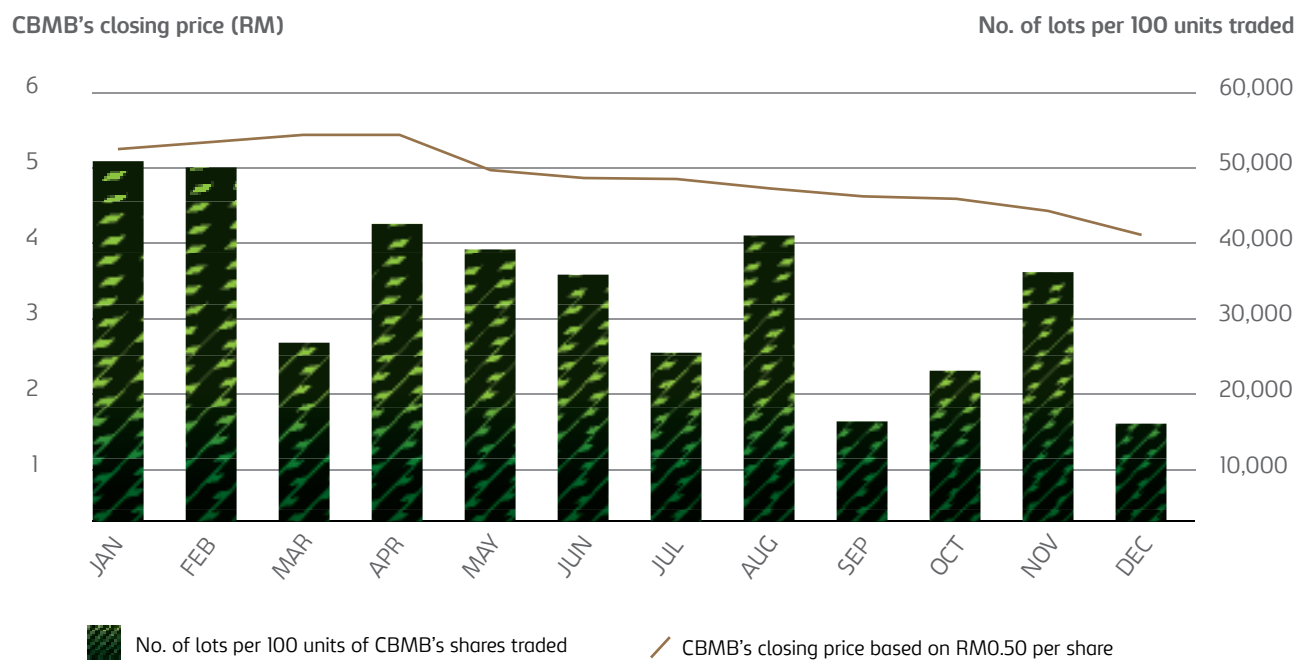
All employees of Carlsberg Malaysia are bound by a Code of Conduct which is part of the Employment Terms and Conditions. The Code of Conduct is an extension of the corporate governance principles and covers wide areas with guidelines on best practices for the employees including ethics inter alia.

The Group is sensitive in the business environment it operates in and takes into account the cultural differences of Malaysian society. The Group's marketing activities have to be in compliance with the Group's Code of Marketing Practice which promotes responsible consumption of alcohol and acceptable marketing and promotion guidelines.

Carlsberg Malaysia is a founder member of the Confederation of Malaysian Brewers Berhad, whose role is to provide a platform for the Malaysian brewers to work closely with the Authorities such as Customs, Police and other Ministries to address industry issues.

The Group is also one of the pioneers to officially adopt the Malaysian International Chamber of Commerce (MICCI) Ethics Charter which is a standard guide for MICCI members to conduct their business with values such as Value Creation, Integrity, Governance, Obligation, Understanding and Responsibility all grouped under the acronym "VIGOUR".

CBMB'S SHARE PERFORMANCE



Notes: CBMB - Carlsberg Brewery Malaysia Berhad
 CBMB is quoted as CBMS.KL by Reuters whereas CAB MK by Bloomberg

Five-Year Dividend Payout As % Of Profit After Tax

| | 2007 RM'000 | 2006 RM'000 | 2005 RM'000 | 2004 RM'000 | 2003 RM'000 |
|--|----------------|----------------|----------------|----------------|----------------|
| Net Dividend Amount | 82,583 | 86,832 | 110,069 | 98,756 | 103,859 |
| Group Profit After Tax | 78,493 | 85,904 | 88,676 | 88,714 | 81,155 |
| Net Dividend Amount as % of Profit After Tax | 105.2% | 101.1% | 124.1% | 111.3% | 128.0% |

TEN YEAR FINANCIAL SUMMARY

INCOME STATEMENTS (RM - MILLION)

| | 1998 RESTATED | 1999 RESTATED | 2000 RESTATED | 2001 RESTATED | 2002 RESTATED | 2003 RESTATED | 2004 RESTATED | 2005 RESTATED | 2006 RESTATED | 2007 |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------|
| Revenue | 669.5 | 696.5 | 765.1 | 751.5 | 692.0 | 702.0 | 796.7 | 867.2 | 929.7 | 897.5 |
| Profit Before Tax | 151.9 | 137.9 | 152.2 | 161.7 | 126.7 | 106.7 | 113.3 | 112.4 | 110.4 | 97.7 |
| Taxation | 37.4 | - | 42.2 | 35.7 | 31.3 | 25.5 | 24.6 | 23.7 | 24.5 | 19.2 |
| Profit After Tax | 114.5 | 137.9 | 110.0 | 126.0 | 95.4 | 81.2 | 88.7 | 88.7 | 85.9 | 78.5 |
| Transfer from Revenue Reserves | 1.2 | - | - | - | - | - | - | - | - | - |
| | 115.7 | 137.9 | 110.0 | 126.0 | 95.4 | 81.2 | 88.7 | 88.7 | 85.9 | 78.5 |
| Dividends | 115.7 | 109.3 | 82.0 | 82.0 | 103.6 | 103.9 | 98.8 | 110.1 | 86.8 | 82.6 |
| Retained Earnings | - | 28.6 | 28.0 | 44.0 | (8.2) | (22.7) | (10.1) | (21.4) | (0.9) | (4.1) |

BALANCE SHEETS (RM - MILLION)

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| Issued and Paid-up Share Capital | 153.0 | 141.0 | 141.0 | 141.0 | 141.7 | 142.0 | 142.0 | 142.0 | 142.0 | 142.0 |
| Retained Earnings | 209.1 | 237.7 | 265.8 | 380.8 | 378.4 | 355.7 | 345.7 | 324.2 | 323.3 | 319.3 |
| General Reserves | 5.8 | 5.8 | 5.8 | 5.8 | - | - | - | - | - | - |
| Non-Distributable Reserves | 13.0 | 11.9 | 11.4 | 9.3 | 11.4 | 14.0 | 12.8 | 13.7 | 11.2 | 10.1 |
| Shareholders' Fund | 380.9 | 396.4 | 424.0 | 536.9 | 531.5 | 511.7 | 500.5 | 479.9 | 476.5 | 471.4 |
| Deferred Taxation | 12.0 | 12.0 | 12.8 | 14.0 | 21.0 | 22.5 | 22.9 | 22.6 | 22.4 | 19.6 |
| | 392.9 | 408.4 | 436.8 | 550.9 | 552.5 | 534.2 | 523.4 | 502.5 | 498.9 | 491.0 |
| Property, Plant and Equipment (Net Book Value) | 176.4 | 200.9 | 195.5 | 211.6 | 200.8 | 185.5 | 176.7 | 169.6 | 160.7 | 158.1 |
| Investment in Associated Company | 14.1 | 13.3 | 13.4 | 8.3 | 13.6 | 15.0 | 15.6 | 18.0 | 14.8 | 13.8 |
| Long Term Investment | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | - | - | - |
| Net Current Assets | 200.7 | 192.5 | 226.2 | 329.3 | 336.4 | 332.0 | 329.4 | 314.9 | 323.4 | 319.1 |
| | 392.9 | 408.4 | 436.8 | 550.9 | 552.5 | 534.2 | 523.4 | 502.5 | 498.9 | 491.0 |

TEN YEAR FINANCIAL SUMMARY

FINANCIAL RATIOS

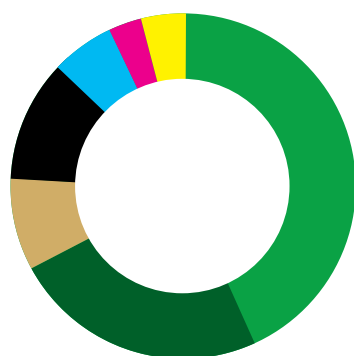
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|------|------|------|------|------|------|------|------|------|------|
| Pre-Tax Earnings per share (RM)*# | 0.50 | 0.46 | 0.50 | 0.53 | 0.42 | 0.35 | 0.37 | 0.37 | 0.36 | 0.32 |
| Post-Tax Earnings per share (RM)*# | 0.38 | 0.46 | 0.36 | 0.42 | 0.32 | 0.27 | 0.29 | 0.29 | 0.28 | 0.26 |
| Net Dividend per ordinary share (RM)# | 0.38 | 0.36 | 0.27 | 0.27 | 0.34 | 0.34 | 0.32 | 0.36 | 0.28 | 0.27 |
| Net Assets Backing per share (RM)*# | 1.25 | 1.31 | 1.40 | 1.77 | 1.74 | 1.68 | 1.64 | 1.57 | 1.56 | 1.54 |
| Dividend Cover, No. of Times (Based on post-tax earnings) | 1.00 | 1.30 | 1.30 | 1.54 | 0.92 | 0.78 | 0.90 | 0.81 | 0.99 | 0.95 |
| Return on Shareholders' Fund (%) | 30.1 | 34.8 | 25.9 | 23.5 | 18.0 | 15.9 | 17.7 | 18.5 | 18.0 | 16.7 |
| Current Ratio | 1.9 | 2.0 | 2.2 | 3.8 | 4.3 | 5.6 | 5.5 | 4.6 | 4.5 | 4.1 |
| Bursa Securities Price at 31 December (RM)# | 5.45 | 5.85 | 5.50 | 5.40 | 5.35 | 5.50 | 5.30 | 5.35 | 5.10 | 4.24 |
| Net Dividend Yield (%) ^ | 7.0 | 6.2 | 4.9 | 5.0 | 6.4 | 6.2 | 6.0 | 6.7 | 5.6 | 6.4 |

* For 1998, figures are calculated based on 153 million ordinary shares. 1999 figures are based on weighted average number of shares issued during the year while the figures for 1999 onwards are based on number of shares net of treasury shares.

For comparison purposes figures prior to 2005 are adjusted based on RM0.50 per share.

^ Net dividend yield is computed based on dividend paid out during the year divided by the share price at year end.

FINANCIAL HIGHLIGHTS



Analysis of 2007 Group Revenue

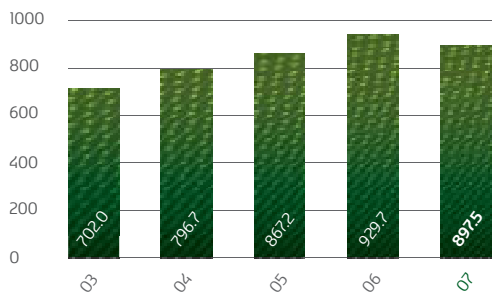
| | 2006 | 2007 |
|--|-------|-------|
| Excise Duties & Ad Valorem Tax | 47.9% | 47.2% |
| Sales, Distribution & Administration Costs | 20.7% | 20.8% |
| Profit after Tax | 9.2% | 8.8% |
| Raw Materials & Packaging Costs | 12.0% | 13.2% |
| Employees' Costs | 5.1% | 5.3% |
| Taxation | 2.6% | 2.1% |
| Depreciation | 2.4% | 2.6% |

FINANCIAL HIGHLIGHTS

Revenue

Before Excise Duty

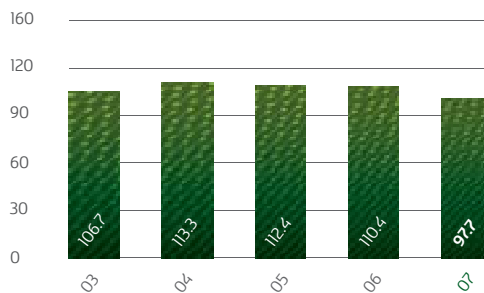
RM (MILLION)



Profit

Before Tax

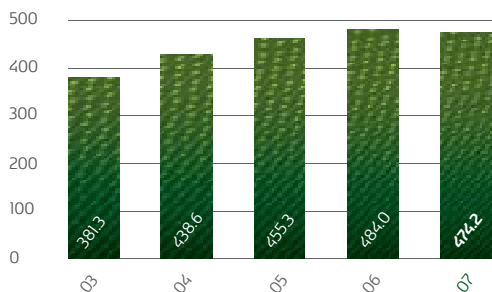
RM (MILLION)



Revenue

After Excise Duty & Ad Valorem Tax

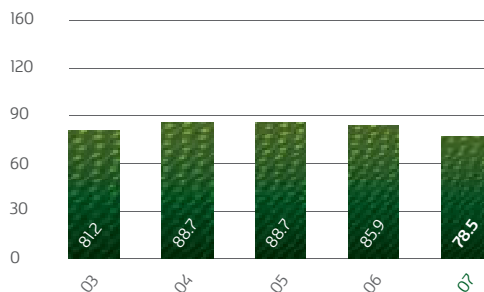
RM (MILLION)



Profit

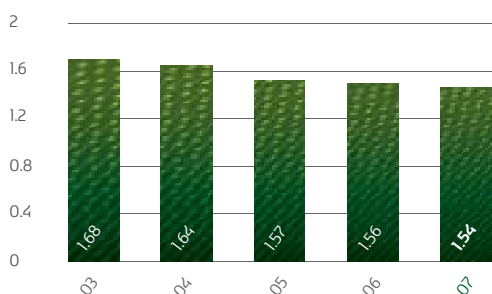
After Tax

RM (MILLION)



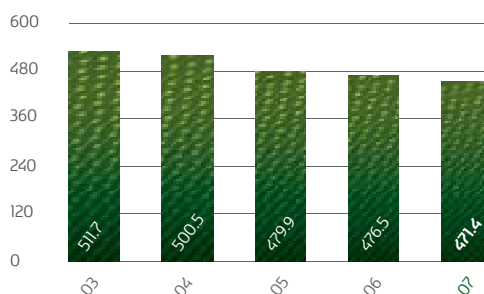
Net Asset Backing Per Share

RM



Shareholders' Fund

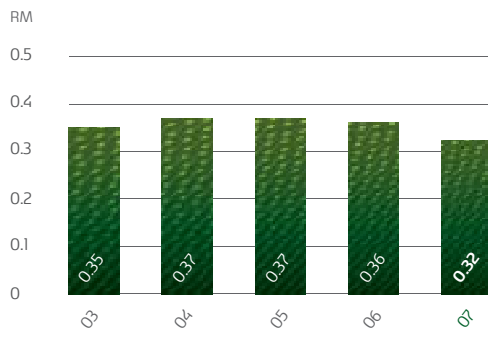
RM (MILLION)



FINANCIAL HIGHLIGHTS

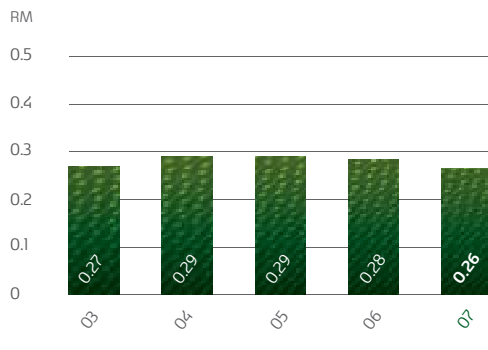
Earnings Per Share

Pre Tax



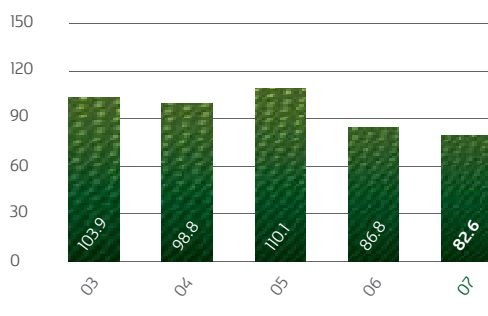
Earnings Per Share

Post Tax



Dividend Payout

RM (MILLION)



DEVELOPMENT OF INVESTMENT IN CARLSBERG BREWERY MALAYSIA BERHAD SHARES

| YEAR | PARTICULARS | NEW SHARES ISSUED TO A SHAREHOLDER # | CUMULATIVE NUMBER OF SHARES HELD BY A SHAREHOLDER | COST OF INVESTMENT |
|--|--|--------------------------------------|---|-------------------------------------|
| 1971 | Initial Subscription | | 1,000 | RM1,000 |
| 1973 | Rights issue : 1 for 2 | 500 | 1,500 | RM500 |
| 1978 | Bonus issue : 1 for 2 | 750 | 2,250 | |
| 1981 | Bonus issue : 1 for 2 | 1,125 | 3,375 | |
| 1988 | Bonus issue : 1 for 3 | 1,125 | 4,500 | |
| 1990 | Bonus issue : 1 for 2 | 2,250 | 6,750 | |
| 1992 | Bonus issue : 1 for 3 | 2,250 | 9,000 | |
| 1994 | Bonus issue : 1 for 4 | 2,250 | 11,250 | |
| 1997 | Bonus issue : 1 for 2 | 5,625 | 16,875 | |
| 2005 | Share split : From RM1.00 to RM0.50 | - | 33,750 | |
| | | | Current investment of a shareholder | Initial investment of a shareholder |
| Total number of shares held | | | 33,750 | 1,500 |
| Closing market price as at 31.12.2007 | | | RM4.24 | |
| Market value of shares held | | | RM143,100 | RM1,500 |
| Cumulative gross dividend received (1971 - 2007) | | | RM179,569 | |

Assumption of issue of exact lots for illustrative purposes only

DIVIDEND PAYMENT HISTORY

| YEAR | TOTAL DIVIDEND AMOUNT (RM'000) | DIVIDEND RATE (SEN PER SHARE)* | |
|------|-----------------------------------|--------------------------------|------|
| | | GROSS | NET |
| 1977 | 1,440 | 10.0 | 6.0 |
| 1978 | 1,800 | 10.8 | 6.5 |
| 1979 | 2,786 | 12.9 | 7.8 |
| 1980 | 2,700 | 12.5 | 7.5 |
| 1981 | 3,240 | 12.5 | 7.5 |
| 1982 | 4,050 | 12.5 | 7.5 |
| 1983 | 4,590 | 12.5 | 7.5 |
| 1984 | 4,590 | 12.5 | 7.5 |
| 1985 | 4,590 | 12.5 | 7.5 |
| 1986 | 4,590 | 12.5 | 7.5 |
| 1987 | 4,590 | 12.5 | 7.5 |
| 1988 | 5,202 | 12.5 | 7.5 |
| 1989 | 6,630 | 12.5 | 8.2 |
| 1990 | 12,036 | 17.5 | 13.2 |
| 1991 | 16,065 | 17.5 | 13.2 |
| 1992 | 17,391 | 17.5 | 13.2 |
| 1993 | 21,624 | 17.5 | 13.3 |
| 1994 | 23,419 | 17.5 | 13.5 |
| 1995 | 28,050 | 17.5 | 13.8 |
| 1996 | 28,050 | 17.5 | 13.8 |
| 1997 | 46,920 | 25.0 | 21.3 |
| 1998 | 66,096 | 30.0 | 21.6 |
| 1999 | 115,584 | 52.5 | 37.8 |
| 2000 | 109,321 | 50.0 | 36.0 |
| 2001 | 81,991 | 37.5 | 27.0 |
| 2002 | 103,604 | 37.5 | 34.0 |
| 2003 | 103,859 | 37.5 | 34.0 |
| 2004 | 98,756 | 40.0 | 32.3 |
| 2005 | 110,069 | 50.0 | 36.0 |
| 2006 | 86,832 | 37.5 | 28.4 |
| 2007 | 82,583 | 37.0 | 27.1 |

* For comparison purposes, figures prior to 2006 are restated based on RM0.50 per share

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors is fully committed in ensuring that the highest standards of corporate governance including accountability and transparency are practised by the Company and throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

To this end, the Board continues to implement the recommendations of the Malaysian Code of Corporate Governance (“Code”), which sets out the principles and best practices on structures and processes that companies may use in their operations towards achieving the optimal governance framework.

For the financial year ended 31 December 2007, the Group has not complied with the principle and best practice of the Code set out in the schedule below. The reasons for non-compliance are specified accordingly.

| PROVISION OF THE CODE | DETAILS | REASONS |
|-----------------------|--|---|
| B.III | Disclosure of details of the remuneration of each Director | <p>The Board has considered this Principle against the backdrop of compliance with a related disclosure required under the Listing Requirements of Bursa Securities, i.e. that of disclosure of an analysis of Directors’ Remuneration by applicable bands of RM50,000 (refer to section B.III on Details of Remuneration of this Statement).</p> <p>The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors’ Remuneration are appropriately served by the ‘band disclosure’ made.</p> |

This Statement as reflected in the ensuing paragraphs, describes how the Group has applied and complied with the principles and best practices of the Code for the financial year ended 31 December 2007.

A. DIRECTORS

I. The Board

An effective Board leads and controls the Group whereby collective decision and/or close monitoring are conducted on issues relating to strategy, performance, resources, standards of conduct and financial matters. The Board also facilitates its principal responsibilities which include reviewing and adopting a strategic plan, overseeing the conduct of business, risk management, succession planning, developing and implementing investor relations and reviewing internal controls.

During the financial year ended 31 December 2007, five (5) Board meetings were held. The Board intends to meet at least four (4) times a year, with additional meetings convened where necessary. Minutes of Board meetings are duly recorded by the Company Secretary.

STATEMENT OF CORPORATE GOVERNANCE

The following is the record of attendance of the Board Members :-

| DIRECTORS | NO. OF MEETINGS ATTENDED |
|--|--------------------------|
| Dato' Lim Say Chong (Chairman & Independent Non-Executive Director) | 5/5 |
| Tan Sri Datuk Asmat bin Kamaludin (Senior Independent Non-Executive Director) | 5/5 |
| Jesper Bjoern Madsen (Non-Executive Director) | 5/5 |
| Dato' Chin Voon Loong (Executive Director) | 5/5 |
| Soren Holm Jensen (Managing Director) (appointed on 5 March 2007) | 3/3 |
| Janne Petteri Juvonen (Non-Executive Director) (appointed on 31 May 2007) | 3/3 |
| M.R. Gopala Krishnan C.R.K. Pillai (Independent Non-Executive Director) (appointed 3 December 2007) | N/A |
| Datuk (Dr.) Lim Ewe Jin (Independent Non-Executive Director) (resigned on 21 November 2007) | 3/4 |
| Dato' Jorgen Bornhoft (Non-Independent Non-Executive Director) (resigned 10 October 2007) | 4/4 |
| Soren Ask Nielsen (Non-Executive Director) (resigned 31 May 2007) | 0/2 |
| Mogens Joenck (Managing Director) (resigned 10 February 2007) | 1/1 |

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board decisions are obtained via circular resolutions which are supported with information necessary for an informed decision.

The Board has delegated specific responsibilities to the following Board Committees :-

1. Audit Committee

The Audit Committee was established on 15 April 1994. Please refer to the Audit Committee Report on page 59.

2. Nomination Committee

The Nomination Committee was established on 1 October 2001. There were two (2) meetings held during the financial year ended 31 December 2007.

Members:

Tan Sri Datuk Asmat bin Kamaludin (Senior Independent Non-Executive Director) – Chairman
 Dato' Lim Say Chong (Independent Non-Executive Director)
 Jesper Bjoern Madsen (Non-Executive Director)

Key responsibilities:

- Reviewing the Board composition and recommending new nominees to the Board as well as Board committees for the Directors' consideration.
- Assessing the effectiveness of the Board, Board Committees and the contribution of each Director (including the Independent Non-Executive Directors and Managing Director) every year, taking into consideration the required mix of skills, knowledge, expertise and experience and other requisite qualities including core competencies contributed by Non-Executive Directors. All assessments and evaluation are documented for proper records.

STATEMENT OF CORPORATE GOVERNANCE

3. Remuneration Committee

The Remuneration Committee, which was established on 18 August 2001, had one (1) meeting during the financial year ended 31 December 2007.

Members:

Tan Sri Datuk Asmat bin Kamaludin (Senior Independent Non-Executive Director) – Chairman

Dato' Lim Say Chong (Independent Non-Executive Director)

M.R. Gopala Krishnan C.R.K. Pillai (Independent Non-Executive Director - appointed 3 December 2007)

Dato' Jorgen Bornhoft (Non-Independent Non-Executive Director - resigned 10 October 2007)

Key responsibilities:

- Recommending the level of the Executive Directors' remuneration package.
- Evaluating the remuneration packages of senior management executives.

II. Board Balance

The strong independent element of the Board, whereby more than one-third is independent, ensures a balance of power and authority. The roles and responsibilities of the Chairman and Managing Director are made clearly distinct to further enhance the existing balance of power and authority. The Chairman holds a Non-Executive position and is primarily responsible for matters pertaining to the Board and the overall conduct of the Group. The Managing Director oversees the day to day management and running of the Group and the implementation of the Board's decisions and policies.

In 2007, the Board had between seven (7) to eight (8) members, comprising five (5) to six (6) Non-Executive Directors and two (2) Executive Directors. Out of these Directors, three (3) to four (4) were Independent Directors, which is in excess of the statutory requirement of one-third. Collectively, the Directors bring a wide range of business, legal, financial and technical experience relevant to the Group. The profile of each Director is summarised under pages 3 to 9.

The presence of Independent Non-Executive Directors ensures that issues of strategies, performance and resources proposed by the management are objectively evaluated, taking into consideration the long-term interests of shareholders, employees, customers, suppliers and other communities in which the Group conducts its business. The relatively large number of Independent Directors also ensures that the investment of minority shareholders is fairly reflected through Board representation.

III. Supply of Information

All Directors are furnished with a comprehensive Board File including the meeting agenda usually two (2) weeks before each Board meeting. Sufficient time is given to enable the Directors to solicit further explanations and/or information, where necessary, so that deliberations at the meeting are focused and constructive.

The Board File includes, amongst others, sales and marketing development and strategies, financial results and forecasts, status of major projects, minutes of meetings of the Audit Committee and other major operational, financial and legal issues. In addition, there is a schedule of matters reserved specifically for the Board's decision.

All Directors have access to the advice and services of the Company Secretary as well as to all information within the Group. There is also a formal procedure sanctioned by the Board of Directors, whether as a full board or in their individual capacity, to take independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Group's expense.

STATEMENT OF CORPORATE GOVERNANCE

IV. Appointments to the Board

The Code endorses, as good practice, the setting up of a Nomination Committee to formalise procedures for appointments to the Board. Although the Code states that this procedure may be performed by the Board as a whole, as a matter of best practice, it recommends that this responsibility be delegated to a committee.

To this end, the Nomination Committee, all of whom are Non-Executive Directors, is charged with the responsibility of, amongst others, recommending the appointment of new Directors to the Board.

The Company has an induction and education programme for new Board members, which includes a visit to the Company's brewery and discussions with the Managing Director, Department Heads and Key Section Heads to better understand the operations, business and policies of the Group, which will allow new Board members to contribute effectively from the outset of their appointment. The relevant sections of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") particularly in relation to their responsibilities as Directors, are also conveyed to them.

V. Re-election

All new Directors are subject to election at the next Annual General Meeting after their appointment in accordance with the Company's Articles of Association, which also provides that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting.

Directors aged seventy (70) years and above are required to retire at every Annual General Meeting but shall be eligible to submit themselves for re-appointment until the next Annual General Meeting in accordance with Section 129(6) of the Companies Act, 1965.

VI. Directors' Training

All Directors have attended the Mandatory Accreditation Programme (MAP) and the Continuing Education Programme (CEP) as required by Bursa Securities. During the course of the year, they have also attended other training programmes and seminars including areas in relation to financial reporting standards, media and seminars organized by Bursa Securities.

Training for Directors will continue so as to ensure that they are kept up-to-date on developments in relevant laws and business practices.

B. DIRECTORS' REMUNERATION

I. Remuneration Policy

The objective of the Group's remuneration policy is to attract and retain the Directors required to lead and control the Group effectively. In the case of Executive Directors, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities.

STATEMENT OF CORPORATE GOVERNANCE

II. Remuneration Procedure

The Remuneration Committee recommends for the Board's approval, the framework of executive remuneration of the Executive Directors' remuneration package.

Non-Executive Directors' fees are determined by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his fee.

The fees payable to Directors are subject to the approval of shareholders.

III. Details of Remuneration

The aggregate remuneration of the Directors of the Company is as follows:

| | 2007 | | 2006 | |
|---|-------------------------------|-----------------------------------|-------------------------------|-----------------------------------|
| | EXECUTIVE DIRECTORS RM'000 | NON-EXECUTIVE DIRECTORS RM'000 | EXECUTIVE DIRECTORS RM'000 | NON-EXECUTIVE DIRECTORS RM'000 |
| Total Remuneration: | | | | |
| Fees | 63 | 241 | 65 | 240 |
| Gratuity | - | - | - | - |
| Retirement benefits-defined contribution plan | 228 | - | 191 | - |
| Benefits-in-kind | 384 | - | 131 | - |
| Other emoluments | 3,217 | - | 1,776 | - |
| | 3,892 | 241 | 2,163 | 240 |

The higher 2007 remuneration for Executive Directors under other emoluments was mainly due to contractual payment to the outgoing Managing Director.

The number of Directors of the Company whose total remuneration fell within the respective ranges tabulated below, were as follows:

| | NUMBER OF DIRECTORS | | | |
|-----------------------------|-------------------------------|-----------------------------------|-------------------------------|-----------------------------------|
| | 2007 | | 2006 | |
| Range of Remuneration (RM): | EXECUTIVE DIRECTORS RM'000 | NON-EXECUTIVE DIRECTORS RM'000 | EXECUTIVE DIRECTORS RM'000 | NON-EXECUTIVE DIRECTORS RM'000 |
| Less than 50,000 | - | 7 | - | 8 |
| 50,001 - 70,000 | - | 1 | - | - |
| 700,001 - 900,000 | 1 | - | 1 | - |
| 900,001 - 1,100,000 | - | - | - | - |
| 1,100,001 - 1,300,000 | - | - | - | - |
| 1,300,001 - 1,500,000 | 2 | - | 1 | - |
| | 3 | 8 | 2 | 8 |

STATEMENT OF CORPORATE GOVERNANCE

C. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Board recognises the importance of an effective communications channel between the Board, shareholders and general public.

The annual reports, press releases, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.

The Annual General Meeting represents the principal forum for dialogue and interaction with shareholders. At every meeting, the Board sets out the progress and performance of the Group since the last meeting held. Shareholders are encouraged to participate in the subsequent question and answer session wherein Directors, Company Secretary, Heads of Department as well as the Group's External Auditors are available to respond to the queries raised. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder.

Each item of special business included in the notice of meeting will be accompanied by a full explanation of the effects of a proposed resolution.

During the year, the Managing Director and/or key management personnel also hold discussions with the press and analysts when necessary, to provide information on the Group's strategy, performance and major developments. A press briefing is also held after each Annual General Meeting.

In addition, the Group maintains a website at www.carlsberg.com.my for shareholders and the public to access information on, amongst others, the Group's background and products, financial performance, frequently-asked questions (FAQs) and updates on its various sponsorships and promotions.

D. ACCOUNTABILITY AND AUDIT

I. Financial Reporting

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Board takes responsibility in conveying a balanced and understandable assessment of the Group's position and prospects.

A statement by Directors of their responsibilities in preparing the financial statements is set out on page 63 of this Annual Report.

II. Internal Controls

The Board of Directors has always placed significant emphasis on sound internal controls which are necessary to safeguard the Group's assets and shareholders' investment. To this end, the Board affirms its overall responsibility for the Group's internal controls system which encompasses risk management practices as well as financial, operational and compliance controls. However, it should be noted that such system, by its nature, manages but not eliminates risks and therefore can provide only reasonable and not absolute assurance against material misstatement, loss or fraud.

Ongoing reviews are performed throughout the year to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. Such continuous review processes are conducted by the Group's independent and sufficiently resourced internal audit function as well as the Company's management team. The findings of the internal audit function are regularly reported to the Audit Committee.

III. Relationship with Auditors

The role of the Audit Committee in relation to the external auditors is described on pages 60 to 61.

STATEMENT ON INTERNAL CONTROL

RESPONSIBILITY

The Board is committed to the continuous improvement of internal controls and risk management practices within the Group to meet its business objectives. The Board affirms its overall responsibility for the effectiveness of the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of these systems to safeguard shareholders' investment, customers' interest and the Group's assets. However, such systems, by their nature, can only provide reasonable, and not absolute, assurance against material misstatement, loss and fraud. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives of the Group.

RISK MANAGEMENT FRAMEWORK

The Group has in place an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives. This process is regularly reviewed by the Board and is in accordance with the "Statement on Internal Control: Guidance for Directors of Public Listed Companies". The key elements of the Group's Risk Management Framework are described below :-

- **Structure**

The Group adopts a decentralised approach to risk management, whereby all employees take ownership and accountability for risks at their respective levels. The process of risk management and treatment is overseen by the Heads of Department.

A working group, the Risk Management Working Committee ("RMWC"), provides risk management support to Management for the Group as a whole. The role of the RMWC includes periodic reporting of the status of risk mitigation actions, new risks identified and risks that have changed characteristics together with corresponding controls. The RMWC comprising key persons from all departments, submits its reports to both the Management and the Audit Committee on a regular basis. The Audit Committee reports to the Board on any significant changes in the business and external environment which affect key risks.

In 2007, the RMWC met four (4) times wherein discussions and reviews were conducted on key risks faced by the Group, their corresponding controls and action plans to be taken.

- **Risk Assessment**

The Group maintains a database of key risks specific to the Group together with their corresponding controls, which are categorised as follows :-

- Strategic, which are risks that affect the overall direction of the business
- Operational, which are risks that impact the delivery of the Group's products and services
- Financial, which are risks associated with financial processes and reporting
- Knowledge, which are risks associated with intellectual property and information resources

During the year, the database of key risks and corresponding controls were reviewed for completeness and adequacy. The identified risks were prioritised according to the degree of impact and likelihood of occurrence. Existing corresponding controls were assessed for adequacy, taking into account the level of risk involved and where necessary and feasible, additional controls were identified for implementation.

STATEMENT ON INTERNAL CONTROL

INTERNAL CONTROL SYSTEM

The key elements of the Group's internal control system are described below :-

- **Control Environment**

The importance of a proper control environment is emphasised throughout the organisation. Focus is directed towards the quality and abilities of the Group's employees with continuing education and training to enhance the skills of employees and reinforce qualities of professionalism and integrity. Such training also includes internal briefings and external seminars for selected employees to enhance the level of awareness and knowledge on matters relating to risk management and internal controls.

- **Control Structure**

The Board and Management have established an organisation structure with clearly defined lines of accountability and delegated authority. This includes well-defined responsibilities of Board committees and various management levels, including authorisation levels for all aspects of the business.

The key elements of the Group's control structure are as follows:

- »» **Management**

- Management has introduced well-established standard operating procedures that cover all key aspects of the Group's various business processes. These policies and procedures deal with, amongst others, control issues for financial accounting and reporting, treasury management, asset security, information technology, health and safety, etc. The procedures are subject to regular reviews to cater for process changes, changing risks or further improvements.
- Aside from the standard operating procedures, changes in internal control procedures are also communicated via circulars and internal memos. Such circulars and memos are properly authorised by the relevant members of senior management.
- Regular visits by the head office personnel to sales depots.
- Regular meetings with the Heads of sections/sales areas which provide a sound platform for the members of the sections/sales areas to communicate with, and provide feedback to and from, Management.

- »» **Internal Audit**

The Group has an Internal Audit Department ("IAD") which carries out its functions independently and provides the Audit Committee and the Board with the assurance on the adequacy and integrity of the system of internal controls. The Internal Audit Department is solely responsible for planning, implementing and reporting the audits for the Group. For this purpose, each year, the IAD :

- Prepares a detailed Annual Audit Plan in consultation with the Managing Director for submission to the Audit Committee for approval;
- Carries out all activities to conduct the audits in an effective, professional and timely manner;
- Reports to the auditee upon completion of each audit; and
- Submits quarterly reports to the Audit Committee.

The Audit Committee Report set out on pages 59 to 62 of this Annual Report contains further details on the principal responsibilities and activities of the Internal Audit Department in 2007.

STATEMENT ON INTERNAL CONTROL

»» Audit Committee

The Audit Committee, on behalf of the Board, regularly reviews the measures undertaken on internal control issues identified by the RMWC, Internal Audit, external auditors and Management. During the year, 45 reports were issued by the Internal Audit Department to the Audit Committee for their review.

The Audit Committee Report set out on pages 59 to 62 of this Annual Report contains further details on the activities undertaken by the Audit Committee in 2007.

»» Board

The Board holds regular discussions with the Audit Committee and Management and considers their reports on matters relating to internal controls and deliberates on their recommendations for implementation.

• Reporting and Information

Strategic plans are prepared by Management and form the basis for detailed budgets. The detailed budgets are prepared by business operating units and reviewed and approved by Management, the Board and the holding company.

The monitoring of results against budget is conducted every month, with major variances followed up and management action taken, where necessary. The budget is updated every quarter for any changes in the business, financial and operating environment.

Regular and comprehensive information is provided to Management, covering financial performance and key business indicators, key operating statistics/indicators, key business risks, legal, environmental and regulatory matters. Weekly meetings attended by Management, led by the Managing Director, are held to discuss the various aspects of the business, financial and operational performance of the Group. Key matters affecting the Group are brought to the attention of the Audit Committee and are reported to the Board on a regular basis. Management also ensures that it has the knowledge of key market information in respect of the Group's products and takes pro-active measures, as appropriate, in the best interests of the Group.

• Monitoring and Review

There are processes for monitoring the system of internal controls and reporting any significant weaknesses together with details of corrective action.

The system is reviewed on an ongoing basis by the Board (through the Audit Committee), Management, Finance Department and Internal Audit Department. Responsibility for monitoring compliance with policies, procedures and guidelines rests principally with the Internal Audit Department, which reports directly to the Audit Committee as described above. Heads of Department are also actively involved in continually improving the control processes within their respective departments.

REVIEW OF EFFECTIVENESS

The Board has taken the necessary steps to ensure that appropriate systems are in place for the assets of the Group to be adequately safeguarded through the prevention and detection of fraud and other irregularities and material misstatements.

The Board believes that the systems of internal controls are considered appropriate to business operations, and that the risks taken are at an acceptable level within the context of the business environment of the Group.

During the year, a number of improvements to internal controls were identified and addressed. There have been no significant weaknesses noted which have resulted in any material losses.

This Statement on Internal Control does not deal with the associated company as the Group does not have management control over its operations.

This statement is made in accordance with a resolution of the Board of Directors dated 29 February 2008.

AUDIT COMMITTEE REPORT

MEMBERSHIP AND MEETINGS

The Audit Committee had four (4) meetings during the year ended 31 December 2007. The members of the Audit Committee and the record of their attendance are as follows : -

| MEMBERSHIP | NO. OF MEETINGS ATTENDED |
|---|--------------------------|
| Tan Sri Datuk Asmat bin Kamaludin Chairman/Senior Independent Non-Executive Director | 4/4 |
| Dato' Lim Say Chong (Member/Independent Non-Executive Director) | 4/4 |
| M.R. Gopala Krishnan C.R.K. Pillai Member/Independent Non-Executive Director (Appointed on 3 December 2007) | N/A |
| Dato' Chin Voon Loong (Member/Executive Director) (Resigned as a member on 3 December 2007) | 4/4 |
| Datuk (Dr.) Lim Ewe Jin Member/Independent Non-Executive Director (Resigned on 21 November 2007) | 3/4 |

The Managing Director, Chief Financial Officer and Senior Manager, Internal Audit attended the meetings for the purpose of briefing the Audit Committee on the activities involving their areas of responsibilities. The Audit Committee was also briefed by the external auditor on the findings of the external audit.

TERMS OF REFERENCE

• Terms of membership

- The Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members all of whom being Non-Executive Directors with a majority of them being Independent Directors.
- The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an Independent Non-Executive Director.
- At least 1 member of the Audit Committee must be or have the following :
 - a member of the Malaysian Institute of Accountants; or
 - at least three (3) years' working experience and have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967 or be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - fulfills such other requirements as prescribed or approved by Bursa Securities.
- In the event of any vacancy in the Audit Committee, the Board shall within three (3) months of that event, appoint such new members to make up the minimum number of three (3) members.
- No alternate director can be appointed as a new member of the Audit Committee.
- The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once in every three (3) years.

AUDIT COMMITTEE REPORT

• Authority

The Audit Committee is authorized by the Board to perform the following :

1. To investigate any matter within its terms of reference. It shall have full and unrestricted access to any information pertaining to the Group, both the internal and external auditors and to all employees of the Group. It shall have the resources required to perform its duties.
2. To obtain external legal or other professional advice and secure the attendance of outsiders with relevant experience to attend, if necessary.
3. To promptly report to the Bursa Securities, any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Bursa Securities Listing Requirements.

• Functions

The functions of the Audit Committee shall be :

1. to review the following and report the same to the Board of Directors :
 - (a) with the external auditor, the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal controls;
 - (c) with the external auditor, his audit report, including his management letter and management's response;
 - (d) with the external auditor, any other matter he may wish to discuss (in the absence of management where necessary);
 - (e) the assistance given by the Company's officers to the external auditor;
 - (f) to approve the Internal Audit Charter of internal audit function;
 - (g) the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - (h) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (i) any appraisal or assessment of the performance of members of the internal audit function;
 - (j) any appointment or termination of senior staff members of the internal audit function;
 - (k) any resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning;
 - (l) the quarterly results and year end financial statements of the Company and of the Group, prior to the approval by the Board, focusing particularly on :-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events;
 - (iii) compliance with accounting standards and other legal requirements;
 - (iv) significant adjustments arising from the audit;
 - (v) going concern assumption;
 - (m) any related party transactions and/or conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (n) any major findings of internal investigations and Management's response;
 - (o) the quarterly reports relating to Risk Assessment and the effectiveness and appropriateness of the Risk Management Framework; and
2. to recommend and consider the nomination and appointment of a person or persons as external auditors, the audit fees and any questions of resignation or dismissal; and
3. to consider any other functions as may be agreed to by the Audit Committee and the Board of Directors.

AUDIT COMMITTEE REPORT

- **Meetings**

1. Meetings shall be held not less than four (4) times a year.
2. The quorum for each meeting shall be two Members of the Audit Committee.
3. The Chief Financial Officer, the Head of Internal Audit and the external auditor shall normally attend meetings. Other Board members and employees may attend meetings only upon the invitation of the Audit Committee.
4. At least twice a year, the Audit Committee shall meet with the external auditor without executive board members present. The external auditor may also request a meeting if they consider that one is necessary.
5. The Company Secretary shall be the Secretary of the Audit Committee.

- **Reporting Procedures**

The Secretary shall circulate the minutes of meetings of the Audit Committee to all members of the Board.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION AND THE AUDIT COMMITTEE DURING THE YEAR ENDED 31 DECEMBER 2007

- **Internal Audit Function**

Carlsberg has an established Internal Audit Department which assists the Audit Committee in the discharge of its duties and responsibilities. The Department's role is to undertake regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such system continues to operate effectively and efficiently.

In attaining such objectives, the following activities were carried out by Internal Audit Department in 2007;

1. ascertained the extent of compliance with established policies, procedures and statutory requirements;
2. carried out investigations and special reviews;
3. assessed the means of safeguarding assets and verified their existence;
4. appraised the reliability and usefulness of the information developed within the Group for Management;
5. appraised the policies, procedures and management controls of Carlsberg to ensure that the activities were properly managed and to promote effective controls at reasonable cost;
6. identified opportunities to improve the operations of, and processes within the Group; and
7. recommended improvements to the existing systems of controls to minimise wastage, extravagance and fraud and to enhance efficiencies by way of issuing audit reports to the appropriate level of management capable of achieving satisfactory results and ensured corrective actions were taken.

AUDIT COMMITTEE REPORT

• Summary of Activities of the Audit Committee

During the year ended 31 December 2007, the Audit Committee performed its duties as set out in its terms of reference.

The main activities undertaken by the Audit Committee were as follows:-

- Reviewed the external auditors' scope of work and audit plans for the year.
- Reviewed the results of the external audit, the audit report and the management letter, including Management's response.
- Considered and recommended to the Board for approval of the audit fees payable.
- Considered the independence and objectivity of the external auditors. There were no non-audit fees paid to the external auditors in 2007.
- Reviewed the Internal Audit Department's resource requirements, programmes and plan for the year under review and the annual assessment of the Department's performance.
- Reviewed the internal audit reports, recommendations and Management's response. Discussed actions taken with Management to improve the internal controls system based on internal audit findings.
- Reviewed the Risk Management Framework and reports summarising the findings from work performed on the identification and assessment of enterprise-wide key risks.
- Reviewed the annual report and audited financial statements of the Company and the Group prior to the submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards approved by MASB.
- Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval. The review and discussions were conducted with the Chief Financial Officer.
- Reviewed the Company's compliance with the Listing Requirements of Bursa Securities, MASB and other relevant legal and regulatory requirements.
- Reviewed pertinent issues of the Group which had a significant impact on the results of the Group which included enhancement and further investment in existing products, cost rationalisation measures and human resource development.
- Reviewed the significant related party transactions entered into by the Group.
- Reviewed the extent of the Group's compliance with the provision set out under the Malaysian Code on Corporate Governance for the purpose of the Corporate Governance Statement pursuant to the Listing Requirements of the Bursa Securities.

RESPONSIBILITY STATEMENT BY BOARD OF DIRECTORS

In the course of preparing the annual financial statements for the Group and the Company, the Directors are collectively responsible for ensuring that these financial statements are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad.

It is the responsibility of the Directors to ensure that financial statements for each financial year present a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements for the financial year ended 31 December 2007, the Directors have applied appropriate and relevant accounting policies consistently and in accordance with applicable approved accounting standards and made judgments and estimates that are reasonable and fair.

The financial statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept which enable the preparation of the financial statements with reasonable accuracy.



FINANCIAL RESULTS 2007

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The Group and the Company are principally engaged in the production of beer, stout, shandy and non-alcoholic beverages for distribution in the home market and for export. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

| | GROUP RM'000 | COMPANY RM'000 |
|---------------------|-----------------|-------------------|
| Profit for the year | 78,493 | 181,926 |

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

- i) a final dividend of 7.5 sen per RM0.50 ordinary share less tax at 27% totalling RM16.7 million (5.5 sen net per ordinary share) in respect of the year ended 31 December 2006 on 18 May 2007;
- ii) a special final dividend of 24.5 sen per RM0.50 ordinary share less tax at 27% totalling RM54.7 million (17.9 sen net per ordinary share) in respect of the year ended 31 December 2006 on 18 May 2007;
- iii) an interim dividend of 5 sen per RM0.50 ordinary share less tax at 27% totalling RM11.2 million (3.7 sen net per ordinary share) in respect of the year ended 31 December 2007 on 8 October 2007.

The Directors now recommend the payment of the following dividends:

- i) a final dividend of 7.5 sen per RM0.50 ordinary share less tax at 26% totalling RM17.0 million (5.6 sen net per ordinary share) in respect of the year ended 31 December 2007; and
- ii) a special final dividend of 22.5 sen per RM0.50 ordinary share less tax at 26% totalling RM50.9 million (16.7 sen net per ordinary share) in respect of the year ended 31 December 2007.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Dato' Lim Say Chong
 Tan Sri Datuk Asmat bin Kamaludin
 Jesper Bjoern Madsen
 Soren Holm Jensen
 Dato' Chin Voon Loong
 Janne Petteri Juvonen (appointed on 31.5.2007)
 M.R. Gopala Krishnan C.R.K. Pillai (appointed on 3.12.2007)
 Soren Ask Nielsen (resigned on 31.5.2007)
 Dato' Jorgen Bornhoft (resigned on 10.10.2007)
 Datuk (Dr.) Lim Ewe Jin (resigned on 21.11.2007)

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interest of the daughter of a Director who is not a Director of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

| | NUMBER OF ORDINARY SHARES | | | |
|--|---------------------------|----------|----------|---------------|
| | AT 1.1.2007 | ACQUIRED | DISPOSED | AT 31.12.2007 |
| Interests in the Company | | | | |
| Jesper Bjoern Madsen | 9,000 | - | - | 9,000 |
| Dato' Chin Voon Loong | 14,000 | - | (14,000) | - |
| Deemed interests in the Company | | | | |
| Dato' Lim Say Chong* | 56,000 | - | - | 56,000 |

* Lim Ju Ean @ Lindsey Lim Ju Ean is the daughter of Dato' Lim Say Chong. In accordance with Section 134(12) (c) of the Companies Act, 1965, the interests of Lim Ju Ean @ Lindsey Lim Ju Ean in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interests of Dato' Lim Say Chong.

None of the other Directors holding office at 31 December 2007 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of a related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provisions made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company's financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for the gain on disposal of property, plant and equipment as disclosed in note 17 to the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2007 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

DATO' CHIN VOON LOONG
DIRECTOR

SOREN HOLM JENSEN
MANAGING DIRECTOR

Kuala Lumpur
7 March 2008

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 71 to 115 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of their operations and cash flows for the year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

DATO' CHIN VOON LOONG
DIRECTOR

SOREN HOLM JENSEN
MANAGING DIRECTOR

Kuala Lumpur
7 March 2008

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Chong Choon Yeng**, the officer primarily responsible for the financial management of Carlsberg Brewery Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 71 to 115 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 7 March 2008.

CHONG CHOON YENG

Before me,

RAMAN KUNYAPU
(No. W476)
Commissioner for Oaths

Kuala Lumpur
7 March 2008

REPORT OF THE AUDITORS

TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD

We have audited the financial statements set out on pages 71 to 115. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company as at 31 December 2007 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG

Firm Number: AF 0758
Chartered Accountants

Kuala Lumpur
7 March 2008

ADRIAN LEE LYE WANG

Partner
Approval Number: 2679/11/09(J)

BALANCE SHEETS

AS AT 31 DECEMBER 2007

| | NOTE | GROUP | | COMPANY | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Assets | | | | | |
| Property, plant and equipment | 3 | 146,684 | 148,862 | 128,379 | 132,252 |
| Intangible assets | 4 | 2,716 | 3,082 | 2,631 | 2,722 |
| Prepaid lease payments | 5 | 8,742 | 8,834 | 8,047 | 8,165 |
| Investment in subsidiaries | 6 | - | - | 1,909 | 1,909 |
| Investment in an associate | 7 | 13,782 | 14,843 | 10,940 | 10,940 |
| Investment in a jointly-controlled entity | 8 | - | - | - | 2,943 |
| Total non-current assets | | 171,924 | 175,621 | 151,906 | 158,931 |
| Other investments | 9 | - | 26,018 | - | 26,018 |
| Inventories | 10 | 41,551 | 39,957 | 28,055 | 24,198 |
| Receivables, deposits and prepayments | 11 | 160,282 | 148,814 | 163,669 | 29,958 |
| Current tax assets | | 2,724 | 756 | - | - |
| Cash and cash equivalents | 12 | 216,774 | 201,226 | 170,729 | 165,776 |
| Total current assets | | 421,331 | 416,771 | 362,453 | 245,950 |
| Total assets | | 593,255 | 592,392 | 514,359 | 404,881 |
| Equity | | | | | |
| Share capital | | 141,996 | 141,996 | 141,996 | 141,996 |
| Reserves | | 10,145 | 11,189 | 12,114 | 12,114 |
| Retained earnings | | 319,241 | 323,331 | 275,849 | 176,506 |
| Total equity attributable to shareholders of the Company | 13 | 471,382 | 476,516 | 429,959 | 330,616 |
| Liabilities | | | | | |
| Deferred tax liabilities | 14 | 19,648 | 22,395 | 18,717 | 21,677 |
| Total non-current liabilities | | 19,648 | 22,395 | 18,717 | 21,677 |
| Payables and accruals | 15 | 99,990 | 93,443 | 64,758 | 52,550 |
| Current tax liabilities | | 925 | 38 | 925 | 38 |
| Loans and borrowings | 16 | 1,310 | - | - | - |
| Total current liabilities | | 102,225 | 93,481 | 65,683 | 52,588 |
| Total liabilities | | 121,873 | 115,876 | 84,400 | 74,265 |
| Total equity and liabilities | | 593,255 | 592,392 | 514,359 | 404,881 |

The notes on pages 78 to 115 are an integral part of these financial statements.

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

| | NOTE | GROUP | | COMPANY | |
|---|------|------------------|----------------|------------------|----------------|
| | | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Revenue | | 897,530 | 929,744 | 609,476 | 615,025 |
| Cost of sales | | (613,339) | (621,674) | (592,528) | (596,775) |
| Gross Profit | | 284,191 | 308,070 | 16,948 | 18,250 |
| Other income | | 8,047 | 3,723 | 6,883 | 5,435 |
| Sales and distribution costs | | (171,411) | (181,330) | - | - |
| Administrative expenses | | (25,300) | (23,614) | (14,105) | (15,696) |
| Other expenses | | (4,326) | (3,521) | (7,207) | (3,494) |
| Results from operating activities | 17 | 91,201 | 103,328 | 2,519 | 4,495 |
| Interest income | | 6,521 | 6,426 | 5,133 | 5,788 |
| Dividend from a subsidiary | | - | - | 237,501 | 79,200 |
| Operating profit | | 97,722 | 109,754 | 245,153 | 89,483 |
| Share of (loss)/profit after tax of equity accounted associate | | (17) | 669 | - | - |
| Profit before tax | | 97,705 | 110,423 | 245,153 | 89,483 |
| Tax expense | 19 | (19,212) | (24,519) | (63,227) | (20,008) |
| Profit for the year | | 78,493 | 85,904 | 181,926 | 69,475 |
| Basic earnings per ordinary share (sen) | 20 | 25.7 | 28.1 | | |

The notes on pages 78 to 115 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

| GROUP | NOTE | SHARE CAPITAL | TREASURY SHARES | SHARE PREMIUM | EXCHANGE RESERVE | CAPITAL RESERVE | RETAINED EARNINGS | TOTAL |
|---|------|----------------|-----------------|---------------|------------------|-----------------|-------------------|----------------|
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2006 | | 154,039 | (12,043) | 7,367 | (2,377) | 8,678 | 324,259 | 479,923 |
| Net loss recognised directly in equity | | | | | | | | |
| - Exchange differences on translation of the financial statements of foreign entities | | - | - | - | (2,479) | - | - | (2,479) |
| Profit for the year | | - | - | - | - | - | 85,904 | 85,904 |
| Total recognised income and expense for the year | | - | - | - | (2,479) | - | 85,904 | 83,425 |
| Dividends to shareholders | 21 | - | - | - | - | - | (86,832) | (86,832) |
| At 31 December 2006 | | 154,039 | (12,043) | 7,367 | (4,856) | 8,678 | 323,331 | 476,516 |
| Net loss recognised directly in equity | | | | | | | | |
| - Exchange differences on translation of the financial statements of foreign entities | | - | - | - | (1,044) | - | - | (1,044) |
| Profit for the year | | - | - | - | - | - | 78,493 | 78,493 |
| Total recognised income and expense for the year | | - | - | - | (1,044) | - | 78,493 | 77,449 |
| Dividends to shareholders | 21 | - | - | - | - | - | (82,583) | (82,583) |
| At 31 December 2007 | | 154,039 | (12,043) | 7,367 | (5,900) | 8,678 | 319,241 | 471,382 |

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

| COMPANY | | SHARE CAPITAL | TREASURY SHARES | SHARE PREMIUM | CAPITAL RESERVE | RETAINED EARNINGS | TOTAL |
|----------------------------|------|------------------|--------------------|------------------|--------------------|----------------------|----------------|
| | NOTE | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2006 | | 154,039 | (12,043) | 7,367 | 4,747 | 193,863 | 347,973 |
| Profit for the year | | - | - | - | - | 69,475 | 69,475 |
| Dividends to shareholders | 21 | - | - | - | - | (86,832) | (86,832) |
| At 31 December 2006 | | 154,039 | (12,043) | 7,367 | 4,747 | 176,506 | 330,616 |
| Profit for the year | | - | - | - | - | 181,926 | 181,926 |
| Dividends to shareholders | 21 | - | - | - | - | (82,583) | (82,583) |
| At 31 December 2007 | | 154,039 | (12,043) | 7,367 | 4,747 | 275,849 | 429,959 |

The notes on pages 78 to 115 are an integral part of these financial statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

| | NOTE | GROUP | | COMPANY | |
|--|------|----------------|----------------|------------------|----------------|
| | | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Cash flows from operating activities | | | | | |
| Profit before tax | | 97,705 | 110,423 | 245,153 | 89,483 |
| Adjustments for: | | | | | |
| Impairment loss on investment in a jointly-controlled entity | | - | - | 2,943 | - |
| Amortisation of intangible assets | 4 | 2,066 | 1,569 | 1,708 | 1,230 |
| Amortisation of prepaid lease payments | 5 | 131 | 130 | 118 | 118 |
| Depreciation of property, plant and equipment | 3 | 21,555 | 20,709 | 15,824 | 15,352 |
| Dividend income | | - | - | (237,501) | (80,484) |
| Gain on disposal of property, plant and equipment | | (7,896) | (2,470) | (6,009) | (2,117) |
| Intangible assets written off | | - | 1 | - | - |
| Property, plant and equipment written off | | 439 | 19 | 437 | 18 |
| Interest income | | (6,521) | (6,426) | (5,133) | (5,788) |
| Share of loss / (profit) after tax of equity accounted associate | | 17 | (669) | - | - |
| Gain on disposal of other investments | 9 | (531) | - | (531) | - |
| Gain on unit trust funds | | - | (1,273) | - | (1,273) |
| Operating profit before changes in working capital | | 106,965 | 122,013 | 17,009 | 16,539 |
| Changes in working capital: | | | | | |
| Inventories | | (1,594) | 12,996 | (3,857) | 2,701 |
| Receivables, deposits and prepayments | | (11,468) | (24,890) | (133,711) | 3,818 |
| Payables and accruals | | 5,960 | 12,696 | 11,432 | 4,652 |
| Cash generated from / (used in) operations | | 99,863 | 122,815 | (109,127) | 27,710 |
| Taxes paid | | (23,040) | (35,013) | (1,683) | (2,558) |
| Net cash from / (used in) operating activities | | 76,823 | 87,802 | (110,810) | 25,152 |

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

| | NOTE | GROUP | | COMPANY | |
|---|------|-----------------|-----------------|-----------------|-----------------|
| | | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Cash flows from investing activities | | | | | |
| Acquisition of property, plant and equipment | 3 | (21,491) | (12,280) | (14,192) | (6,974) |
| Acquisition of intangible assets | 4 | (1,700) | (1,870) | (1,617) | (1,858) |
| Improvement to leasehold land | 5 | (39) | - | - | - |
| Acquisition of a jointly-controlled entity | | - | 2,387 | - | (758) |
| Dividends received from - subsidiary | | - | - | 173,884 | 57,024 |
| - associate | | - | 1,284 | - | 1,284 |
| Interest received | | 6,521 | 6,426 | 5,133 | 5,788 |
| Proceeds from disposal of property, plant and equipment | | 9,571 | 3,327 | 7,529 | 2,692 |
| Proceeds from disposal of other investments | | 26,549 | - | 26,549 | - |
| Subscription of shares in a jointly-controlled entity | | - | - | - | (2,185) |
| Transfer of property, plant and equipment to/ (from) a subsidiary | | - | - | 284 | (61) |
| Net cash from / (used in) investing activities | | 19,411 | (726) | 197,570 | 54,952 |
| Cash flows from financing activities | | | | | |
| Dividends paid to shareholders of the Company | | (82,583) | (86,832) | (82,583) | (86,832) |
| Advances from ultimate holding company | | 776 | - | 776 | - |
| Proceeds from short-term borrowing by a jointly-controlled entity | | 1,310 | - | - | - |
| Net cash used in financing activities | | (80,497) | (86,832) | (81,807) | (86,832) |
| Net increase / (decrease) in cash and cash equivalents | | 15,737 | 244 | 4,953 | (6,728) |
| Exchange difference on translation of the financial statements of a jointly-controlled entity | | (189) | 74 | - | - |
| Cash and cash equivalents at 1 January | | 201,226 | 200,908 | 165,776 | 172,504 |
| Cash and cash equivalents at 31 December | (i) | 216,774 | 201,226 | 170,729 | 165,776 |

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

(i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

| | NOTE | GROUP | | COMPANY | |
|------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Deposits with licensed banks | | 177,221 | 169,273 | 169,286 | 159,600 |
| Cash and bank balances | | 39,553 | 31,953 | 1,443 | 6,176 |
| Cash and cash equivalents | 12 | 216,774 | 201,226 | 170,729 | 165,776 |

The notes on pages 78 to 115 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Carlsberg Brewery Malaysia Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

Registered office and principal place of business

No. 55, Persiaran Selangor,
Section 15, 40200 Shah Alam,
Selangor Darul Ehsan, Malaysia.

The consolidated financial statements as at and for the year ended 31 December 2007 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in an associate and a jointly-controlled entity. The financial statements of the Company as at and for the year ended 31 December 2007 do not include other entities.

The Company is principally engaged in the production of beer, stout, shandy and non-alcoholic beverages for distribution in the home market and for export while the other Group entities are primarily involved in the marketing and distribution of beer, stout, shandy and non-alcoholic beverages.

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

The financial statements were approved by the Board of Directors on 7 March 2008.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards (FRS) issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

The MASB has also issued the following FRSs and Interpretations that are effective for annual periods beginning after 1 January 2007 and that have not been applied in preparing these financial statements:

| FRSs / Interpretations | Effective date |
|---|-----------------|
| FRS 107, <i>Cash Flow Statements</i> | 1 July 2007 |
| FRS 111, <i>Construction Contracts</i> | 1 July 2007 |
| FRS 112, <i>Income Taxes</i> | 1 July 2007 |
| FRS 118, <i>Revenue</i> | 1 July 2007 |
| FRS 120, <i>Accounting for Government Grants and Disclosure of Government Assistance</i> | 1 July 2007 |
| Amendment to FRS 121, <i>The Effects of Changes in Foreign Exchange Rates</i> - <i>Net Investment in a Foreign Operation</i> | 1 July 2007 |
| FRS 134, <i>Interim Financial Reporting</i> | 1 July 2007 |
| FRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets</i> | 1 July 2007 |
| FRS 139, <i>Financial Instruments: Recognition and Measurement</i> | To be announced |
| IC Interpretation 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i> | 1 July 2007 |
| IC Interpretation 2, <i>Members' Shares in Co-operative Entities and Similar Instruments</i> | 1 July 2007 |
| IC Interpretation 5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i> | 1 July 2007 |
| IC Interpretation 6, <i>Liabilities arising from Participating in a Specific Market</i> - <i>Waste Electrical and Electronic Equipment</i> | 1 July 2007 |
| IC Interpretation 7, <i>Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies</i> | 1 July 2007 |
| IC Interpretation 8, <i>Scope of FRS 2</i> | 1 July 2007 |

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned FRSs and Interpretations for the annual period beginning 1 January 2008 except for FRS 139, Financial Instruments: Recognition and Measurement for which the effective date has yet to be announced.

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.

The initial application of the other FRSs and Interpretations are not expected to have any material impact on the financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in note 3 and note 5 respectively.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia, which is the Company's functional currency. All financial information presented in Ringgit Malaysia has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 11 - Receivables, deposits and prepayments

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Associates

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(iii) Jointly-controlled entities

Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Jointly-controlled entities are accounted for in the consolidated financial statements using the proportionate method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the revenue, expenses, assets and liabilities of the jointly-controlled entity, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

Investments in jointly-controlled entities are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are re-translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost in a foreign currency are translated to the functional currency at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognised in the income statements.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than Ringgit Malaysia, including goodwill and fair value adjustments arising on acquisition, are translated to Ringgit Malaysia at exchange rates at the balance sheet date. The income and expenses of these foreign operations are translated to Ringgit Malaysia at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in exchange reserve. On disposal, accumulated exchange differences are recognised in the consolidated income statements as part of the gain or loss on sale.

(c) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures.

Forward foreign exchange contracts used are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost / valuation less any accumulated depreciation and any accumulated impairment losses.

Revalued property, plant and equipment where no revaluation policy is adopted

The Group has availed itself to the transitional provision when MASB first adopted IAS 16, *Property, plant and equipment* in 1998. Certain buildings of the Company and of the Group were revalued in 1981 and no later valuation has been recorded for these property, plant and equipment.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the income statements. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Asset in-progress are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|----------------------------------|---------------|
| • Buildings | 10 - 50 years |
| • Plant and machinery | 5 - 20 years |
| • Motor vehicles | 5 years |
| • Furniture and office equipment | 3 - 5 years |

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leased assets (continued)

(ii) Operating lease

Other leases are operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Certain leasehold land were revalued in 1981 and the Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A when FRS 117, Leases was first adopted in 2006.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(f) Intangible assets

(i) Computer software

Customised computer software that is not integral to the functionality of the related equipment is recognised as an intangible asset.

(ii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iii) Amortisation

Intangible assets are amortised from the date that they are available for use. Amortisation of intangible assets is charged to the income statements on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful life of computer software is 3 years.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investments in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition:

- Investments in non-current equity securities other than investments in subsidiaries, associates and jointly-controlled entities, are stated at cost less allowance for diminution in value,
- All current investments are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets

The carrying amounts of assets except for financial assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statements, a reversal of that impairment loss is also recognised in the income statements.

(l) Share capital

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not re-valued for subsequent changes in the fair value or market price of shares. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

(n) Employee benefits

(i) Short term employee benefits

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to the statutory pension funds and Carlsberg Brewery Malaysia Retirement Plan, a defined contribution plan, are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(o) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(p) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Interest income and borrowing cost

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred.

(r) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Earnings per ordinary share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

| GROUP | NOTE | FREEHOLD | BUILDINGS | PLANT AND | MOTOR | FURNITURE | ASSETS IN- | TOTAL |
|--|------|---------------|---------------|----------------|---------------|---------------|--------------|----------------|
| | | LAND | | MACHINERY | VEHICLES | AND OFFICE | PROGRESS | |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <i>Cost / Valuation</i> | | | | | | | | |
| At 1 January 2006 | | 20,794 | 53,621 | 312,314 | 23,302 | 43,237 | 215 | 453,483 |
| Additions | | - | 370 | 2,257 | 3,736 | 2,334 | 3,902 | 12,599 |
| Disposals | | - | - | (4,670) | (3,005) | (138) | - | (7,813) |
| Written off | | - | - | (64) | - | (868) | - | (932) |
| Transfers | 4 | - | 90 | 3,022 | - | 383 | (3,814) | (319) |
| Acquisition of a jointly-controlled entity | | - | 157 | - | - | 220 | - | 377 |
| At 31 December 2006 / 1 January 2007 | | 20,794 | 54,238 | 312,859 | 24,033 | 45,168 | 303 | 457,395 |
| Additions | | - | 281 | 8,967 | 6,965 | 2,737 | 2,541 | 21,491 |
| Disposals | | (1,513) | - | (321) | (6,862) | (750) | - | (9,446) |
| Written off | | - | (578) | (161) | - | (627) | - | (1,366) |
| Transfers | | - | 149 | 578 | - | 78 | (805) | - |
| At 31 December 2007 | | 19,281 | 54,090 | 321,922 | 24,136 | 46,606 | 2,039 | 468,074 |

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

| GROUP | NOTE | FREEHOLD | PLANT AND | MOTOR | FURNITURE | ASSETS IN- | TOTAL | |
|--|------|---------------|---------------|----------------|---------------|----------------------|--------------|----------------|
| | | LAND | BUILDINGS | MACHINERY | VEHICLES | AND OFFICE EQUIPMENT | | PROGRESS |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| Depreciation | | | | | | | | |
| At 1 January 2006 | | - | 16,920 | 230,212 | 12,876 | 35,620 | - | 295,628 |
| Depreciation for the year | 17 | - | 1,102 | 12,405 | 3,883 | 3,319 | - | 20,709 |
| Disposals | | - | - | (4,120) | (2,737) | (99) | - | (6,956) |
| Written off | | - | - | (46) | - | (867) | - | (913) |
| Acquisition of a jointly-controlled entity | | - | 23 | - | - | 42 | - | 65 |
| At 31 December 2006 / 1 January 2007 | | - | 18,045 | 238,451 | 14,022 | 38,015 | - | 308,533 |
| Depreciation for the year | 17 | - | 1,178 | 12,568 | 4,168 | 3,641 | - | 21,555 |
| Disposals | | - | - | (319) | (6,712) | (740) | - | (7,771) |
| Written off | | - | (195) | (139) | - | (593) | - | (927) |
| At 31 December 2007 | | - | 19,028 | 250,561 | 11,478 | 40,323 | - | 321,390 |
| Carrying amounts | | | | | | | | |
| At 1 January 2006 | | 20,794 | 36,701 | 82,102 | 10,426 | 7,617 | 215 | 157,855 |
| At 31 December 2006 / 1 January 2007 | | 20,794 | 36,193 | 74,408 | 10,011 | 7,153 | 303 | 148,862 |
| At 31 December 2007 | | 19,281 | 35,062 | 71,361 | 12,658 | 6,283 | 2,039 | 146,684 |

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

| COMPANY | NOTE | FREEHOLD | BUILDINGS | PLANT AND | MOTOR | FURNITURE | ASSETS IN- | TOTAL |
|--------------------------------------|------|---------------|---------------|----------------|--------------|---------------|--------------|----------------|
| | | LAND | | MACHINERY | VEHICLES | AND OFFICE | PROGRESS | |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <i>Cost / Valuation</i> | | | | | | | | |
| At 1 January 2006 | | 20,465 | 50,232 | 312,315 | 4,064 | 15,374 | 215 | 402,665 |
| Additions | | - | 120 | 2,257 | 278 | 736 | 3,902 | 7,293 |
| Disposals | | - | - | (4,670) | (428) | (73) | - | (5,171) |
| Written off | | - | - | (64) | - | (42) | - | (106) |
| Transfers | 4 | - | 90 | 3,022 | - | 383 | (3,814) | (319) |
| Transfer from a subsidiary | | - | - | - | 102 | - | - | 102 |
| <hr/> | | | | | | | | |
| At 31 December 2006 / 1 January 2007 | | 20,465 | 50,442 | 312,860 | 4,016 | 16,378 | 303 | 404,464 |
| Additions | | - | 218 | 8,967 | 1,978 | 1,123 | 1,906 | 14,192 |
| Disposals | | (1,513) | - | (320) | (1,129) | (17) | - | (2,979) |
| Written off | | - | (578) | (161) | - | (330) | - | (1,069) |
| Transfers | | - | 149 | 578 | - | 78 | (805) | - |
| Transfer to a subsidiary | | - | - | - | (539) | - | - | (539) |
| <hr/> | | | | | | | | |
| At 31 December 2007 | | 18,952 | 50,231 | 321,924 | 4,326 | 17,232 | 1,404 | 414,069 |

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

| COMPANY | NOTE | FREEHOLD | PLANT AND | MOTOR | FURNITURE | ASSETS IN- | TOTAL | |
|--------------------------------------|------|---------------|---------------|----------------|--------------|-------------------------|--------------|----------------|
| | | LAND | BUILDINGS | MACHINERY | VEHICLES | AND OFFICE EQUIPMENT | | PROGRESS |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| Depreciation | | | | | | | | |
| At 1 January 2006 | | - | 16,094 | 230,213 | 2,304 | 12,892 | - | 261,503 |
| Depreciation for the year | 17 | - | 1,017 | 12,405 | 646 | 1,284 | - | 15,352 |
| Disposals | | - | - | (4,120) | (428) | (48) | - | (4,596) |
| Written off | | - | - | (46) | - | (42) | - | (88) |
| Transfer from a subsidiary | | - | - | - | 41 | - | - | 41 |
| At 31 December 2006 / 1 January 2007 | | - | 17,111 | 238,452 | 2,563 | 14,086 | - | 272,212 |
| Depreciation for the year | 17 | - | 1,055 | 12,568 | 687 | 1,514 | - | 15,824 |
| Disposals | | - | - | (319) | (1,129) | (11) | - | (1,459) |
| Written off | | - | (195) | (139) | - | (298) | - | (632) |
| Transfer to a subsidiary | | - | - | - | (255) | - | - | (255) |
| At 31 December 2007 | | - | 17,971 | 250,562 | 1,866 | 15,291 | - | 285,690 |
| Carrying amounts | | | | | | | | |
| At 1 January 2006 | | 20,465 | 34,138 | 82,102 | 1,760 | 2,482 | 215 | 141,162 |
| At 31 December 2006 / 1 January 2007 | | 20,465 | 33,331 | 74,408 | 1,453 | 2,292 | 303 | 132,252 |
| At 31 December 2007 | | 18,952 | 32,260 | 71,362 | 2,460 | 1,941 | 1,404 | 128,379 |

Certain buildings of the Group and of the Company were revalued in 1981 by independent professional qualified valuers using an open market value method. These assets have continued to be stated on the basis of their 1981 valuations, as allowed by the transitional provision in FRS 116²⁰⁰⁴.

Had the buildings been carried out under the cost model, their carrying amount would have been RM33,633,000 (2006 - RM34,704,000) in respect of the Group and RM30,831,000 (2006 - RM31,842,000) in respect of the Company.

NOTES TO THE FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS

| GROUP | NOTE | COMPUTER SOFTWARE RM'000 |
|--|------|--------------------------------|
| Cost | | |
| At 1 January 2006 | | 3,502 |
| Additions | | 1,551 |
| Transfers from assets in-progress | 3 | 319 |
| Written off | | (1) |
| Acquisition of a jointly-controlled entity | | 36 |
| At 31 December 2006 | | 5,407 |
| Additions | | 1,700 |
| At 31 December 2007 | | 7,107 |
| Amortisation | | |
| At 1 January 2006 | | 756 |
| Amortisation for the year | 17 | 1,569 |
| At 31 December 2006 / 1 January 2007 | | 2,325 |
| Amortisation for the year | 17 | 2,066 |
| At 31 December 2007 | | 4,391 |
| Carrying amounts | | |
| At 1 January 2006 | | 2,746 |
| At 31 December 2006 / 1 January 2007 | | 3,082 |
| At 31 December 2007 | | 2,716 |

NOTES TO THE FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS (continued)

| COMPANY | NOTE | COMPUTER SOFTWARE RM'000 |
|--------------------------------------|------|--------------------------------|
| Cost | | |
| At 1 January 2006 | | 2,502 |
| Additions | | 1,539 |
| Transfers from assets in-progress | 3 | 319 |
| At 31 December 2006 | | 4,360 |
| Additions | | 1,617 |
| At 31 December 2007 | | 5,977 |
| Amortisation | | |
| At 1 January 2006 | | 408 |
| Amortisation for the year | 17 | 1,230 |
| At 31 December 2006 / 1 January 2007 | | 1,638 |
| Amortisation for the year | 17 | 1,708 |
| At 31 December 2007 | | 3,346 |
| Carrying amounts | | |
| At 1 January 2006 | | 2,094 |
| At 31 December 2006 / 1 January 2007 | | 2,722 |
| At 31 December 2007 | | 2,631 |

Intangible assets represent customised computer software used in the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

5. PREPAID LEASE PAYMENTS

| GROUP | LEASEHOLD LAND | | TOTAL |
|---|--|--|---------------|
| | UNEXPIRED PERIOD LESS THAN 50 YEARS | UNEXPIRED PERIOD MORE THAN 50 YEARS | |
| | NOTE | RM'000 | RM'000 |
| Cost / Valuation | | | |
| At 1 January 2006 / 31 December 2006 / 1 January 2007 | | 172 | 11,067 |
| Addition | | - | 39 |
| At 31 December 2007 | | 172 | 11,106 |
| Amortisation | | | |
| At 1 January 2006 | | 44 | 2,231 |
| Amortisation for the year | 17 | 4 | 126 |
| At 31 December 2006 / 1 January 2007 | | 48 | 2,357 |
| Amortisation for the year | 17 | 4 | 127 |
| At 31 December 2007 | | 52 | 2,484 |
| Carrying amounts | | | |
| At 1 January 2006 | | 128 | 8,836 |
| At 31 December 2006 / 1 January 2007 | | 124 | 8,710 |
| At 31 December 2007 | | 120 | 8,622 |

NOTES TO THE FINANCIAL STATEMENTS

5. PREPAID LEASE PAYMENTS (continued)

| COMPANY | LEASEHOLD LAND UNEXPIRED PERIOD MORE THAN 50 YEARS | |
|---|--|--------------|
| | NOTE | RM'000 |
| Valuation | | |
| At 1 January 2006 / 31 December 2006 / 31 December 2007 | | 10,399 |
| Amortisation | | |
| At 1 January 2006 | | 2,116 |
| Amortisation for the year | 17 | 118 |
| At 31 December 2006 / 1 January 2007 | | 2,234 |
| Amortisation for the year | 17 | 118 |
| At 31 December 2007 | | 2,352 |
| Carrying amounts | | |
| At 1 January 2006 | | 8,283 |
| At 31 December 2006 / 1 January 2007 | | 8,165 |
| At 31 December 2007 | | 8,047 |

The leasehold land of the Group and of the Company were revalued in 1981 by independent professional qualified valuers using an open market value method. These assets have continued to be stated on the basis of their 1981 valuations, as allowed by the transitional provision in FRS 116₂₀₀₄.

Had the leasehold land been carried out under the cost model, their carrying amount would have been RM6,067,000 (2006 – RM6,123,000) in respect of the Group and RM5,372,000 (2006 – RM5,454,000) in respect of the Company.

6. INVESTMENTS IN SUBSIDIARIES

| | COMPANY | |
|---------------------------|----------------|----------------|
| | 2007 RM'000 | 2006 RM'000 |
| Unquoted shares - at cost | 1,909 | 1,909 |

The following are the wholly-owned subsidiaries of the Group:

| NAME OF COMPANY | PRINCIPAL ACTIVITIES | COUNTRY OF INCORPORATION | EFFECTIVE OWNERSHIP INTEREST | |
|-------------------------------|--|--------------------------|------------------------------|------|
| | | | 2007 | 2006 |
| Carlsberg Marketing Sdn. Bhd. | Marketing and distribution of beer, stout, shandy and non-alcoholic beverages. | Malaysia | 100% | 100% |
| Euro Distributors Sdn. Bhd. | Dormant | Malaysia | 100% | 100% |

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN AN ASSOCIATE

| | GROUP | | COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Quoted shares outside Malaysia | 10,940 | 10,940 | 10,940 | 10,940 |
| Share of post-acquisition reserves | 2,842 | 3,903 | - | - |
| | 13,782 | 14,843 | 10,940 | 10,940 |
| Represented by: | | | | |
| Group's share of net assets other than goodwill | 13,649 | 14,710 | - | - |
| Goodwill on acquisition | 133 | 133 | - | - |
| | 13,782 | 14,843 | - | - |
| Market value | | | | |
| Quoted shares outside Malaysia | 17,164 | 24,642 | 17,164 | 24,642 |

| NAME OF COMPANY | PRINCIPAL ACTIVITIES | COUNTRY OF INCORPORATION | EFFECTIVE OWNERSHIP INTEREST | |
|--|---|--------------------------|------------------------------|-------|
| | | | 2007 | 2006 |
| Lion Brewery (Ceylon) PLC (formerly known as The Lion Brewery Ceylon Limited) | Manufacturing, marketing and distribution of beer, stout, shandy and non-alcoholic beverages. | Sri Lanka | 24.6% | 24.6% |

Summary financial information on associate:

| | 2007 RM'000 | 2006 RM'000 |
|--------------------------|----------------|----------------|
| Revenue (100%) | 114,459 | 128,361 |
| (Loss)/Profit (100%) | (69) | 2,718 |
| Total assets (100%) | 117,326 | 98,577 |
| Total liabilities (100%) | 57,116 | 34,341 |

In conjunction with the investment undertaken in Lion Brewery (Ceylon) PLC, the Company entered into a call option with the principal licensor, Carlsberg A/S, a company incorporated in Denmark, allowing Carlsberg A/S to acquire the Company's interest in the associate, should certain events occur. The purchase consideration is to be based on an agreed formula and in any event to be a minimum of the original purchase price paid by the Company. The Directors of the Company consider the likelihood of occurrence of such events as remote.

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN A JOINTLY-CONTROLLED ENTITY

| | COMPANY | |
|-----------------------|----------------|----------------|
| | 2007 RM'000 | 2006 RM'000 |
| At cost: | | |
| Unquoted shares | 2,943 | 2,943 |
| Less: impairment loss | (2,943) | - |
| | - | 2,943 |

| NAME OF COMPANY | PRINCIPAL ACTIVITIES | COUNTRY OF INCORPORATION | PROPORTION OF OWNERSHIP INTEREST | |
|---------------------------------------|--|--------------------------|----------------------------------|------|
| | | | 2007 | 2006 |
| Carlsberg Distributors Taiwan Limited | Packaging, marketing, and distribution of beer, stout, shandy and non-alcoholic beverages. | Taiwan | 50% | 50% |

The jointly-controlled entity has the following effect on the Group's operating results, assets and liabilities:

| | 2007 RM'000 | 2006 RM'000 |
|---|----------------|----------------|
| Long-term assets | 281 | 321 |
| Current assets | 1,479 | 3,473 |
| Current liabilities | (2,002) | (1,716) |
| Group's share of net (liabilities)/assets | (242) | 2,078 |
| Revenue | 2,376 | 694 |
| Expenses | (4,696) | (1,633) |
| Decrease in the Group's profit for the year | (2,320) | (939) |

9. OTHER INVESTMENTS

| | GROUP AND COMPANY | |
|-------------------------------|-------------------|----------------|
| | 2007 RM'000 | 2006 RM'000 |
| Current | | |
| Unit trust funds | - | 26,018 |
| Market value | | |
| Quoted unit trust in Malaysia | - | 26,018 |

NOTES TO THE FINANCIAL STATEMENTS

9. OTHER INVESTMENTS (continued)

Details of disposed investments stated at cost are as follow:

| | GROUP AND COMPANY | |
|---|-------------------|----------------|
| | 2007 RM'000 | 2006 RM'000 |
| Proceeds from disposal | 26,549 | - |
| Carrying amount of investments disposed | 26,018 | - |
| Gain on disposal of investments | 531 | - |

10. INVENTORIES

| | GROUP | | COMPANY | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| At cost: | | | | |
| Finished goods | 18,068 | 20,246 | 4,662 | 4,615 |
| Work-in-progress | 3,342 | 4,621 | 3,342 | 4,620 |
| Raw, packaging and other materials | 12,359 | 7,122 | 12,269 | 6,995 |
| Spare parts for machinery | 7,782 | 7,968 | 7,782 | 7,968 |
| | 41,551 | 39,957 | 28,055 | 24,198 |

Inventories written off amounted to RM3,594,000 and RM2,156,000 (2006 – RM1,241,000 and RM214,000) in respect of the Group and of the Company respectively. The write-off is included in cost of sales.

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | NOTE | GROUP | | COMPANY | |
|-----------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Trade | | | | | |
| Trade receivables | | 119,980 | 121,631 | - | - |
| Allowance for doubtful debts | 11.2 | (2,865) | (8,697) | - | - |
| | | 117,115 | 112,934 | - | - |
| Amount due from a subsidiary | 11.3 | - | - | 147,579 | 18,583 |
| Amount due from related companies | 11.3 | 18,376 | 17,661 | 44 | 131 |
| | | 135,491 | 130,595 | 147,623 | 18,714 |
| Non-trade | | | | | |
| Other receivables | 11.4 | 15,864 | 9,400 | 12,147 | 4,651 |
| Deposits | | 3,970 | 6,561 | 3,834 | 6,543 |
| Prepayments | | 4,957 | 2,258 | 65 | 50 |
| | | 24,791 | 18,219 | 16,046 | 11,244 |
| | | 160,282 | 148,814 | 163,669 | 29,958 |

NOTES TO THE FINANCIAL STATEMENTS

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

11.1 Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in Ringgit Malaysia, the functional currency of the Company, are as follows:

| | 2007 RM'000 | 2006 RM'000 |
|-------------------------|----------------|----------------|
| Foreign currency | | |
| SGD | 330 | - |
| USD | 9,182 | 1,263 |

11.2 Allowance for doubtful debts

During the year, trade receivables amounting to RM3,714,000 (2006 - RM2,233,000) was written off against the allowance for doubtful debts.

Allowance for doubtful debts is considered on a debtor by debtor basis and in compliance with the Group's credit control policy. All debtors under legal cases are fully provided for and all confirmed bad debts are fully written off against the allowance for doubtful debts.

11.3 Amount due from a subsidiary and related companies

Amount due from a subsidiary and related companies are unsecured, interest free and are repayable on demand.

11.4 Other receivables

Included in other receivables of the Group and of the Company is an amount of RM136,490 (2006 - RM179,877) in respect of a housing loan granted to a Director of the Company in accordance with the Housing Loan Scheme applicable to executive staff.

12. CASH AND CASH EQUIVALENTS

| | GROUP | | COMPANY | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Deposits with licensed banks | 177,221 | 169,273 | 169,286 | 159,600 |
| Cash and bank balances | 39,553 | 31,953 | 1,443 | 6,176 |
| | 216,774 | 201,226 | 170,729 | 165,776 |

NOTES TO THE FINANCIAL STATEMENTS

13. SHARE CAPITAL AND RESERVES

Share capital

| | GROUP AND COMPANY | | | |
|--------------------------------|-------------------|------------------------|----------------|------------------------|
| | AMOUNT | NUMBER OF | AMOUNT | NUMBER OF |
| | 2007 RM'000 | SHARES 2007 '000 | 2006 RM'000 | SHARES 2006 '000 |
| Authorised: | | | | |
| Ordinary shares of RM0.50 each | 300,000 | 600,000 | 300,000 | 600,000 |
| Issued and fully paid: | | | | |
| Ordinary shares of RM0.50 each | 154,039 | 308,078 | 154,039 | 308,078 |
| Treasury shares | (12,043) | (2,330) | (12,043) | (2,330) |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group (see below), all rights are suspended until those shares are reissued.

Treasury shares

The shareholders of the Company, by a special resolution passed in a general meeting held on 29 April 1999, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

On 31 December 1999, the Company repurchased 1,165,000 of its issued share capital from the open market. The aggregate consideration paid for the repurchased shares was RM12,042,622, representing an average price of RM10.34 per ordinary share. The shares repurchased are being held as treasury shares in accordance with the provisions of Section 67A of the Companies Act, 1965.

No further shares were repurchased during the financial year ended 31 December 2007 and none of the previously repurchased shares were reissued, distributed as share dividends, resold or cancelled.

NOTES TO THE FINANCIAL STATEMENTS

13. SHARE CAPITAL AND RESERVES (continued)

Reserves

| | GROUP | | COMPANY | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Non-distributable reserves: | | | | |
| Share premium | 7,367 | 7,367 | 7,367 | 7,367 |
| Other reserves: | | | | |
| Capital reserve | 8,678 | 8,678 | 4,747 | 4,747 |
| Exchange reserve | (5,900) | (4,856) | - | - |
| | 10,145 | 11,189 | 12,114 | 12,114 |
| Distributable reserves: | | | | |
| Retained earnings - distributable | 307,198 | 311,288 | 263,806 | 164,463 |
| - non-distributable | 12,043 | 12,043 | 12,043 | 12,043 |
| | 319,241 | 323,331 | 275,849 | 176,506 |
| | 329,386 | 334,520 | 287,963 | 188,620 |

The non-distributable retained earnings have been allocated based on the cost of treasury shares held.

Capital reserve

The capital reserve comprises primarily revaluation reserve on long term leasehold land held by the Company after adjusting for the potential deferred tax liability as required by FRS 112 and capitalisation of a subsidiary retained earnings upon its bonus issue of shares previously.

The details are as follows:

| | GROUP | | COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Revaluation reserve | 4,747 | 4,747 | 4,747 | 4,747 |
| Capitalisation upon bonus issue by subsidiary | 3,931 | 3,931 | - | - |
| | 8,678 | 8,678 | 4,747 | 4,747 |

Exchange reserve

The exchange reserve comprises all foreign currency differences arising from the equity-accounting of a foreign associate and proportionate accounting of a foreign jointly-controlled entity.

NOTES TO THE FINANCIAL STATEMENTS

13. SHARE CAPITAL AND RESERVES (continued)

Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its distributable reserves as at 31 December 2007 if paid out as dividends.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

14. DEFERRED TAX LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| GROUP | ASSETS | | LIABILITIES | | NET | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Property, plant and equipment | | | | | | |
| - capital allowance | - | - | (19,974) | (22,818) | (19,974) | (22,818) |
| - revaluation | - | - | (1,066) | (1,148) | (1,066) | (1,148) |
| Provisions | 1,392 | 1,571 | - | - | 1,392 | 1,571 |
| Tax assets / (liabilities) | 1,392 | 1,571 | (21,040) | (23,966) | (19,648) | (22,395) |
| Set off of tax | (1,392) | (1,571) | 1,392 | 1,571 | - | - |
| Net tax liabilities | - | - | (19,648) | (22,395) | (19,648) | (22,395) |

| COMPANY | ASSETS | | LIABILITIES | | NET | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Property, plant and equipment | | | | | | |
| - capital allowance | - | - | (18,573) | (21,346) | (18,573) | (21,346) |
| - revaluation | - | - | (1,066) | (1,148) | (1,066) | (1,148) |
| Provisions | 922 | 817 | - | - | 922 | 817 |
| Tax assets / (liabilities) | 922 | 817 | (19,639) | (22,494) | (18,717) | (21,677) |
| Set off of tax | (922) | (817) | 922 | 817 | - | - |
| Net tax liabilities | - | - | (18,717) | (21,677) | (18,717) | (21,677) |

NOTES TO THE FINANCIAL STATEMENTS

14. DEFERRED TAX LIABILITIES (continued)

Movement in temporary differences during the year

| | AT 1.1.2006 | RECOGNISED IN INCOME STATEMENT (NOTE 19) | AT 31.12.2006 | RECOGNISED IN INCOME STATEMENT (NOTE 19) | AT 31.12.2007 |
|-------------------------------|----------------|---|------------------|---|------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| GROUP | | | | | |
| Property, plant and equipment | (24,665) | 699 | (23,966) | 3,553 | (20,413) |
| Provisions | 2,280 | (709) | 1,571 | (806) | 765 |
| | (22,385) | (10) | (22,395) | 2,747 | (19,648) |
| COMPANY | | | | | |
| Property, plant and equipment | (23,020) | 320 | (22,700) | 3,061 | (19,639) |
| Provisions | 465 | 558 | 1,023 | (101) | 922 |
| | (22,555) | 878 | (21,677) | 2,960 | (18,717) |

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

| | GROUP | |
|------------------------|----------------|----------------|
| | 2007 RM'000 | 2006 RM'000 |
| Tax loss carry-forward | 1,347 | 782 |

Tax loss carry-forward is in respect of the jointly-controlled entity. Deferred tax assets have not been recognised in respect of the unutilised tax loss carry-forward because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

NOTES TO THE FINANCIAL STATEMENTS

15. PAYABLES AND ACCRUALS

| | NOTE | GROUP | | COMPANY | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Trade | | | | | |
| Trade payables | | 72,158 | 71,076 | 48,390 | 39,655 |
| Amount due to immediate holding company | 15.2 | 3,445 | 1,558 | 1,766 | 1,400 |
| Amount due to related companies | 15.2 | 3,181 | 104 | 2,965 | 24 |
| | | 78,784 | 72,738 | 53,121 | 41,079 |
| Non-trade | | | | | |
| Other payables | | 5,145 | 4,648 | 2,636 | 2,340 |
| Accrued expenses | | 15,285 | 16,057 | 8,225 | 9,131 |
| Amount due to ultimate holding company | 15.2 | 776 | - | 776 | - |
| | | 21,206 | 20,705 | 11,637 | 11,471 |
| | | 99,990 | 93,443 | 64,758 | 52,550 |

15.1 Analysis of foreign currency exposure for significant payables

Significant payables that are not in Ringgit Malaysia, the functional currency of the Company, are as follows:

| | GROUP | | COMPANY | |
|-------------------------|----------------|----------------|----------------|----------------|
| | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Foreign currency | | | | |
| DKK | 98 | - | 98 | - |
| EUR | 663 | 1,030 | 663 | 1,030 |
| GBP | - | 104 | - | - |
| USD | 3,558 | 700 | 2,969 | 700 |

15.2 Amount due to ultimate holding company, immediate holding company and related companies

Amount due to ultimate holding company, immediate holding company and related companies are unsecured, interest free and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

16. LOANS AND BORROWINGS

| | INTEREST RATES (%) | GROUP | |
|---------------------|-----------------------|----------------|----------------|
| | | 2007 RM'000 | 2006 RM'000 |
| Current | | | |
| Unsecured bank loan | 2.96 - 3.09 | 1,310 | - |

Security

The bank loan is obtained by the jointly-controlled entity and is secured by corporate guarantees from shareholders of the jointly-controlled entity.

17. RESULTS FROM OPERATING ACTIVITIES

| | NOTE | GROUP | | COMPANY | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Results from operating activities arrived at after charging: | | | | | |
| Allowance for doubtful debts | | - | 4,639 | - | - |
| Amortisation of intangible assets | 4 | 2,066 | 1,569 | 1,708 | 1,230 |
| Amortisation of prepaid lease payments | 5 | 131 | 130 | 118 | 118 |
| Auditors' remuneration | | | | | |
| - Audit services | | 84 | 83 | 56 | 55 |
| Depreciation of property, plant and equipment | 3 | 21,555 | 20,709 | 15,824 | 15,352 |
| Intangible assets written off | 4 | - | 1 | - | - |
| Impairment loss on investment in a jointly-controlled entity | | - | - | 2,943 | - |
| Property, plant and equipment written off | 3 | 439 | 19 | 437 | 18 |
| Inventories written off | 10 | 3,594 | 1,241 | 2,156 | 214 |
| Personnel expenses (including key management personnel): | | | | | |
| - Contributions to defined contribution plan | | 513 | 467 | 286 | 267 |
| - Contributions to Employees Provident Fund | | 4,501 | 4,083 | 2,233 | 1,905 |
| - Wages, salaries and others | | 42,181 | 45,619 | 23,154 | 23,473 |
| Rental of land and buildings | | 1,555 | 1,843 | 380 | 293 |

NOTES TO THE FINANCIAL STATEMENTS

17. RESULTS FROM OPERATING ACTIVITIES (continued)

| | NOTE | GROUP | | COMPANY | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Results from operating activities arrived at after crediting: | | | | | |
| Bad debts recovered | | 837 | 572 | - | - |
| Net reversal of allowance of doubtful debts | | 2,118 | - | - | - |
| Dividend income from | | | | | |
| - subsidiary | | - | - | 237,501 | 79,200 |
| - associate | | - | - | - | 1,284 |
| Gain on disposal of property, plant and equipment | | 7,896 | 2,470 | 6,009 | 2,117 |
| Gain on disposal of other investments | 9 | 531 | - | 531 | - |
| Gain on unit trust funds | | - | 1,273 | - | 1,273 |
| Rental income from subsidiary | | - | - | 780 | 780 |

18. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

| | GROUP | | COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Directors: | | | | |
| - Fees | 304 | 305 | 304 | 305 |
| - Remuneration | 2,475 | 1,328 | 2,475 | 1,328 |
| - Other short term employee benefits (including estimated monetary value of benefits-in-kind) | 921 | 361 | 921 | 361 |
| | 3,700 | 1,994 | 3,700 | 1,994 |
| - Post-employment benefits | 139 | 191 | 139 | 191 |
| - Share-based payments | 294 | 218 | 294 | 218 |
| | 4,133 | 2,403 | 4,133 | 2,403 |
| Other key management personnel: | | | | |
| - Short term employee benefits | 3,078 | 2,796 | 2,015 | 2,067 |
| - Post-employment benefits | 119 | 74 | 82 | 69 |
| | 3,197 | 2,870 | 2,097 | 2,136 |
| | 7,330 | 5,273 | 6,230 | 4,539 |

Other key management personnel comprises persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

19. TAX EXPENSE

Major components of tax expense include:

| | GROUP | | COMPANY | |
|--|----------------|----------------|----------------|----------------|
| | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Current tax expense | | | | |
| Malaysian - current year | 22,743 | 27,136 | 66,558 | 25,193 |
| - overprovision in prior years | (784) | (2,627) | (371) | (4,307) |
| Total current tax recognised in the income statements | 21,959 | 24,509 | 66,187 | 20,886 |
| Deferred tax expense | | | | |
| Origination and reversal of temporary differences | (2,031) | 182 | (2,244) | (540) |
| Overprovision in prior years | (716) | (172) | (716) | (338) |
| Total deferred tax recognised in the income statements | (2,747) | 10 | (2,960) | (878) |
| Total tax expense | 19,212 | 24,519 | 63,227 | 20,008 |
| Reconciliation of effective tax expense | | | | |
| Profit before tax | 97,705 | 110,423 | 245,153 | 89,483 |
| Tax at Malaysian tax rate of 27% (2006: 28%) | 26,380 | 30,918 | 66,191 | 25,055 |
| Tax exempt income | (15) | - | (523) | - |
| Non taxable income | (1,640) | (676) | (1,618) | (762) |
| Non-deductible expenses | 1,587 | 1,510 | 1,232 | 416 |
| Double deduction on permitted expenses | (4,321) | (4,533) | - | - |
| Tax incentives | (362) | (196) | (362) | (196) |
| Effect of change in tax rate* | (762) | - | (726) | - |
| Other items | (155) | 295 | 120 | 140 |
| | 20,712 | 27,318 | 64,314 | 24,653 |
| Overprovision in prior years | (1,500) | (2,799) | (1,087) | (4,645) |
| Tax expense | 19,212 | 24,519 | 63,227 | 20,008 |

* The corporate tax rates are 27% for year of assessment 2007, 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

NOTES TO THE FINANCIAL STATEMENTS

20. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share as at 31 December 2007 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

Profit attributable to ordinary shareholders

| | GROUP | |
|---------------------|----------------|----------------|
| | 2007 RM'000 | 2006 RM'000 |
| Profit for the year | 78,493 | 85,904 |

Weighted average number of ordinary shares

| | GROUP | |
|--|--------------|--------------|
| | 2007 '000 | 2006 '000 |
| Issued ordinary shares as at 1 January / 31 December | 308,078 | 308,078 |
| Effect of treasury shares held | (2,330) | (2,330) |
| | 305,748 | 305,748 |
| Basic earnings per ordinary share (sen) | 25.7 | 28.1 |

21. DIVIDENDS

| | SEN PER SHARE (NET OF TAX) | TOTAL AMOUNT RM'000 | DATE OF PAYMENT |
|--|-------------------------------|------------------------|-----------------|
| 2007 | | | |
| Interim 2007 ordinary | 3.7 | 11,160 | 8 October 2007 |
| Final 2006 ordinary | 5.5 | 16,740 | 18 May 2007 |
| Final 2006 ordinary – special | 17.9 | 54,683 | 18 May 2007 |
| Total amount | | 82,583 | |
| 2006 | | | |
| Interim 2006 ordinary | 3.6 | 11,007 | 9 October 2006 |
| Interim 2006 ordinary – special | 1.8 | 5,503 | 9 October 2006 |
| Final 2005 ordinary | 5.4 | 16,510 | 18 May 2006 |
| Final 2005 ordinary – special | 12.6 | 38,524 | 18 May 2006 |
| Final 2005 ordinary – special tax exempt | 5.0 | 15,288 | 18 May 2006 |
| Total amount | | 86,832 | |

NOTES TO THE FINANCIAL STATEMENTS

21. DIVIDENDS (continued)

After the balance sheet date, the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial reports upon approval by the shareholders.

| | GROUP | |
|--------------------------|-------------------------------|------------------------|
| | SEN PER SHARE (NET OF TAX) | TOTAL AMOUNT RM'000 |
| Final ordinary | 5.6 | 16,969 |
| Final ordinary – special | 16.7 | 50,907 |
| | | 67,876 |

22. SEGMENT REPORTING

The Group operates principally in the brewing industry in Malaysia, in the production and sale of beer, stout, shandy and non-alcoholic beverages. The other segments are not significant. Accordingly, information analysing geographical and industry segments is not presented.

23. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

Exposure to currency, credit, liquidity and interest rate risks arise in the normal course of the Group's business. The Group has written risk management policies and guidelines which set out their overall business strategies, their tolerance to risk and their general risk management philosophy.

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily US Dollars, Singapore Dollars and Euro.

The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the balance sheet date. In 2007, the Group hedged about 15% of its overseas trade receivables denominated in Singapore Dollars. At the beginning of the year, forward exchange contracts outstanding constituted about 80% of the 2008 budgeted export sales denominated in Singapore Dollars. The Group will continue to monitor the rates development closely and will hedge accordingly. The purchases denominated in US Dollars and Euro is not hedged as it is immaterial to the Group.

In respect of other monetary assets and liabilities held in currencies other than Ringgit Malaysia, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short term imbalances.

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies are not recognised in the income statements.

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on new customers requiring credit. The Group normally do require collateral from its customers.

At balance sheet date there were no significant concentrations of credit risk other than the following:

| | GROUP | | COMPANY | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Amount due from a subsidiary | - | - | 147,579 | 18,583 |

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

The Group monitors and maintains sufficient levels of cash and cash equivalents deemed adequate by management to meet its working capital requirements.

Interest rate risk

The Group's short term deposits are placed at fixed rates investments which management endeavours to obtain the best rate available in the market. Borrowings of a jointly-controlled entity are exposed to a risk of change in cash flows due to changes in interest rates.

Effective interest rates

In respect of interest-earning financial assets, the following table indicates the weighted average interest rates during the year.

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

Effective interest rates (continued)

| | 2007 | | | 2006 | | |
|------------------------------------|------------------------------------|-----------------|----------------------------|------------------------------------|-----------------|----------------------------|
| | EFFECTIVE INTEREST RATE % | TOTAL RM'000 | WITHIN 1 YEAR RM'000 | EFFECTIVE INTEREST RATE % | TOTAL RM'000 | WITHIN 1 YEAR RM'000 |
| GROUP | | | | | | |
| Financial asset | | | | | | |
| Fixed deposits with licensed banks | 3.51 | 177,221 | 177,221 | 3.41 | 169,273 | 169,273 |
| Financial liability | | | | | | |
| Unsecured bank loan | 3.03 | 1,310 | 1,310 | - | - | - |
| COMPANY | | | | | | |
| Financial asset | | | | | | |
| Fixed deposits with licensed banks | 3.51 | 169,286 | 169,286 | 3.43 | 159,600 | 159,600 |

Fair values

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, and payables and accruals, approximate fair values due to the relatively short term nature of these financial instruments.

The fair value and nominal value of unrecognised forward exchange contracts entered into by the Group are RM67,000 (2006 - Nil) and RM11,536,000 (2006 - Nil) respectively.

The fair values of other financial assets, together with the carrying amounts shown in the balance sheets, are as follows:

| | 2007 | | 2006 | |
|------------------------|------------------------------|----------------------|------------------------------|----------------------|
| | CARRYING AMOUNT RM'000 | FAIR VALUE RM'000 | CARRYING AMOUNT RM'000 | FAIR VALUE RM'000 |
| GROUP | | | | |
| Financial asset | | | | |
| Unit trust funds | - | - | 26,018 | 26,018 |
| COMPANY | | | | |
| Financial asset | | | | |
| Unit trust funds | - | - | 26,018 | 26,018 |

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

Estimation of fair values

The following summarises the methods used in determining the fair values of financial instruments reflected in the table.

Fair value of unit trust funds is determined by reference to quoted market prices at the close of business on the balance sheet date.

24. OPERATING LEASES

Leases as lessee

Operating lease rentals are payable as follows:

| | GROUP | | COMPANY | |
|----------------------------|----------------|----------------|----------------|----------------|
| | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Less than one year | 803 | 278 | 396 | 156 |
| Between one and five years | 254 | 129 | 75 | 60 |
| | 1,057 | 407 | 471 | 216 |

The Group and the Company leases a number of sales offices under operating leases. The leases typically run for a period of two (2) years, with an option to renew the lease after the date of expiration. None of the leases includes contingent rentals.

25. CAPITAL COMMITMENTS

| | GROUP | | COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Capital expenditure commitments | | | | |
| Plant and equipment | | | | |
| <i>Authorised but not contracted for</i> | 15,855 | 28,572 | 10,057 | 15,367 |
| <i>Contracted but not provided for and payable:</i> | | | | |
| Within one year | 1,080 | 9,347 | 1,020 | 8,362 |
| | 16,935 | 37,919 | 11,077 | 23,729 |

NOTES TO THE FINANCIAL STATEMENTS

26. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with the holding company and its related corporations, its subsidiaries (see note 6), an associate (see note 7), a jointly-controlled entity (see note 8), Directors and key management personnel.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

Other related party transactions

| GROUP | TRANSACTION VALUE YEAR ENDED 31 DECEMBER | | BALANCE OUTSTANDING AS AT 31 DECEMBER | |
|---|--|----------------|---------------------------------------|----------------|
| | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Carlsberg Breweries A/S | | | (3,445) | (1,558) |
| Purchases of materials and products | 423 | 463 | | |
| Reimbursement of expenses | 4,752 | 3,657 | | |
| Royalties payable | 15,549 | 15,339 | | |
| Carlsberg Singapore Pte. Ltd. | | | 18,072 | 17,313 |
| Sale of goods and services | 61,372 | 61,055 | | |
| Reimbursement of expenses | 15,791 | 16,614 | | |
| Carlsberg Distributors Taiwan Ltd. | | | | |
| Sale of goods and services | 1,444 | 189 | 192 | 236 |
| Lion Brewery (Ceylon) PLC | | | | |
| Sale of goods and services | 609 | 652 | 103 | 112 |
| Carlsberg Brewery (Guangdong) Ltd. | | | | |
| Purchases of materials and products | 1,454 | 1,825 | (189) | (80) |
| Danish Malting Group | | | | |
| Purchases of materials and products | 2,850 | - | (2,850) | - |

NOTES TO THE FINANCIAL STATEMENTS

26. RELATED PARTIES (continued)

Other related party transactions (continued)

| COMPANY | TRANSACTION VALUE YEAR ENDED 31 DECEMBER | | BALANCE OUTSTANDING AS AT 31 DECEMBER | |
|--|---|----------------|--|----------------|
| | 2007 RM'000 | 2006 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Carlsberg Marketing Sdn. Bhd. | | | 147,579 | 18,583 |
| Sale of goods and services | 633,406 | 642,458 | | |
| Transfer of property, plant and equipment at net book value | 437 | (61) | | |
| Management fee received | 6,000 | 3,600 | | |
| Rental income | 780 | 780 | | |
| Dividend income | 237,501 | 79,200 | | |
| Carlsberg Breweries A/S | | | (1,766) | (1,400) |
| Purchases of materials and products | 339 | 374 | | |
| Reimbursement of expenses | 2,932 | 3,321 | | |
| Royalties payables | 4,298 | 3,936 | | |
| Danish Malting Group | | | | |
| Purchases of materials and products | 2,850 | - | (2,850) | - |

The terms and conditions for the above transactions are based on normal trade terms. All the amounts outstanding are unsecured and expected to be settled with cash.

CARLSBERG MALAYSIA'S SALES OFFICES

KEDAH

C/O CHUAN LEONG TRADING (KEDAH) SDN BHD
No. 30, Pengkalan Kapal,
05000 Alor Setar, Kedah.
Tel : 04-732 1025
Fax : 04-734 3318

BUTTERWORTH

Plot 42, Off Lot 2817, Jalan Jelawat,
Bandar Seberang Jaya, 13700 Prai,
Butterworth.
Tel : 04-390 3077 / 390 3421 /
390 5231 / 390 5894
Fax : 04-399 1488

IPOH

No. 25, Jalan Kilang Dua Kawasan MIEL,
Jelapang, 30100 Ipoh,
Perak Darul Ridzuan.
Tel : 05-526 4622 / 526 2385 / 526 2105
Fax : 05-526 4090

SEREMBAN

No. 394, Taman AST, Jalan Labu,
70200 Seremban,
Negeri Sembilan Darul Khusus.
Tel : 06-762 0319 / 762 9102
Fax : 06-764 3895

CENTRAL, SHAH ALAM

Lot 22, Jalan Pengapit 15/19
Section 15, 40200 Shah Alam,
Selangor Darul Ehsan.
Tel : 03-5522 6688
Fax : 03-5510 1135

MALACCA

No. 23-23A, Jalan Malinja 1,
Taman Malinja, Bukit Baru,
75150 Malacca.
Tel : 06-282 7709 / 284 1530
Fax : 06-282 7930

KOTA BHARU

No. 5591-F, Jalan Sultan Yahya Putra,
Wakaf Siku, 15200 Kota Bahru,
Kelantan Darul Naim.
Tel : 09-744 0624
Fax : 09-744 0624

KUANTAN

No. 25, Jalan IM 14/3,
Kawasan Perindustrian Ringan,
Indera Mahkota, 25200 Kuantan,
Pahang Darul Makmur.
Tel : 09-508 8348 / 508 8349
Fax : 09-508 8343



CARLSBERG MALAYSIA'S SALES OFFICES

MENTAKAB

No. 70, Jalan Industrial Temerloh Utama,
Temerloh Industrial Park,
28400 Mentakab, Pahang Darul Makmur.
Tel : 09-277 3976
Fax : 09-277 3976

JOHOR BAHRU

No. 83, Jalan Seroja 39, Taman Johor Jaya,
81100 Johor Bahru, Johor Darul Takzim.
Tel : 07-355 5078 / 354 0485 / 354 6079
Fax : 07-354 6092

BATU PAHAT

No. 24, Jalan Tukas Satu, Taman Soga,
83000 Batu Pahat, Johor Darul Takzim.
Tel : 07-433 2463
Fax : 07-433 2464

TAWAU

Lot 2, Da Hua Garden, Phase 3,
TB No. 7542, Jalan Bunga Raya,
91000 Tawau, Sabah.
Tel : 089-714 986
Fax : 089-714 686

SANDAKAN

Lot 9, Block A, Bandar Nam Tung,
90007 Sandakan, Sabah.
Tel : 089-611 748

KOTA KINABALU

No. 34, Towering Industrial Estate,
Mile 4½, Jalan Penampang,
88300 Kota Kinabalu, Sabah.
Tel : 088-715 091 / 715 019
Fax : 088-717 480

KUCHING

287, Section 9, KTL D, Ground & 1st Floor
Rubber Road, 93400 Kuching, Sarawak.
Tel : 082-425 319 / 425 320
Fax : 082-421 660

MIRI

Lot 1415, Ground Floor, Lorong 5,
Jalan Krokop, 98009 Miri, Sarawak.
Tel : 085-417 821 / 427 821
Fax : 085-437 821

SIBU

C/O EE CHUNG HAN CO. SDN BHD
Lot 1248-1249 Lorong Sukun 18,
Off Jalan Teng Kung Suk,
Upper Lanang, 96700 SIBU.
Tel : 0874-213 892
Fax : 0874-213 892



PARTICULARS OF GROUP PROPERTIES

The Properties included in land and buildings as at 31 December 2007 (Notes 3 and 5 to the Financial Statements) and their net book values are indicated below :-

| ADDRESS | DESCRIPTION | AREA (ACRES) | EXISTING USE | LAND TENURE | APPROX. AGE OF BUILDINGS (YEARS) | NET BOOK VALUE RM'000 | DATE OF ACQUISITION OR REVALUATION |
|--|-------------------|--------------|----------------------|-------------------------------|----------------------------------|-----------------------|------------------------------------|
| 55, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan. | Land and Building | 20.00 | Brewery and Offices | Leasehold expiring 23.2.2070 | 37 | 31,585 | 31/3/81 (revaluation) |
| 25, Jalan Kilang Dua, Kawasan MIEL, Jelapang, 30100 Ipoh, Perak Darul Ridzuan. | Land and Building | 0.33 | Office and Warehouse | Leasehold expiring 15.9.2072 | 30 | 361 | 4/10/90 (acquisition) |
| 83, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim. | Land and Building | 0.34 | Office and Warehouse | Freehold | 15 | 678 | 20/5/91 (acquisition) |
| Plot 42, Off Lot 2817, Jalan Jelawat, Bandar Seberang Jaya, 13700 Prai, Butterworth. | Land and Building | 0.75 | Office and Warehouse | Leasehold expiring 18.8.2073 | 15 | 1,522 | 15/3/92 (acquisition) |
| Lot 6, No. 34 Towering Industrial Estate, Mile 4½, Jalan Penampang, 88300 Kota Kinabalu, Sabah. | Land and Building | 0.06 | Office and Warehouse | Leasehold expiring 31.12.2037 | 28 | 344 | 28/3/95 (acquisition) |
| 394, Taman AST, Jalan Labu, 70200 Seremban, Negeri Sembilan Darul Khusus. | Land and Building | 0.04 | Office and Warehouse | Freehold | 13 | 350 | 23/12/96 (acquisition) |
| Lot 22, Jalan Pengapit 15/19, 40200 Shah Alam, Selangor Darul Ehsan. | Land and Building | 1.81 | Factory and Office | Leasehold expiring 23.2.2082 | 17 | 8,996 | 12/3/96 (acquisition) |
| 25, Jalan IM 14/3, Kawasan Perindustrian Ringan, Indera Mahkota, 25200 Kuantan, Pahang Darul Makmur. | Land and Building | 0.05 | Office and Warehouse | Leasehold expiring 29.3.2097 | 10 | 200 | 17/12/97 (acquisition) |
| No. EMR 3099, Lot No. 9 & No. EMR 3100, Lot No. 10, No. GM 76, Lot No. 35 & No. GM 77, Lot No. 36, In The Village of Batu Tiga / Mukim of Damansara, District of Petaling, Selangor Darul Ehsan. | Land | 6.41 | Factory | Freehold | - | 15,953 | 24/7/98 (acquisition) |
| Lot 1071, Mukim Damansara, District of Petaling, Selangor Darul Ehsan. | Land | 1.3 | Factory | Freehold | - | 2,999 | 18/9/2003 (acquisition) |
| | | | | | | 62,988 | |

ANALYSIS OF SHAREHOLDINGS

AS AT 29 FEBRUARY 2008

| | | |
|--|---|---|
| Authorised Share Capital | : | RM300,000,000 |
| Issued and Paid Up Share Capital | : | RM154,039,000 comprising 308,078,000 ordinary shares of RM0.50 each |
| No. of Treasury Shares held by the Company | : | 2,330,000 |
| Class of Shares | : | Ordinary Shares of RM0.50 each |
| Voting Rights | : | One Vote Per Ordinary Share |

| SIZE OF HOLDINGS | NO. OF SHAREHOLDERS | % OF SHAREHOLDERS | NO. OF SHARES | % OF SHARES |
|------------------------|---------------------|-------------------|--------------------|---------------|
| Less than 100 | 546 | 4.83 | 5,523 | 0.00 |
| 100 - 1,000 | 3,427 | 30.32 | 2,721,268 | 0.89 |
| 1,001 - 10,000 | 5,639 | 49.88 | 22,379,889 | 7.32 |
| 10,001 - 100,000 | 1,505 | 13.31 | 45,425,010 | 14.86 |
| 100,001 - 15,287,399* | 186 | 1.65 | 79,283,810 | 25.93 |
| 15,287,400 and above** | 1 | 0.01 | 155,932,500 | 51.00 |
| TOTAL | 11,304 | 100.00 | 305,748,000 | 100.00 |

* Less than 5% of issued holdings

** 5% and above of issued holdings

THIRTY LARGEST SHAREHOLDERS

| NAME | NO. OF SHARES | % OF SHARES |
|---|---------------|-------------|
| 1. UOBM Nominees (Asing) Sdn Bhd Carlsberg Breweries A/S | 155,932,500 | 51.00 |
| 2. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1) | 9,085,320 | 2.97 |
| 3. Gan Tian Chin | 4,510,300 | 1.48 |
| 4. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 2) | 4,382,000 | 1.43 |
| 5. HSBC Nominees (Asing) Sdn Bhd TNTC For The Highclere International Investors Smaller Companies Fund | 2,608,700 | 0.85 |
| 6. HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd For Winscope Developments Ltd | 2,270,900 | 0.74 |
| 7. Citigroup Nominees (Asing) Sdn Bhd Exempt An For American International Assurance Company Limited | 2,207,500 | 0.72 |
| 8. Pertubuhan Keselamatan Sosial | 2,155,700 | 0.71 |
| 9. Tai Tak Estates Sdn Bhd | 1,500,000 | 0.49 |
| 10. TM Asia Life Malaysia Bhd As Beneficial Owner (PF) | 1,500,000 | 0.49 |
| 11. UOBM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Yoke Fong @ Wong Nyok Fing (6110553745-T232) | 1,400,000 | 0.46 |

ANALYSIS OF SHAREHOLDINGS

THIRTY LARGEST SHAREHOLDERS (continued)

| NAME | NO. OF SHARES | % OF SHARES |
|---|---------------|-------------|
| 12. Citigroup Nominees (Asing) Sdn Bhd Exempt An For Mellon Bank (Mellon) | 1,370,000 | 0.45 |
| 13. Enterlight Investments Pte Ltd | 1,224,900 | 0.40 |
| 14. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (NON PAR 1) | 1,200,000 | 0.39 |
| 15. Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For Prudential Fund Management Berhad | 1,091,200 | 0.36 |
| 16. Citigroup Nominees (Asing) Sdn Bhd UBS AG For Artradis Barracuda Fund | 1,071,400 | 0.35 |
| 17. EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Mak Tian Meng (BSR) | 1,000,000 | 0.33 |
| 18. HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd For Kwong Soon Engineering Co Pte Ltd | 967,500 | 0.32 |
| 19. Ho Sim Guan | 950,000 | 0.31 |
| 20. Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Small Cap Series | 943,100 | 0.31 |
| 21. UOBM Nominees (Asing) Sdn Bhd Chung Khiaw Bank Nominees (Pte) Ltd For Ko Choon Huat | 910,000 | 0.30 |
| 22. HLB Nominees (Asing) Sdn Bhd Pledged Securities Account For Gan Thian Chin | 744,400 | 0.24 |
| 23. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund Mata For Global Equity Fund (Marathon GBL FD) | 728,600 | 0.24 |
| 24. CIMSEC Nominees (Asing) Sdn Bhd Exempt An For CIMB-GK Securities Pte Ltd (Retail Clients) | 690,298 | 0.23 |
| 25. Wong Thian Soon | 627,748 | 0.21 |
| 26. Citigroup Nominees (Asing) Sdn Bhd CB SPORE GW For Bukit Sembawang Estates Limited (OCB33879-000MIS) | 559,998 | 0.18 |
| 27. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund J728 For SPDR S&P Emerging Asia Pacific ETF | 548,503 | 0.18 |
| 28. AMSEC Nominees (Asing) Sdn Bhd AMFraser Securities Pte Ltd For Yeo Realty & Investments Pte Ltd (19013) | 510,000 | 0.17 |
| 29. G.T.Y. Holdings Sdn Bhd | 500,000 | 0.16 |
| 30. AMSEC Nominees (Tempatan) Sdn Bhd AMFraser Securities Pte Ltd For Chong Kah Yung (1854) | 491,100 | 0.16 |
| TOTAL | 203,681,667 | 66.62 |

ANALYSIS OF SHAREHOLDINGS

SUBSTANTIAL SHAREHOLDER

| NAME | DIRECT INTEREST | |
|---|-----------------|-------------|
| | NO. OF SHARES | % OF SHARES |
| 1. Carlsberg Breweries A/S UOBM Nominees (Asing) Sdn Bhd | 155,932,500 | 51.00 |

DIRECTORS' INTERESTS

| NAME | DIRECT | | INDIRECT | |
|--|---------------|-------------|---------------------|-------------|
| | NO. OF SHARES | % OF SHARES | NO. OF SHARES | % OF SHARES |
| 1. Dato' Lim Say Chong | - | - | 56,000 ^a | 0.02 |
| 2. Jesper Bjoern Madsen | 9,000 | - | - | - |
| a. Deemed interest by virtue of shares held by his daughter. | | | | |

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Group and/or its subsidiaries involving directors' and major shareholders' interests either subsisting as at 31 December 2007 or entered into since the end of the previous financial year ended 31 December 2006, save and except for the following:-

1. A call option agreement between Carlsberg Brewery Malaysia Berhad ("**CBMB**") and Carlsberg A/S ("**CAS**") dated 18 November 1996, allowing CAS to acquire CBMB's interest in Lion Brewery (Ceylon) PLC, should certain events occur. The purchase consideration is to be based on an agreed formula and in any event, to be a minimum of the original purchase price paid by CBMB.

CAS is the holding company of Carlsberg Breweries A/S, which in turn is the holding company of CBMB.

2. A shareholders agreement between CBMB, Wiseline Ltd and Carlsberg Distributors Taiwan Limited ("**CDTL**") dated 30 October 2006 for CBMB to acquire 50% equity shareholding in CDTL from Wiseline Ltd at the purchase consideration of NTD6,714,738.00 for 3,000,000 shares of NTD10.00 each.

NOTICE OF 38TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Eighth Annual General Meeting of the Company will be held at Ballroom Selangor 2 & 3, Sheraton Subang Hotel & Towers, Jln SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Tuesday, 22 April 2008 at 11.00 a.m. for the following purposes:

AGENDA

Ordinary Business

- | | |
|--|------------------------------|
| 1. To receive and adopt the Audited Accounts for the year ended 31 December 2007 together with the Directors' and Auditors' reports thereon. | Ordinary Resolution 1 |
| 2. To declare a Final Dividend of RM0.075 per 50 sen share less Malaysian income tax and a Special Dividend of RM0.225 per 50 sen share less Malaysian income tax in respect of the year ended 31 December 2007. | Ordinary Resolution 2 |
| 3. To re-elect the following Directors who retire pursuant to Article 92(a) of the Articles of Association of the Company: | |
| (a) Tan Sri Datuk Asmat bin Kamaludin | Ordinary Resolution 3 |
| (b) Mr Jesper Bjoern Madsen | Ordinary Resolution 4 |
| 4. To re-elect the following Directors who retire pursuant to Article 92(e) of the Articles of Association of the Company: | |
| (a) Mr Janne Petteri Juvonen | Ordinary Resolution 5 |
| (b) Mr M.R. Gopala Krishnan C.R.K. Pillai | Ordinary Resolution 6 |
| 5. To approve the payment of Directors fees of RM304,000 for the year ended 31 December 2007. | Ordinary Resolution 7 |
| 6. To re-appoint Messrs KPMG as Auditors of the Company and to authorize the Directors to fix their remuneration. | Ordinary Resolution 8 |
| 7. To transact any other Ordinary Business for which notice has been given. | |

Special Business

To consider, and if thought fit, pass with or without modifications, the following Resolutions:

- | | |
|---|------------------------------|
| 8. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 | Ordinary Resolution 9 |
| <p>"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this Resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being;</p> | |

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") and THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF 38TH ANNUAL GENERAL MEETING

9. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Ordinary Resolution 10

“THAT, subject to compliance with Section 67A of the Companies Act 1965, the Requirements of Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authority, approval be and is hereby given to the Company to utilise not more than RM271.18 million being the combined total of the audited distributable retained earnings and share premium reserves of the Company as at 31 December 2007 which stood at RM263.81 million and RM7.37 million respectively, to purchase on Bursa Securities up to 28,477,800 ordinary shares of RM0.50 each of the Company which together with the 2,330,000 ordinary shares of RM0.50 each already purchased earlier and retained as treasury shares, represents 10% of the enlarged issued and paid-up share capital of 308,078,000 ordinary shares of RM0.50 each **AND THAT** upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to:

- (a) cancel ALL or PART of the shares so purchased and/or to retain ALL or PART of the shares in treasury (“the treasury shares”);
- (b) distribute the treasury shares as dividends to the Company’s shareholders for the time being and/or to resell the treasury shares on Bursa Securities; AND/OR
- (c) cancel the shares so purchased or cancel the treasury shares and transfer the amount by which the Company’s issued capital is diminished to the capital redemption reserve and subsequently apply the capital redemption reserve to pay up unissued shares of the Company to be issued to the Company’s shareholders as fully paid bonus shares,

whereby an announcement regarding the intention of the Directors of the Company in relation to the proposed treatment of the shares purchased and rationale thereof has been made to Bursa Securities **AND THAT** such authority from the shareholders would be effective immediately upon passing of this Ordinary Resolution and the aforesaid authority from the shareholders will expire at the conclusion of the next Annual General Meeting (“AGM”) unless the authority is renewed by ordinary resolution passed at the said AGM (either unconditionally or subject to condition), or upon the expiration of the period within which the next AGM is required by law to be held or if earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authority **AND THAT** authority be and is hereby given to the Directors of the Company to take all such steps as are necessary including the opening and maintaining of a central depositories account(s) under the Securities Industry (Central Depositories) Act, 1991, and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company”.

NOTICE OF 38TH ANNUAL GENERAL MEETING

10. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")** **Ordinary Resolution 11**

"**THAT** approval be and is hereby given to the Company and its subsidiaries to enter into and give effect to specified recurrent transactions of a revenue or trading nature and with specified classes of the related parties as stated in Clause 3.3 of the Circular to Shareholders dated 26 March 2008 which are necessary for the Group's day to day operations subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public where applicable and are not to the detriment of the minority shareholders;
- (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and such approval shall continue to be in force until:
 - (i) the conclusion of the first AGM of the Company following the forthcoming AGM at which such Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by resolution passed at an AGM whereby the authority is renewed;
 - (ii) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 143(1) of the Malaysian Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - (iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier; and
- (c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

11. **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY ("PROPOSED AMENDMENTS")** **Special Resolution 1**

"**THAT** the Proposed Amendments to the Articles of Association of the Company as set out in Appendix III of the Circular to Shareholders dated 26 March 2008 be and is hereby approved and adopted.

THAT the Directors and the Secretary of the Company be and are hereby authorized to carry out all the necessary formalities in effecting the Proposed Amendments as set out in Appendix III of the Circular to Shareholders dated 26 March 2008.

AND THAT the Directors of the Company, be and are hereby authorized to assent to any condition, modification, variation and/or amendments as may be required by Bursa Malaysia Securities Berhad."

NOTICE OF 38TH ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND PAYMENT AND CLOSURE OF REGISTER

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Thirty-Eighth Annual General Meeting to be held on Tuesday, 22 April 2008, the Final Dividend of RM0.075 per share less Malaysian income tax and a Special Dividend of RM0.225 per share less Malaysian income tax in respect of the year ended 31 December 2007 will be payable on 16 May 2008 to shareholders registered in the Register of Members and Record of Depositors at the close of business on 5 May 2008.

A depositor shall qualify for entitlement to the dividends only in respect of:

- (a) Shares transferred into the depositor's securities account before 4.00 p.m. on 5 May 2008 in respect of transfers;
- (b) Shares deposited into the depositor's securities account before 12.30 p.m. on 30 April 2008 (in respect of shares which are exempted from mandatory deposit);
- (c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board
DATO' CHIN VOON LOONG

Shah Alam
26 March 2008

Notes

1. A member entitled to attend and vote at the meeting may appoint **ONE** person as his proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where the Proxy Form is executed by a corporation, it must be either under its Seal or under the hand of an officer or attorney duly authorised.
3. The Proxy Form must be deposited at the Registered Office at No. 55 Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor, not less than 48 hours before the time set for the meeting.
4. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 50 (9b) of the Articles of Association of the Company and paragraph 7.18 (2) of the Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 16 April 2008 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

NOTICE OF 38TH ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 9 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

This resolution is proposed pursuant to Section 132D of the Companies Act, 1965, and if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued share capital of the Company for such purposes as the Directors deem fit and in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Ordinary Resolution 10 – Proposed Renewal of Share Buy Back Authority

The detailed text on Ordinary Resolution 10 on the Proposed Renewal of Share Buy Back Authority is included in the Circular to Shareholders dated 26 March 2008 which is enclosed together with the Annual Report.

Ordinary Resolution 11 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

The detailed text on Ordinary Resolution 11 on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is included in the Circular to Shareholders dated 26 March 2008 which is enclosed together with the Annual Report.

Special Resolution 1 - Proposed Amendments to the Articles of Association of the Company ("Proposed Amendments")

The proposed Special Resolution 1, if passed, will render the Articles of Association of the Company to be consistent with the new provisions of the Listing Requirements of Bursa Malaysia Securities Berhad and any prevailing laws, rules, regulations, orders, guidelines or requirements of the relevant authorities.

For further information on the Proposed Amendments to the Articles of Association of the Company, please refer to the Circular to Shareholders dated 26 March 2008 which is enclosed together with the Annual Report.

STATEMENT ACCOMPANYING THE NOTICE OF 38TH ANNUAL GENERAL MEETING

1. Please refer to “Directors’ Profile” on pages 3 to 9 of this Annual Report for details of Directors who are standing for re-election.
2. Board Meetings

A total of five Board meetings were held in the year ended 31 December 2007 at Carlsberg Brewery Malaysia Berhad, Shah Alam.

| DATE | TIME |
|------------------|------------|
| 16 January 2007 | 2.00 p.m. |
| 23 February 2007 | 11.00 a.m. |
| 31 May 2007 | 11.00 a.m. |
| 20 August 2007 | 11.00 a.m. |
| 21 November 2007 | 2.00 p.m. |

Details of Directors’ attendance at Board Meetings held in the year ended 31 December 2007 are as follows:

| DIRECTORS | NO. OF MEETINGS ATTENDED |
|---|--------------------------|
| Dato’ Lim Say Chong | 5/5 |
| Tan Sri Datuk Asmat bin Kamaludin | 5/5 |
| Jesper Bjoern Madsen | 5/5 |
| Dato’ Chin Voon Loong | 5/5 |
| Soren Holm Jensen (appointed on 5 March 2007) | 3/3 |
| Janne Petteri Juvonen (appointed on 31 May 2007) | 3/3 |
| M.R. Gopala Krishnan C. R. K. Pillai (appointed on 3 December 2007) | N/A |
| Datuk (Dr.) Lim Ewe Jin (resigned on 21 November 2007) | 3/4 |
| Dato’ Jorgen Bornhoft (resigned on 10 October 2007) | 4/4 |
| Soren Ask Nielsen (resigned on 31 May 2007) | 0/2 |
| Mogens Joenck (resigned on 10 February 2007) | 1/1 |



CARLSBERG BREWERY MALAYSIA BERHAD
(Company No. 9210-K)
(Incorporated in Malaysia)

FORM OF PROXY

| | |
|--------------------|--|
| NO. OF SHARES HELD | |
|--------------------|--|

I/We _____ I.C/Passport/Company No. _____

of _____

being a member of the abovenamed Company, hereby appoint _____

I.C/Passport No. _____ of _____

or failing him _____ I.C/Passport No. _____

of _____

as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Eighth Annual General Meeting of the Company to be held on Tuesday, 22 April 2008 at 11.00a.m., and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below (if no indication is given, the proxy will vote as he thinks fit or abstain from voting):

| | | FOR | AGAINST |
|------------------------|--|-----|---------|
| Ordinary Resolution 1 | Adoption of the Directors' and Auditors' Reports and Audited Accounts for the year ended 31 December 2007. | | |
| Ordinary Resolution 2 | Declaration of Final and Special Dividends. | | |
| Ordinary Resolution 3 | Re-election of Tan Sri Datuk Asmat bin Kamaludin as Director. | | |
| Ordinary Resolution 4 | Re-election of Mr. Jesper Bjoern Madsen as Director. | | |
| Ordinary Resolution 5 | Re-election of Mr. Janne Petteri Juvonen as Director. | | |
| Ordinary Resolution 6 | Re-election of Mr. M.R. Gopala Krishnan C.R.K. Pillai as Director. | | |
| Ordinary Resolution 7 | Approval of Directors' fees of RM304,000 for the year ended 31 December 2007. | | |
| Ordinary Resolution 8 | Re-appointment of KPMG as auditors and to authorize the Directors to fix their remuneration. | | |
| Ordinary Resolution 9 | Authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965. | | |
| Ordinary Resolution 10 | Proposed renewal of Share Buy-Back authority. | | |
| Ordinary Resolution 11 | Proposed shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature. | | |
| Special Resolution 1 | Proposed Amendments to the Articles of Association of the Company. | | |

As witness my/our hand this _____ day of _____ 2008.

Signed by the said _____

In the presence of _____

Notes:

1. A member entitled to attend and vote at the meeting may appoint **ONE** person as his proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where the Proxy Form is executed by a corporation, it must be either under its Seal or under the hand of an officer or attorney duly authorised.
3. The Proxy Form must be deposited at the Registered Office at No. 55 Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor, not less than 48 hours before the time set for the meeting.
4. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd., to make available to the Company pursuant to Article 50 (9b) of the Articles of Association of the Company and paragraph 7.18 (2) of the Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 16 April 2008 and a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

first fold

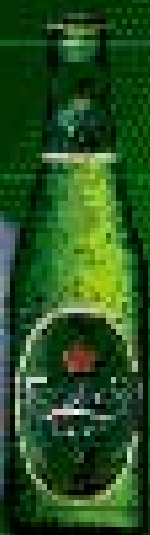
*affix
stamp
here*

THE COMPANY SECRETARY
CARLSBERG BREWERY MALAYSIA BERHAD (9210-K)
No. 55, Persiaran Selangor
Section 15 40200 Shah Alam
Selangor Darul Ehsan Malaysia

second fold

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