Carlsberg Malaysia

Carlsberg JUST KEEPS GETTING BETTER!

IN WORKING THE BREWERY WE SHOULD BE IN CONSTANT PURSUIT OF BETTER BEER SO THAT THE BREWERY MAY ALWAYS SET STANDARDS AND ASSIST IN KEEPING BEER BREWING AT A HIGH AND HONOURABLE LEVEL

J.C. JACOBSEN J. C. Jacobsen FOUNDER

ANNUAL REPORT 2019

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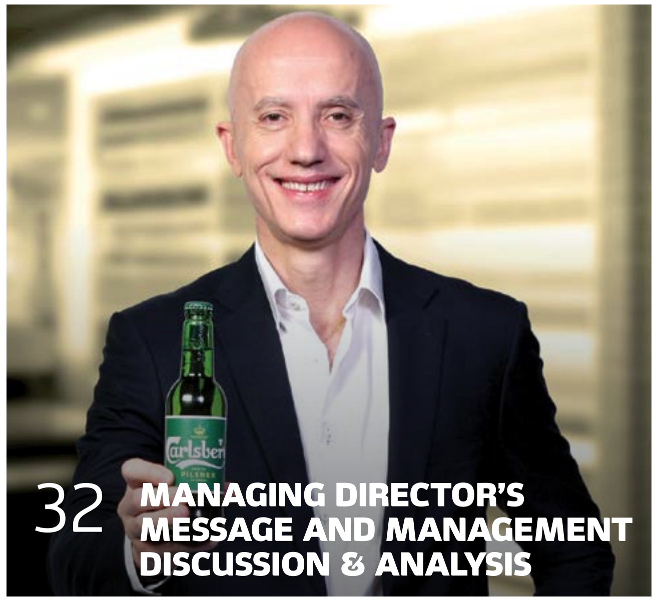
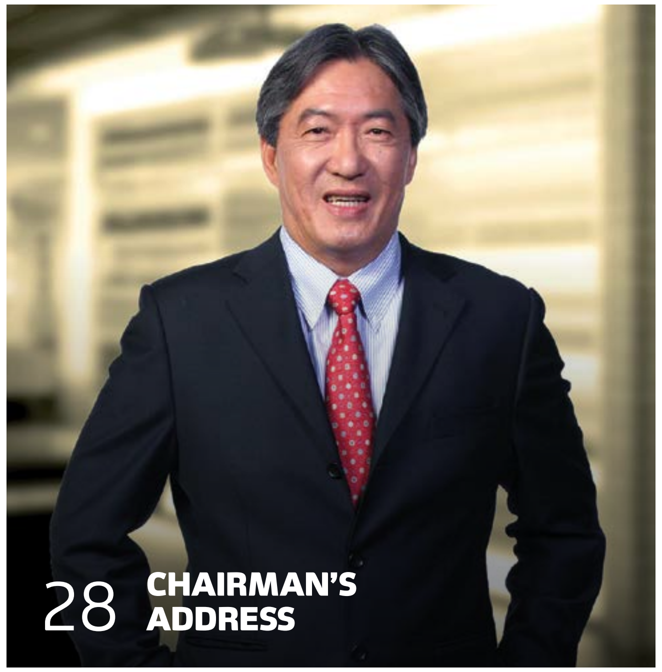
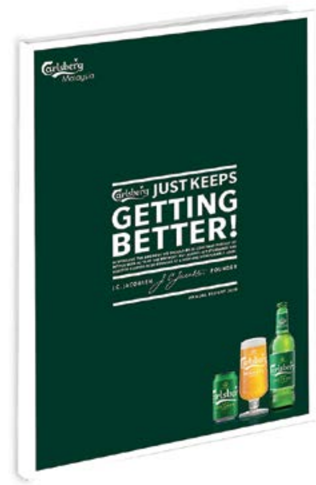






COVER RATIONALE

Carlsberg's founder J.C. Jacobsen set forth a visionary ambition in his Golden Words, advocating a "constant pursuit of better beer".

More than 150 years after, we continue to pursue perfection every day in our products, people and performance. We Brew for a Better Today & Tomorrow, not settling for immediate gain when we can create a better tomorrow for all of us.

In 2019, we built upon positive momentum for revenue, net profit, and earnings per share to create satisfactory shareholder value. We clinched six major accolades in the year, a testament to our efforts in running a sustainable business.

Just like our flagship Carlsberg brand, we "Just Keep Getting Better"!

CARLSBERG MALAYSIA GROUP
AT A GLANCE

ESTABLISHED IN 1969, CARLSBERG BREWERY MALAYSIA BERHAD (CARLSBERG MALAYSIA GROUP / THE GROUP) IS PART OF CARLSBERG BREWERIES A/S (CARLSBERG GROUP), ONE OF THE WORLD'S LEADING BREWERS WITH STRONG MARKET POSITIONS ACROSS ASIA AND EUROPE.

We are a dynamic brewer with operations in Malaysia and Singapore, with stakes in a brewery in Sri Lanka. We also have a regional presence via exports and intercompany sales to regional markets such as Taiwan, Hong Kong, Cambodia, Laos, Thailand, Sri Lanka, Timor Leste, Papua New Guinea, Maldives, and Guam.

Our international portfolio of brands features our flagship Carlsberg Danish Pilsner – Probably the Best Beer in the World, Carlsberg Smooth Draught – Probably the Smoothest Beer in the World, and Carlsberg Special Brew – Probably the Best Strong Beer in the World.

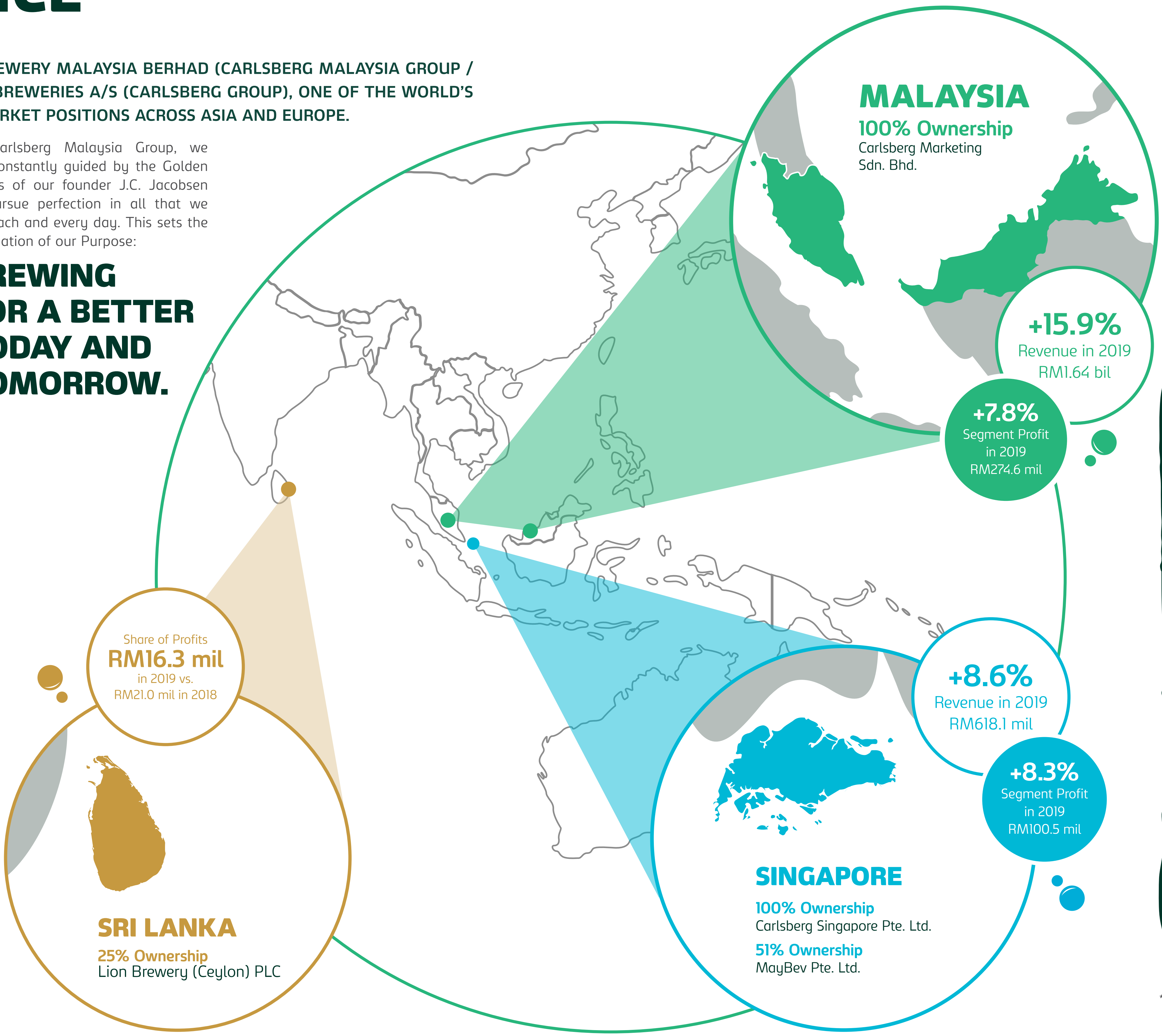
This Carlsberg trio is complemented by a comprehensive range of international premium brews including France's premium wheat beer Kronenbourg 1664 Blanc, Japan's No.1 premium beer Asahi Super Dry, European cider Somersby, Connor's Stout Porter that's "Just Made Right", US award-winning craft beer Brooklyn Brewery as well as Corona Extra, the imported premium Mexican beer brand.

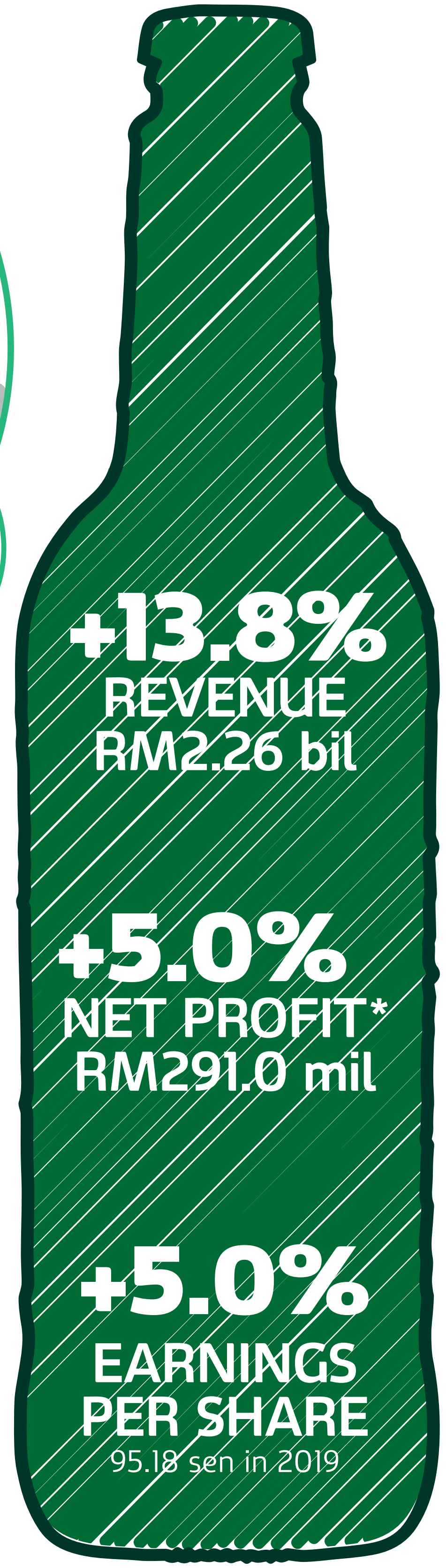
Our value power brands include the international award-winning Royal Stout, refreshing SKOL, Jolly Shandy and Nutrimalt.

Carlsberg Malaysia Group's seven-year corporate strategy, SAIL'22, is our roadmap towards fulfilling our ambition of becoming a successful, professional and attractive brewer in all the markets we operate in.

At Carlsberg Malaysia Group, we are constantly guided by the Golden Words of our founder J.C. Jacobsen to pursue perfection in all that we do, each and every day. This sets the foundation of our Purpose:

BREWING FOR A BETTER TODAY AND TOMORROW.





* *Within this Annual Report, net profit refers to Group's profit attributable to Owners of the Company*

OUR WINNING **PORTFOLIO OF BRANDS**

Scan for the full portfolio of Probably the Best Beers, Stouts and Ciders

Carlsberg Danish Pilsner
Probably The Best Beer in The World

1664 Blanc
Taste the French Way of Life

Brooklyn Brewery
The Leading US International Craft Brand

Carlsberg Smooth Draught
Now You Can POP a Draught Anywhere!

Connor's Stout Porter
Draught Stout that's "Just Made Right"

Asahi Super Dry
Japan's No. 1 Premium Beer

Somersby
No. 1 Cider in Malaysia & Singapore

Carlsberg JUST KEEPS GETTING BETTER!

IN WORKING THE BREWERY WE SHOULD BE IN CONSTANT PURSUIT OF BETTER BEER SO THAT THE BREWERY MAY ALWAYS SET STANDARDS AND ASSIST IN KEEPING BEER BREWING AT A HIGH AND HONOURABLE LEVEL

J.C. JACOBSEN J. C. Jacobsen **FOUNDER**

Building on Probably the Best Year in 2018, Carlsberg Malaysia Group just kept getting better in 2019 with strong financial performance, sustainable shareholder value, recognition of our brands and sustainability milestones, and an unwavering focus on our employees' safety and well-being.

+13.8% REVENUE

RM2.26 billion in 2019

+5.0% NET PROFIT

RM291.0 million in 2019

+5.0% EARNINGS PER SHARE

95.18 sen in 2019

770 CONSECUTIVE DAYS WITHOUT LOST-TIME ACCIDENTS

as of 31 Dec 2019

FTSE4Good

6 AWARDS AND RECOGNITIONS

for brand, corporate, and sustainability excellence in 2019

JUST KEEPS GETTING BETTER!

WHAT ARE CARLSBERG'S NEW BETTERMENTS?

Scan QR Code to watch

FRESHER

We created a cleverly-designed Fresh Cap that removes oxygen from the headspace in Carlsberg bottles. You get a fresher taste for 5x longer!

BETTER

New Carlsberg stem glasses come engraved with a hop leaf-shaped nucleation stamp at the bottom which generates 25% better foam, helping to retain aroma for longer.

EASIER

Carlsberg 6-can packs come with an Easy to Open feature, allowing you to open a pack in no time!

PROBABLY THE BEST BEER IN THE WORLD

BEER FANS LOVED IT

Carlsberg Danish Pilsner

VOLUME GREW +5% IN 2019

A new, modern look and practical betterments inspired by Carlsberg's constant

'PURSUIT OF BETTER'

to deliver an even better beer enjoyment experience.

Danish-inspired brand identity balancing

SIMPLICITY WITH CONTEMPORARY DESIGN

applied across products, packaging, communications, visibilities and amenities.

More

ENVIRONMENTALLY-FRIENDLY

inks on labels and a special coating on refillable glass bottles to double circulation lifetimes.

8,000 SINGAPOREANS

experienced Carlsberg's new betterments at city centre pop-up store.

POPPING TO A VIBRANT & PROSPEROUS NEW YEAR

Vibrantly coloured,
LIMITED-EDITION
Carlsberg bottle caps and cans symbolising Chinese festive wishes.

7.4 MILLION
consumers reached with
OVER 4,100 WINNERS
rewarded through nationwide campaigns in Malaysia and Singapore.

YOU SHOP, CARLSBERG PAYS!
3RD CONSECUTIVE YEAR
for Probably The Best CNY Shopping Experience with 103 activations nationwide.

Scan QR Code to watch

Widely-shared zodiac predictions by
FENG SHUI MASTER JOEY YAP
based on Carlsberg's themes of Prosperity, Happiness, Wealth and Good Luck.

SPECIAL-EDITION
Chinese New Year festive pack size in Singapore was a hit among consumers.

Scan QR Code to watch

Apart from the bottle, label and cap, the beer itself is a

CRIMSON RED

brewed from a barley variety specially curated and bred by the Carlsberg Research Laboratory.

Carlsberg

CARLSBERG & LIVERPOOL FC JUST KEEP WINNING

The day Carlsberg went all red for the Reds

Carlsberg Red Barley – a visually stunning beer created to commemorate Carlsberg's record-breaking sponsorship of Liverpool FC to an extended 31 consecutive seasons –

THE LONGEST PARTNERSHIP IN PREMIER LEAGUE HISTORY

ONLY 2,500 BOTTLES

given away as prizes at pubs, bistros and football viewing parties including Liverpool FC's iconic league win against Tottenham Hotspur in June.

Scan QR Code to watch

SMOOTH DRAUGHT

JUST KEEPS POPPING!

Celebrated a bountiful
KAAMATAN & HARI GAWAI
with activations and promotions. Carlsberg Smooth Draught is Carlsberg's fastest growing brand in Sabah and Sarawak!

MORE THAN 3,700
avid golfers popped a draught on the green at
CARLSBERG GOLF CLASSIC
Malaysia's biggest and longest-running amateur golf series.

Now you can #PopADraught anywhere, even on the green!

10,000 samples given out to Singaporeans with engaging video content collaboration.

Scan QR Code to watch

Malaysian consumers rewarded with
LIMITED-EDITION
Bluetooth headsets, speakers and earphones inspired by the tuneful sound of the iconic pull-off POP Cap.

SMOOTH DRAUGHT

Probably the **smoothest** beer in the world.

TASTE THE FRENCH WAY OF LIFE

Fastest growing premium brand in Malaysia and Singapore with **39% VOLUME GROWTH** in 2019.

Scan QR Code to watch

ELEVATING DINING EXPERIENCES WITH DINNER IN BLUE

96,000 consumers enjoyed complimentary glasses of 1664 Blanc in Malaysia.

LIMITED-EDITION FASHION MERCHANDISE

Appreciating finer moments with 1664 Blanc premiums.

ICONIC BLUE BOTTLE

transformed into illuminated centrepieces for consumers during the Christmas season.

1664 TERRACE

Street takeover in Singapore with more than 2,500 consumers reached.

Scan QR Code to watch

THE PREMIUM DRAUGHT STOUT THAT'S JUST MADE RIGHT

98%

of stout drinkers surveyed loved the taste of Connor's which is

'JUST MADE RIGHT'

Scan QR Code to watch

Over

30,000

STOUT DRINKERS

poured a perfect pint and learned about Connor's quality ingredients at

216 ACTIVATIONS

in Malaysia.

GOLD

for Best Use of Experiential/Live Marketing

SILVER

for Best Customer Experience

SILVER

for Best Use of Direct Marketing

Clinched

3 WINS

at the Loyalty and Engagement Awards 2019 by Marketing Magazine in Singapore.

JAPAN'S NO.1 BEER

KARAKUCHI EXPERIENCE
Rewarded contest winners with an exclusive beer pairing dinner featuring Asahi's karakuchi taste with
MICHELIN-STAR CHEF YUICHI KAMIMURA

INCREASED AVAILABILITY
with over 1,600 outlets in Malaysia and 660 in Singapore.

SAKURA COLLECTIBLES
Reward consumers and fans with limited-edition glassware, merchandise and trip to Japan.

4 SEASONAL VARIANTS
in Singapore

THE NO.1 CIDER IN MALAYSIA AND SINGAPORE. THAT'S WONDERFUL.

A bubbly, youthful
NEW LOOK
with the same great taste!

New Somersby Blackberry recipe with better, more delicious berry taste.

SOMERSBY SPARKLING WHITE

A semi-sweet cider inspired by white wine, the newest addition to the Sparkling range. Malaysia and Singapore are the first to launch in Asia after Europe.

Iconic **SOMERSBY KOMBIS** offered the taste of Somersby to over
122,000 CONSUMERS

CNY FESTIVE VIDEO
with Malaysian artistes.

Scan QR Code
to watch

Exclusive Somersby Sparkling White and Sparkling Rosé
FESTIVE PACK
as Christmas promotion.

Scan QR Code
to watch

BROOKLYN BREWERY

The Leading US International Craft Brand

SUMMER ALE

Return of seasonal variant in Singapore and introduced in Malaysia for the first time with all the spirit and freedom of a Brooklyn summer –

LIGHT AND REFRESHING

BROOKLYN VARIETY PACK

A limited edition sampler pack to introduce Brooklyn Brewery's great craft brews launched at

14 PREMIUM SUPERMARKETS

in Malaysia.

BROOKLYN BEER ON TAP

in more outlets in Malaysia and Singapore.

BOOZEAT
PAY LESS • DRINK BETTER

Shopee

POTBOY

winetalk
WINE, BEER, SPIRITS & MORE

EXPANDED RETAIL PRESENCE

Now available on more e-commerce platforms in Malaysia and Singapore and

20 PREMIUM SUPERMARKETS AND HYPERMARKETS

in Singapore!

Scan QR Code to watch

TOP TEN CHARITY CAMPAIGN

Probably The Best Fundraising Platform

RM547.2 MILLION

in total proceeds since 1987 to 2019.

RM26.4 MILLION

raised in 2019 vs. RM18.7 million in previous year.

南洋商報 中國報

冲破五亿，再接再厉！

Rising star

JERYL LEE

joined veteran Top Ten artistes to deliver an unforgettable show.

Ordinary school halls

TRANSFORMED

into world-class stage productions with spectacular performances and choreography inspired by Carlsberg's constant pursuit of better.

Scan QR code for artiste testimonials

Refer to pages 70 to 71 for more information on the Top Ten Charity Campaign under "Committing Towards A Responsible Business" in the Sustainability Statement.

CHAIRMAN'S ADDRESS

DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF CARLSBERG BREWERY MALAYSIA BERHAD (CARLSBERG MALAYSIA GROUP / THE GROUP) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019.

2019 was a special year for us as we celebrated 50 years of operations here in Malaysia – a truly golden anniversary. It was a landmark year not merely in terms of our longevity and service to Malaysian society and the economy, but also of our continued transformation as a business, where we implemented the third year of our SAIL'22 strategy.

I am proud and deeply grateful to you, our shareholders, for allowing me to oversee this key milestone in my second year as Chairman of the board.

Our SAIL'22 strategy enabled us to post yet another strong year as both our Malaysia and Singapore operations executed the strategic priorities effectively with a level of quality and innovation that I am proud to say "just keeps getting better".

We began the year riding a wave of positive momentum thanks to a record financial year in 2018 and we kept that winning momentum going throughout 2019.

DATUK TOH AH WAH
Chairman
Carlsberg Malaysia Group

FIVE DECADES OF EXCELLENCE

True to our Purpose of Brewing for a Better Today & Tomorrow, we lived our founder J.C. Jacobsen's Golden's words in the way we operated throughout our value chain while keeping our sustainability priorities high on our agenda.

Since the first locally-brewed Carlsberg beer rolled off our Shah Alam brewery in 1972, we have continued to focus on quality and innovation whilst stepping up our sustainability efforts.

Our pride and dedication to our "pursuit of better" allows us to brew and offer Probably The Best Portfolio of Beers, Stouts and Ciders anywhere in the country, winning the hearts and loyalty of generations of consumers all over Malaysia and Singapore.

It is especially apt that our fiftieth anniversary also coincided with the refreshed look and enhanced enjoyment of our flagship brand, Carlsberg Danish Pilsner, as it delivers on its quest of "Just Keeps Getting Better", the theme of our 2019 Annual Report.

Over a five-decade span, we have become an established brewer in Malaysia with a significant footprint in Singapore and a regional presence in Sri Lanka. These are considerable milestones we've achieved, which bring to life our purpose, products and performance while delivering sustainable value to our shareholders.

We don't just say we Keep Getting Better – we make it happen too.

AWARDS & RECOGNITION

In 2019, our efforts in sustainability, branding and corporate responsibility were recognised in receiving several prestigious accolades, making our golden anniversary a year to remember.

At The Edge Billion Ringgit Club (BRC) Awards, the Putra Brand Awards, the World Beer Awards and the International Beer Challenge 2019, independent industry professionals and consumers awarded Carlsberg Malaysia and three of our brands – Carlsberg, Somersby and Royal Stout – five prestigious awards in recognition of our commitments to business sustainability and product innovation.

Notably, bagging the Best Corporate Responsibility Award for public-listed companies under RM10 billion in market capitalisation at the BRC awards was our second success following our maiden win in 2014. This accolade recognised our sustainability efforts and performance of our Together Towards ZERO ambitions. More details are available in our Sustainability Statement on pages 46 to 71.

We are proud to be the only brewer in Malaysia listed on the FTSE Russell FTSE4Good Bursa Malaysia ("F4GBM") Index effective 24 June 2019 and the MSCI Global Standard Index (MSCI) effective 28 February 2020. This is testament to our strong environmental, social and governance (ESG) practices, and at the time of the respective listings, we sat among 71 leading Malaysian public-listed companies on the F4GBM index and a mere 40 constituents on the MSCI index.

At the prestigious annual Putra Brand Awards, Carlsberg and Somersby were awarded Silver and Bronze respectively, the tenth-consecutive win for Carlsberg and a third-consecutive win for Somersby, outperforming other ciders in the category.

In addition, Royal Stout bagged two international beer awards: a 'Silver' in the Stout/Porters category at the International Beer Challenge 2019, while the World Beer Awards judged us the Winner for Malaysia under the taste category.

Chairman's Address

SOLID FINANCIALS

The Group delivered a solid financial performance for 2019, growing revenue by 13.8% to RM2.26 billion on a year-on-year basis. Net profit increased by 5.0% to RM291.0 million. Earnings per share was 95.18 sen, up 5.0% compared with 90.65 sen a year earlier.

The Group's performance within each of the strategic levers of "Strengthen the Core", "Position for Growth" and "Create a Winning Culture" will be covered in the Managing Director's Statement and Management Discussion and Analysis on pages 32 to 45.

BUILDING SHAREHOLDER VALUE

In line with our commitment to "Deliver Value to Shareholders", as outlined in our SAIL'22 strategy, on 14 February 2018 we announced a dividend policy targeting a payout of 100% of our annual Group consolidated net profit. As always, the policy remains subject to our ongoing business prospects, capital requirements, expansion strategy and other factors considered relevant by the Board.

As such, the Group has declared a fourth single-tier interim dividend of 17.0 sen per ordinary share. In addition to this, the Group has also proposed a final single-tier dividend of 23.6 sen per ordinary share plus a special single-tier dividend of 4.8 sen per ordinary share. The proposed final and special dividends are subject to shareholders' approval at the forthcoming 50th Annual General Meeting.

Together with the interim single-tier dividends declared for the first nine months of FY19 amounting to 54.6 sen, the total declared and proposed dividends for FY19 is 100.0 sen per ordinary share, equivalent to a 105.1% payment of the Group's FY19 net profit.

> **"THE BOARD IS PLEASED TO DECLARE AND PROPOSE TOTAL DIVIDENDS OF 100.0 SEN PER ORDINARY SHARE, EQUIVALENT TO A 105.1% PAYMENT OF THE GROUP'S NET PROFIT IN 2019."**

This is in line with the Group's dividend policy to declare interim dividends on a quarterly basis, where the target payout is at least 75% of the Group's quarterly net profit with the remaining dividend declared in the last quarter.

We now stand tall among our peers, especially with our inclusion on the MSCI Global Standard Index recognising good corporate stewardship, stock performance and sustainable shareholder value.

Inclusion on these global indexes, including F4GBM, leads to enhanced investor confidence in our business and greater visibility among global fund managers in our business moving forward.

MARKET SUMMARIES

Malaysia

Malaysian excise duties for beer remain extremely elevated, the third highest in the world after Norway and Singapore.

However, it bears mentioning that Malaysia's Gross Domestic Product (GDP) on a nominal per-capita basis is merely a seventh that of Norway's and a sixth that of Singapore's.

This materially contributes to the prevalence of contraband alcoholic beverages in the market, resulting in an estimated RM1.5 billion annual loss to government coffers.

We continue to battle the contraband market via a close partnership with the Confederation of Malaysia Brewers Berhad (CMBB) and the Ministry of Finance, Royal Malaysian Customs and other government agencies, with visible and commendable results.

Singapore

We are pleased to note that the EU-Singapore Free Trade Agreement was only implemented on 21 November 2019, thus posing little impact on our business at the close of the year.

However, we continue to closely monitor any impact from the Singapore government's decision to reduce the duty-free allowance for alcohol, which took effect on 1 April 2019.

I would also like to take this opportunity to thank the Malaysia and Singapore Governments for not imposing further increases on excise duties in their Budget 2020 announcements on 11 October 2019 and on 18 February 2020 respectively.

COVID-19: UNEXPECTED AND UNPRECEDENTED

The 2019 novel coronavirus pandemic, or COVID-19, has emerged as the most significant threat in 2020 with mega impacts to both the local and global economy.

The fast escalating rate of outbreak worldwide, coupled with the stringent measures taken by respective governments to contain its spread, has crippled the economy with numerous industries closely linked to ours such as manufacturing, F&B, travel and leisure having the biggest negative impact.

Our operations also faced tremendous uncertainties and challenges as a result of the Movement Control Order (MCO) in Malaysia since it commenced on 18 March 2020 and Singapore's "circuit breaker" (CB) measures which began on 7 April 2020. Our production, distribution, sales and exports are hardest hit under the restrictions imposed. We are not allowed to manufacture or distribute as our business is categorised as non-essential services and the management has activated the Group's risk management and contingency plans.

Our key priorities under the MCO and CB are the health and safety of our employees and our business partners, preserving our manufacturing processes and protecting the commercial and financial health of our business. Throughout the MCO and CB period, we kept our employees informed and engaged of the business developments and were in constant contact with our business partners in anticipation of business resumptions after the lifting of the movement restrictions.

Suffice to say, the full impact of COVID-19 on our financial and operating performance cannot be estimated at this time due to the current business uncertainty posed by COVID-19 and the MCO. However, the Board has confidence in the business contingency and recovery plan spearheaded by senior management and fully committed by every employee in the business, even while working-from-home or by work-force segregation.

At the same time, I applaud the Government's multiple economic stimulus measures and packages designed to minimise the impact to the businesses and the *rakyat* and in keeping our country afloat during this very difficult and challenging period.

We aim to and look forward to business recovery as our organisation is agile to adapt to new norms in the way of working and doing business going forward.

NEW SAILS IN SENIOR MANAGEMENT

I would also like to take this opportunity to welcome some new faces to the team, including our new Managing Director, Stefano Clini, who took over from Ted Akiskalos effective 26 October 2019. Ted Akiskalos succeeded former Managing Director Lars Lehmann who was promoted to the Executive Committee (ExCom) of the Carlsberg Group as Executive Vice President of Eastern Europe and also as CEO of Baltika, Carlsberg Group's company in Russia effective 1 May 2019.

Stefano joined us from Carlsberg Vietnam Breweries Ltd., where he built his own winning momentum, successfully turning around the business and posting record growth in both revenues and profits. Having had prior experiences and insights in the Malaysia and Singapore markets from his previous role as MD of an international tobacco company based in Kuala Lumpur, I appreciate Stefano's leadership as he tackles this unprecedented situation which is difficult and challenging in his first six months on the job.

I would also like to welcome Pauline Lim, our new Human Resource Director, who replaced Felicia Teh on 25 November 2019, Peter Wachenschwanz, our new Senior Supply Chain Director who replaced Piotr Zajac on 1 February 2020, and Koh Poi San, the new Legal Director & Company Secretary who joined the Group on 17 February 2020.

I am glad to say that all our management transitions were conducted smoothly and with maximum efficacy – clear testament to the sound strategic direction and operational cohesiveness instilled in our business.

More importantly, I would like to thank our senior management for their tenacity and dedication in the development and implementation of the COVID-19 business recovery plan and continuing to lead our employees through this very difficult transition to a new way of working and thinking during extraordinary times.

And once again, a big "thank you" to both Ted Akiskalos and his predecessor, Lars Lehmann, who played a significant role in the Group's performance to-date, for all their contributions in 2019.

GRATITUDE

In appreciation, I would like to thank all Carlsberg Malaysia Group employees for their hard work in ensuring the Group Just Keeps Getting Better.

To our friends and colleagues in the government, let us enjoy another year of close partnership and collaboration, especially in the area of combating illicit beer, so that we may bring our country ever closer to our development goals.

To my shareholders, you have my utmost gratitude for the trust you have placed in me, at the helm of this great organisation, even as we look towards the horizon of recovery in the aftermath of COVID-19.

Thank you.

Datuk Toh Ah Wah
Chairman
Shah Alam
9 April 2020

MANAGING DIRECTOR'S MESSAGE AND **MANAGEMENT DISCUSSION & ANALYSIS**

DEAR SHAREHOLDERS,

FIRST OF ALL, I WOULD LIKE TO SAY A VERY WARM 'THANK YOU', OR 'GRAZIE', IN MY NATIVE ITALIAN, FOR THE OPPORTUNITY TO SERVE YOU AND TO CONTINUE DELIVERING VALUE FOR THE CARLSBERG MALAYSIA GROUP.

This is my second stint in Malaysia, having already obtained some valuable local insights and experience from my time as managing director of a leading international tobacco company between 2013 and 2016.

My gratitude to my predecessors, Ted Akiskalos and Lars Lehmann, for the strong and stable ship they passed on to me, and my appreciation towards the Board of Directors for their confidence in my appointment. I truly admire the passion, dedication and winning mindset of our business, which made 2019 a year that "Just Keeps Getting Better" for the Group.

As you are aware, 2019 marked the third full year of the implementation of our SAIL'22 strategy both in Malaysia and Singapore, a transformation journey we undertook to deliver on our ambition of becoming the most successful, professional and attractive brewer in all the markets we operate in.

Taking over the helm of the Group at the end October 2019, I am very happy to report that both our Malaysia and Singapore operations delivered on our SAIL'22 priorities with yet another stellar performance. We closed the year with our 8th consecutive corresponding quarter-on-quarter growth in top and bottom-line.

STEFANO CLINI
Managing Director
Carlsberg Malaysia Group

PEOPLE, BRANDS AND COMPANY JUST KEEP GETTING BETTER

Our performance in Malaysia and Singapore improved whilst we gained further momentum in our quest of Brewing for a Better Today and Tomorrow, as recognised by our industry peers and key stakeholders.

In 2019, we were named to the FTSE Russell FTSE4Good Bursa Malaysia ("F4GBM") Index, received a prestigious corporate award at The Edge Billion Ringgit Club (BRC) Awards and won industry accolades at the Putra Brand Awards, the World Beer Awards and the International Beer Challenge 2019.

Our health and safety team set a record for zero accidents in the workplace with 770 days without lost-time accidents at our Shah Alam brewery, our second-consecutive year of no mishaps. To-date, we have surpassed 830 days and are moving to the next milestone of 1,000 accident-free days.

And of course, these milestones were a perfect complement to our 50th anniversary in Malaysia, since we have always kept true to our Purpose of Brewing for a Better Today & Tomorrow.

A PURPOSE-DRIVEN COMPANY

In 2019, Carlsberg Brewery Malaysia Berhad turned 50.

This grand anniversary reminded us of our heritage spanning more than 170 years and our founder J.C. Jacobsen's unwavering belief in quality, perfection and the importance of continuously perfecting the art of brewing. His pioneering spirit, passion for brewing and desire to always contribute and give back to society have made us who we are.

It is the driving force that focuses all our ability and resources on our brands and the art of brewing them so that we may always offer our consumers Probably the Best Brews while continuously striving to improve in everything we do.

These improvements are a reflection of our Purpose: **BREWING FOR A BETTER TODAY AND TOMORROW.**

Managing Director's Message and Management Discussion & Analysis

SETTING SAIL

Our SAIL'22 corporate strategy, launched in March 2016, guides us toward our ambition of becoming a successful, professional and attractive brewer in our markets. We define this by delivering sustainable organic top- and bottom-line growth, being the preferred supplier to our consumers and customers and continuously delivering value for shareholders, employees and society alike.

Since then, SAIL'22 has been successfully embedded in our Malaysia and Singapore operations. To recap, the strategy consists of three levers: Strengthen the Core, Position for Growth, and Deliver Value for Shareholders.

CORPORATE STRATEGY, SAIL'22

OUR PURPOSE:
Some companies have to dig deep to find their purpose. For us, it has always been there – Brewing for a Better Today & Tomorrow. Inspired by our founder J.C. Jacobsen's Golden Words, we constantly pursue operational improvement, focus on our consumer via brewing quality and innovation while driving sustainability and contributions to society.

Our policy is to not settle for immediate gain when there are opportunities to create a better tomorrow for all of us.

OUR AMBITION:
To be a successful, professional and attractive brewer in the markets we operate in. We measure success by delivering sustainable organic top- and bottom-line growth, by being the preferred supplier to our customers and delivering value for shareholders, employees and society.

OUR STRATEGY:
Our seven-year strategy, SAIL'22, consists of three levers: Strengthen the Core, Position for Growth, and Deliver Value for Shareholders. These three levers are further cascaded down into seven strategic priorities. Underpinning these are the two enablers: Create a Winning Culture and Defend our License to Operate.

OUR THREE STRATEGIC LEVERS	OUR SEVEN STRATEGIC PRIORITIES
STRENGTHEN THE CORE	'Grow in Mainstream' with Carlsberg Danish Pilsner and Carlsberg Smooth Draught 'Win in Store' with better in-store execution 'Fund the Journey' by delivering efficiencies in operating expenses, value management and the supply chain
POSITION FOR GROWTH	'Go Big in Premium' with Kronenbourg 1664 Blanc, Somersby cider, Asahi Super Dry and Connor's Stout Porter 'Build New Revenue Streams' with innovations
DELIVER VALUE FOR SHAREHOLDERS	Achieve 'Growth in Net Profit' Deliver 'High and Stable Dividend Yield' for shareholders

OUR TWO ENABLERS

Create a Winning Culture

Defend our License to Operate

Managing Director's Message and Management Discussion & Analysis

Managing Director's Message and Management Discussion & Analysis

STRENGTHEN THE CORE

GROW IN MAINSTREAM

Our mainstream brands saw steady growth in 2019, as combined volumes for Carlsberg Danish Pilsner and Carlsberg Smooth Draught increased by 7% year-on-year. Carlsberg Danish Pilsner volumes increased by 5% whilst Carlsberg Smooth Draught gained an impressive 24%.

Carlsberg, our flagship brand and crown jewel, received a facelift in July 2019. Its new and modern look and feel completely refreshed its shelf and trade presence while enhanced practical improvements delivered an even more satisfying drinking experience.

We put a new Fresh Cap on our Carlsberg Danish Pilsner bottles, which removes oxygen from the headspace in the bottle for a fresher taste up to five times longer than before.

We introduced new designs for our glasses for a more premium feel, smoother pour and a hop leaf-shaped nucleation stamp at its bottom to generate more bubbles to replenish the foam and retain the aroma for a better beer experience.

For can-loving consumers, we introduced Easy-to-Open perforated shrink wrap, allowing easy, hassle-free access to Probably the Best Beer anywhere in the country.

And, we further reduced the carbon footprint of Carlsberg Danish Pilsner by switching to Cradle-to-Cradle Certified™ silver ink, wholly produced via renewable energy sources while improving its recyclability.

Malaysia was also the first Carlsberg market globally to use a new wax emulsion coating on our refillable glass bottles. The new coating doubles the lifetime usage of each bottle while looking new and scratch-free for longer, thus cutting the number of new bottles in circulation.

While science took care of these innovations, we ensured that our customers continued to enjoy valuable and rewarding activities during key events and celebrations during the year.

We traditionally begin the year with our biggest consumer campaign, Chinese New Year (CNY), and we had our "Prosperity Begins With A POP!" promotion. Four vibrant coloured caps and cans in red, pink, green and blue were launched as limited-edition festive packaging while consumers won exciting CNY prizes.

Making another successful return was our "Probably The Best CNY Shopping Experience – You Shop, Carlsberg Pays" promotion in Malaysia, while a 48-can trolley bag promotion in Singapore continued to excite shoppers and boosted hypermarket sales.

In May, we went all red for the Reds with the global launch of the limited-edition Carlsberg Red Barley, commemorating our record-breaking sponsorship of Liverpool FC to 31 consecutive seasons, the longest partnership in Premier League history.

Soon after that we kicked off the annual Carlsberg Golf Classic golf tournament, the biggest and longest-running amateur golf tournament in Malaysia. Held at 34 exclusive golf clubs nationwide (including Sabah & Sarawak), it was a successful 26th edition with over 3,700 avid golfers participating and over RM2.6 million in prizes and sponsorships.

Come October, come Oktoberfest! The celebrations just kept getting better with nearly 350 outlets nationwide running the limited-edition Carlsberg 500ml Oktoberfest beer stein promotion. Our inaugural partnership with Resorts World Genting to run a month-long Probably The Best Oktoberfest celebration at the Starlight Carnival was an enormous success, with hundreds of consumers enjoying our full portfolio of beers, ciders and stouts.

We also took this opportunity to encourage consumers to drink responsibly by activating our annual #CelebrateResponsibly campaign to educate consumers on the legal blood alcohol content (BAC) limit to drive while offering free rides with our e-hailing partners Grab and Riding Pink.

Our other mainstream brand, Carlsberg Smooth Draught, also performed well with increased distribution and demand especially in East Malaysia, supported by great activations at the local Gawai and Kaamatan festivities and nationwide consumer promotions.

Meanwhile, we saw increased traction in our Singapore market, with higher reach in terms of marketing touchpoints. I am proud to report that Carlsberg is now the leading beer brand in supermarkets and convenience stores in Singapore for the second year in a row.

WIN IN STORE

Improved in-store execution remains an important strategic priority of SAIL'22.

In 2019, we saw improved in-store distribution and presentation of our brands across Malaysia and Singapore. Both operations reported across-the-board increases both by channel as well as region.

To improve consumer experience and brand visibility, we implemented stricter internal benchmarks for trade merchandising, updating our 2020 focus by renaming this strategic priority as Win in EACH Store, emphasising all-round excellence in implementation and customer relationships.

FUND THE JOURNEY

The success of Fund the Journey in 2018 allowed us to further invest in our people, products and processes. In 2019, our focus on operational efficiency, tighter cost management and better cash flow remained, without any compromise in our growth targets.

POSITION FOR GROWTH

GO BIG IN PREMIUM

Premiumisation continues to be a strategic focus for growing value and volumes, especially as our market continues to diversify and our drinkers grow in sophistication.

Our premium brands – Kronenbourg 1664 Blanc, Somersby cider, Connor's Stout Porter and Asahi Super Dry – recorded a combined growth of 13% for both Malaysia and Singapore, with 1664 Blanc and Connor's expanding in strong double-digit terms.

France's No.1 Premium Wheat Beer Kronenbourg 1664 Blanc shared good taste via our flagship consumer campaign Dinner in Blue, while holding haute events celebrating fashion and good taste. Through this, 1664 Blanc underlined its status in high society among lovers of fine taste and creativity as the official beer of KL Fashion Week.

Connor's, our premium draught stout porter, brought back the Connor's Perfect Pour Challenge with over 200 activations throughout Malaysia reaching over 30,000 young urban stout drinkers. Our surveys showed 98% of consumers loved its rich, crafted taste that's "Just Made Right", leading to increased brand awareness and volume in 2019.

Somersby, the no. 1 cider in Malaysia and Singapore, had an eventful 2019 where we saw a new global brand identity and theme of "That's Wonderful", with a simple and clean refreshed logo and packaging design.

Wine lovers were spoilt for choice with the introduction of Somersby Sparkling White, the latest addition to the Somersby Sparkling series, while fans of Somersby Blackberry were introduced to a new and improved recipe with a more berry-flavoured taste.

Back for the third-consecutive year, our summery Somersby Kombis toured the country giving out free samples of Somersby cider in Apple, Blackberry, Elderflower Lime, Sparkling Rose and Sparkling White variants, reaching over 122,000 consumers at events and activations nationwide.

Asahi Super Dry, the no. 1 beer in Japan and the top-selling Japanese beer in Malaysia and Singapore, hosted a Michelin-star gastronomic dinner on top of expansion and promotions in Malaysian and Singaporean F&B outlets. Its uniquely dry and refreshing karakuchi taste profile makes it the perfect pairing for food, offering a crisp palate and a clean, non-bitter aftertaste.

BUILD NEW REVENUE STREAMS

Building on our 2017 launch of Brooklyn Brewery, the no. 1 export craft beer from the United States, we elevated the craft beer drinking experience by making the award-winning Brooklyn Lager and Brooklyn East IPA more widely available in draught form, via kegs air-freighted in controlled temperatures all the way from New York City.

Brooklyn soared in 2019, growing 58% in combined volumes for Malaysia and Singapore.

Adding excitement to the craft category, we imported Brooklyn Summer Ale to Malaysia for the first time to great success, as consumers took to its seasonal appeal. We also had a limited-edition Brooklyn Variety Pack, which was introduced in 14 premium retailers as a trial.

In Singapore, we expanded Brooklyn Brewery's bottled beers onto e-commerce platforms and 20 premium supermarkets, while seeing good growth in on-trade availability.

Meanwhile, our online sales growth beat our targets, with more retailers coming on board, further expanding our e-retailing presence.

Given an encouraging performance last year, our focus for 2020 will be to update this strategic priority to **'Innovate to Grow'**, reflecting a broadened focus on product and consumer experience innovation to grow top-line revenue.

Managing Director's Message and Management Discussion & Analysis

DELIVER VALUE FOR SHAREHOLDERS

GROWTH IN NET PROFIT

The Group once again delivered a strong result in 2019 due to better sales and our premiumisation strategy in our two main Malaysia and Singapore markets, thanks to a solid execution of our SAIL'22 strategy.

Revenue grew by a solid 13.8% to RM2.26 billion. Adjusting for the impact of the Sales and Services Tax ("SST") regime, which came into effect on 1 September 2018, the Group's organic revenue for FY19 grew by 10.2%.

Overall, net profit for the year increased by 5.0% to RM291.0 million from 2018. Earnings per share was 95.18 sen, up 5.0% compared with 90.65 sen a year earlier.

Profit before tax (PBT) was RM382.2 million, up 5.8% from RM361.3 million in 2018. Profit for the financial year was RM300.4 million, higher by 4.7% from RM286.8 million in 2018.

Our balance sheet remained stable with cash and cash equivalents of RM78.6 million versus total debt of RM75.0 million.

Total assets amounted to RM679.4 million (2018: RM682.5 million).

Net cash generated from operating activities was RM379.0 million, on par with last year.

For Malaysia, organic revenue increased by 10.8% after adjusting for the impact of SST. Segment profit rose 7.8% to RM274.6 million year-on-year.

Carlsberg Singapore Pte. Ltd. ("CSPL") saw higher revenue growth of 8.6% to RM618.1 million and improved segment profit by 8.3% to RM100.5 million.

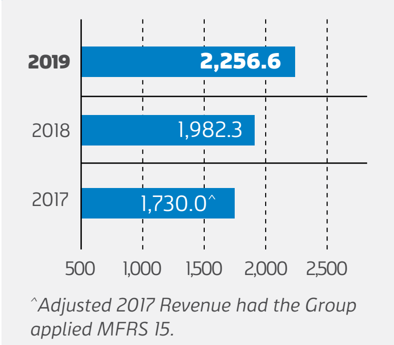
For our associate company Lion Brewery (Ceylon) PLC ("LBCP") in Sri Lanka, the Group registered a lower share of profits by 22.3% to RM16.3 million in FY19. This came despite a better performance due to insurance compensation received in FY18 and non-cash impairment losses on intangible assets of RM3.0 million on its Miller Brewery Limited brands in FY19.

HIGH AND STABLE DIVIDEND YIELD

We continued to return regular, consistent and sustainable dividends, true to our commitment to "Deliver Value to Shareholders".

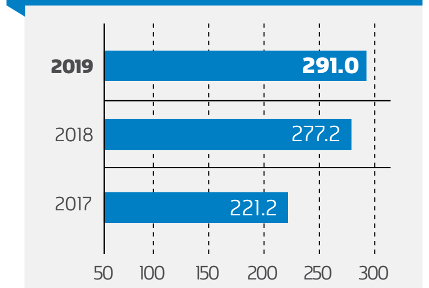
In-line with the Group's dividend policy for a target payout of 100% of the Group's annual consolidated net profit, we declared total and proposed dividends of 100.0 sen per ordinary share, equivalent to a 105.1% payment of the Group's FY19 net profit.

REVENUE (RM million)

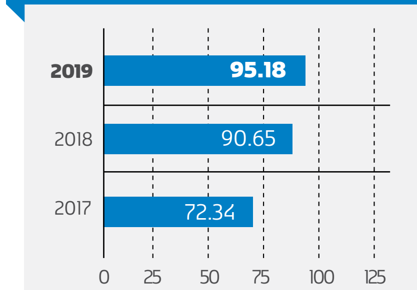


^Adjusted 2017 Revenue had the Group applied MFRS 15.

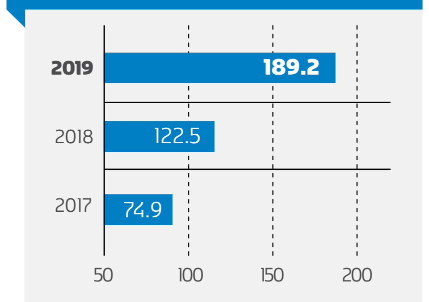
NET PROFIT (RM million)

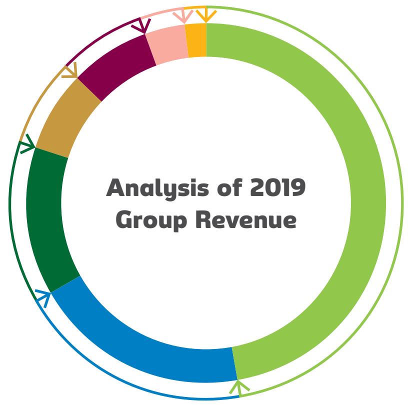


EARNINGS PER ORDINARY SHARE (sen)

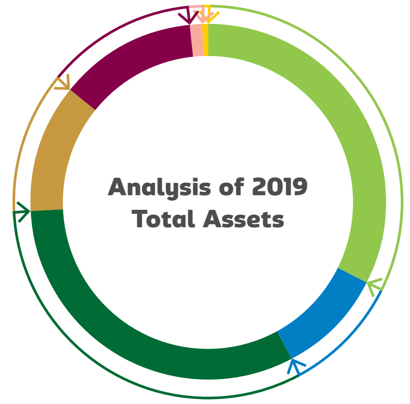


RETURN ON SHAREHOLDERS' FUND (%)

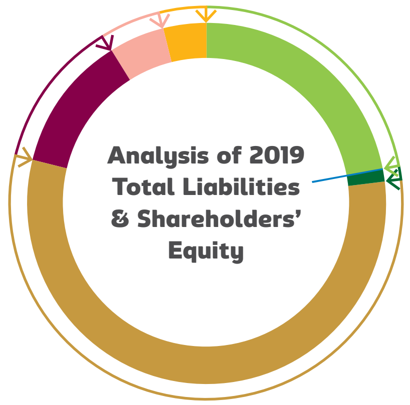




Analysis of 2019 Group Revenue	2019	2018
EXCISE & CUSTOMS DUTIES	47.4%	47.3%
SALES, DISTRIBUTION, ADMINISTRATION & OTHER COSTS	19.3%	16.0%
PROFIT AFTER TAXATION	13.3%	14.5%
RAW & PACKAGING MATERIALS COSTS	7.3%	8.1%
STAFF COSTS	7.2%	8.2%
TAXATION	3.6%	3.8%
DEPRECIATION	1.9%	2.1%



Analysis of 2019 Total Assets	2019	2018
PROPERTY, PLANT & EQUIPMENT AND RIGHT-OF-USE ASSETS	32.5%	28.3%
INVENTORIES	9.8%	14.2%
RECEIVABLES, DEPOSITS AND PREPAYMENTS	32.0%	30.4%
CASH AND CASH EQUIVALENTS	11.6%	14.1%
INVESTMENTS	12.5%	10.7%
INTANGIBLE ASSETS	1.2%	0.5%
OTHER ASSETS	0.4%	1.8%



Analysis of 2019 Total Liabilities & Shareholders' Equity	2019	2018
SHARE CAPITAL	22.0%	21.9%
RESERVES	-0.1%	2.9%
MINORITY INTEREST	1.2%	1.7%
PAYABLES AND ACCRUALS	55.9%	55.6%
LOANS & BORROWINGS AND LEASE LIABILITIES	12.2%	11.0%
CURRENT TAX LIABILITIES	5.1%	4.6%
DEFERRED TAX LIABILITIES	3.7%	2.3%

Managing Director's Message and Management Discussion & Analysis

Managing Director's Message and Management Discussion & Analysis

STATEMENTS OF COMPREHENSIVE INCOME (RM MILLION)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenue	1,368.2	1,489.4	1,584.8	1,555.1	1,635.1	1,659.9	1,679.5	1,730.0*	1,982.3	**2,256.6**
Profit Before Taxation	176.5	220.4	245.7	236.4	274.2	283.6	283.8	294.8	361.3	**382.2**
Taxation	42.4	53.0	51.9	49.8	57.3	63.4	73.2	62.4	74.5	**81.8**
Profit for the Financial Year	134.1	167.4	193.8	186.6	216.9	220.2	210.6	232.4	286.8	**300.4**

* *Adjusted 2017 Revenue had the Group applied MFRS 15.*

STATEMENTS OF FINANCIAL POSITION (RM MILLION)

	← Restated →									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Issued and Paid-up Share Capital	142.0	142.0	142.0	142.0	142.0	142.0	142.0	149.4	149.4	**149.4**
Retained Earnings	91.5	130.4	148.7	140.0	165.1	163.9	148.8	133.7	17.3	**(6.2)**
Call and Put Option Reserve	-	-	-	(20.1)	(10.6)	-	-	-	-	**-**
Non-Distributable Reserves	11.8	13.0	8.3	11.8	15.7	29.7	30.9	15.9	2.4	**5.3**
Shareholders' Fund	245.3	285.4	299.0	273.7	312.2	335.6	321.7	299.0	169.1	**148.5**
Deferred Taxation	16.5	18.3	19.8	17.1	13.5	10.2	12.1	16.6	12.4	**24.9**
Net Non-Current Liabilities	-	-	-	-	-	-	1.7	0.3	0.3	**6.2**
Minority Interest	2.7	3.9	7.8	10.5	19.0	7.0	8.4	13.4	11.9	**8.2**
	264.5	307.6	326.6	301.3	344.7	352.8	343.9	329.3	193.7	**187.8**
Property, Plant and Equipment, Right-of-use Assets and Intangible Assets (Net Book Value)	152.3	158.6	168.2	174.3	164.4	167.5	176.6	181.2	196.2	**229.2**
Investment in an Associate	26.3	33.4	34.7	40.9	58.2	80.2	73.1	64.3	73.0	**84.7**
Net Current Assets/(Liabilities)	85.9	115.6	123.7	86.1	122.1	105.1	94.2	83.8	(75.5)	**(126.1)**
	264.5	307.6	326.6	301.3	344.7	352.8	343.9	329.3	193.7	**187.8**

FINANCIAL RATIO

	← Restated →									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Earnings per Ordinary Share (sen)*	43.58	54.35	62.68	60.16	69.2	70.62	67.04	72.34	90.65	**95.18**
Net Assets Backing per Ordinary Share (RM)*	0.80	0.93	0.98	0.90	1.02	1.10	1.05	0.98	0.55	**0.49**
Return on Shareholders' Fund (%)+	35.3	63.1	66.3	65.2	74.0	68.0	64.1	74.9	122.5	**189.2**
Current Ratio	1.3	1.5	1.5	1.3	1.4	1.3	1.3	1.3	0.8	**0.7**
Bursa Securities Price at 31 December (RM)	6.32	8.54	12.52	12.18	11.74	11.70	13.92	15.30	19.68	**29.40**
Net Dividend Yield (%)^	3.0	4.9	4.5	5.2	5.2	6.1	5.2	5.0	6.5	**3.5**

* *Computed based on total number of shares net of Treasury shares. Treasury shares were cancelled on 17 May 2017.*
\+ *Return on Shareholders' Fund was computed based on Group's Profit for the Financial Year over average Group's Shareholders' Fund*
^ *Net dividend yield was computed based on dividend paid out and declared during the year divided by the share price at year end.*

FIVE YEAR DIVIDEND

	2015	2016	2017	2018	2019
Group's Net Profit (RM million)	215.9	205.0	221.2	277.2	**291.0**
Dividend Amount Declared and Proposed for the year (RM million)	220.1	220.1	266.0	305.7	**305.7**
Dividend as % of Net Profit	102.0%	107.4%	120.3%	110.3%	**105.1%**
Dividend per Ordinary Share (sen)	72.0	72.0	87.0	100.0	**100.0**

CREATE A WINNING CULTURE

While products and performance are key catalysts for growth, none of what we achieved in 2019 would have been possible without our people bringing our winning culture to life.

I am therefore glad to report that our efforts to up employee engagement were successful, with an increase of 5 percentage points in Malaysia compared to the benchmark global employee survey in 2017 whilst Singapore saw an increase of 10 percentage points within 2019.

Similar to previous years, we provided regular updates on corporate developments and results to keep our employees fully engaged while remaining aware of their personal contribution toward SAIL'22 targets.

We gave due recognition to staff who went above and beyond their individual calls of duty by demonstrating a '3A' way of working – Alignment, Accountability and Action. Company-wide recognition, which we call the SAIL'22 awards, were presented alongside cash rewards during monthly and quarterly town halls, driving a further sense of pride and ownership among our people.

Embedding a winning culture into our employee benefits, we continued to practice a pay-for-performance reward philosophy. High performers are entitled to a special bonus on top of their contractual and performance-based bonuses.

In October 2019, we rolled out a new global employer branding campaign, titled "Something's Brewing", focusing on the three all-important pillars of Purpose, Pride and Performance.

As part of a globally reputable brewer, I am a strong advocate of being (and doing) better: a policy that extends beyond our brews and results to our people.

Last year, we also launched a new diversity and inclusion policy aimed at developing a diversely talented workforce with a global mindset who are given equal opportunities and access to a driven and inclusive leadership.

More details on our efforts towards Creating a Winning Culture can be read at the Sustainability Statement on pages 66 to 69 of this report.

Managing Director's Message and Management Discussion & Analysis

Managing Director's Message and Management Discussion & Analysis

DEFEND OUR LICENSE TO OPERATE

TOGETHER TOWARDS ZERO

Whether climate change, water scarcity, public health concerns or a myriad other globally impactful events, these truly are challenging times we live in.

This is why our Together Towards ZERO sustainability programme expresses our vision for a better tomorrow.

It consists of four ambitions, underpinned by individual and measurable targets leading up to 2022 and 2030: ZERO Carbon Footprint, ZERO Water Waste, ZERO Irresponsible Drinking, and ZERO Accidents Culture.

Contributing to a better society wherever our beers are brewed and sold is also central to our purpose, which we believe is the right thing to do.

Our efforts to defend our licence to operate also extend to the training of enforcement officers, enabling them to accurately identify illicit products while also supplying information to Royal Malaysian Customs on retail outlets selling such products.

I am glad to say that these efforts have paid off, with visible reductions in contraband available in the market.

Our 2019 performance and progress towards our targets can be found in the Sustainability Statement from pages 46 to 71.

ZERO CARBON FOOTPRINT

ZERO WATER WASTE

ZERO IRRESPONSIBLE DRINKING

ZERO ACCIDENTS CULTURE

BUSINESS RISKS

With regards to the two bills of demand for sales tax and excise duties amounting to RM56.3 million issued by the Selangor State Director of the Royal Malaysian Customs on 17 September 2014, I am pleased to report some good news.

On 13 February 2020, we received a letter from the Selangor State Director of Royal Malaysian Customs confirming that its bill of demand for sales tax amounting to RM13.76 million and the penalty amounting to RM6.88 million for the period of 1 July 2011 to 14 January 2014 had been cancelled, effective 15 January 2020.

The Group has not agreed to the demand for excise duties amounting to RM35.7 million. Based on legal advice sought, there are reasonable grounds to object the basis of the bill of demand and we remain in constant discussions with the authorities on this matter. As such, no provisions have been recognised for the year ended 31 December 2019.

On the subject of contraband, we applaud the Royal Malaysian Customs and the efforts of other law enforcement agencies to further curb illegal alcoholic beverages. I should also like to take this opportunity to thank and applaud the Government's call to not raise excise duties on beer.

In our Singapore operations, we foresee that the implementation of the EU-Singapore Trade Agreement might pose tougher competition from imports.

We also welcome the Singapore government's decision to maintain excise duties on alcohol, further to its Budget 2020 announcement on 18 February 2020.

OUTLOOK & PROSPECTS

We entered 2020 with the looming threat of COVID-19, which has since grown into a global pandemic with far-reaching consequences to Carlsberg Malaysia Group's operations in Malaysia and Singapore as well as our exports markets and in Sri Lanka where our associated company is operating in.

Since the start of the Malaysian government's Movement Control Order (MCO) on 18 March 2020, we have been in full compliance through the suspension of both our production and distribution operations, as beer was not included within the list of essential consumer items.

On 5 April 2020, we received Government approval to resume operations, which was subject to conditions including limiting production with minimal personnel and undertaking full precautions

against infection risks. Regretfully, this approval was rescinded on 6 April 2020 and at the time of writing supply and distribution of our products remains impeded during this extended MCO period.

The immediate effects of the lockdown are also keenly felt by our distributors, customers and consumers, with both stock scarcity and dampened consumer sentiment expected to impact overall sales. Singapore implemented its "circuit breaker" social distancing measures on 7 April 2020.

We have activated a business continuity plan which calls for additional cost optimisation initiatives to mitigate earnings impact of lost volume during this time. However, the health, safety and welfare of our people remain our top priority. Staff under our direct employment work from home and have their full salary paid during the lockdown period in Malaysia and Singapore.

Extraordinary times call for extraordinary measures and we have stepped up to assist our local communities through the Safer Schools initiative, providing contactless thermometers and disinfection services to ensure thousands of primary schoolchildren in Chinese and Tamil vernacular schools enjoy safe and infection-free learning environments when classes resume after the MCO.

This effort echoes the Carlsberg Group's initiatives in response to the global COVID-19 crisis including a RM60 million donation by the Carlsberg Foundation, the New Carlsberg Foundation and the Tuborg Foundation via extraordinary grants in support of scientific, economic and human efforts at a time when society is challenged by the epidemic, with recipients including three internationally-recognised coronavirus research teams.

Moving forward, we recognise the unavoidable shifts in consumer behaviour as the world faces a new reality created by COVID-19. We will need to be agile in adapting to new demand spaces, sales channels, marketing activities, and consumption patterns, while staying true to our focuses on quality, innovation and efficiency as part of the SAIL'22 strategy.

While we cannot predict the impact of the current pandemic given the uncertainties, our priority in the coming months is to get operations and distribution back up to speed, although we acknowledge that it will take time.

We are, however, confident in the commitment towards value creation that we share with our stakeholders, especially our business partners, customers and consumers, to bring meaning to our continued Purpose of Brewing for a Better Today & Tomorrow.

IN APPRECIATION

In closing, I truly am proud to say that after half a century of dedicating ourselves to brewing innovation and excellence, we are now as much a proudly Malaysian brand as we are a Danish one!

I would also like to thank all our customers and consumers for your support. Your support and loyalty to the Carlsberg brand is an invaluable encouragement in our constant innovation and quality. It truly is the hallmark of our status as the maker of Probably the Best Portfolio of Beers, Stouts and Ciders, one that we will strive to uphold even as we look ahead to recovery and rebuilding in the months ahead after COVID-19.

I would also like to thank all our leaders, managers and employees for their hard work and unwavering commitment to achieving 2019's results and a smooth leadership transition. Their continued dedication and resilience even during this global challenge is nothing short of astounding.

And lastly, a warm "thank you" to all our shareholders for your confidence in us, and for your belief and hope that we will "Just Keep Getting Better".

Stefano Clini
Managing Director
Shah Alam
9 April 2020

SUSTAINABILITY STATEMENT

BREWING FOR A BETTER TODAY AND TOMORROW

Our Global Purpose, Brought To Life

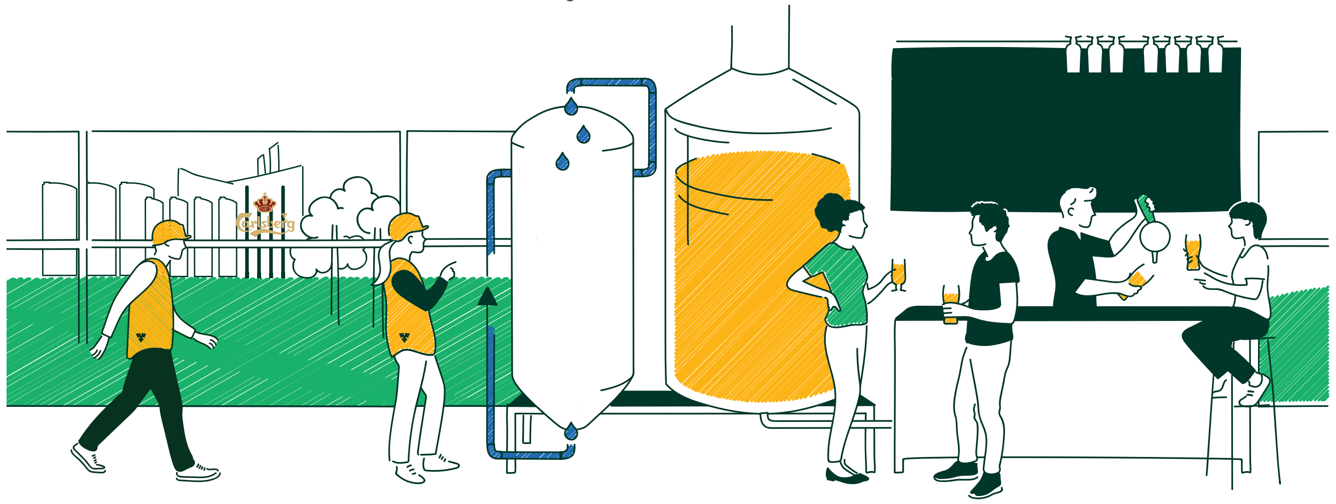
OUR FOUNDER, J.C. JACOBSEN, UNDERSTOOD THE IMPORTANCE OF BETTER BREWING FOR SOCIETY MORE THAN A CENTURY AND A HALF AGO. HIS VISION WAS ENCAPSULATED IN HIS GOLDEN WORDS ADVOCATING A "CONSTANT PURSUIT OF BETTER" WHICH IS THE INSPIRATION FOR THE CARLSBERG GROUP'S PURPOSE OF BREWING FOR A BETTER TODAY AND TOMORROW.

Our Purpose drives us to pursue perfection every day as we strive to brew better beers with quality, innovation and pride that stand at the heart of moments that bring people together.

More importantly, we do not focus merely on short-term gains but a sustainable future for our business, stakeholders, environment and communities we operate in. We are committed to creating sustainable performance today while striving to combat global challenges for a better world tomorrow.

Within our SAIL'22 strategy, our Purpose's overarching call for sustainable brewing is most visible in the underlying enablers of 'Create a Winning Culture' and 'Defend Our License to Operate' that directly address operational sustainability for people and the planet on top of profits.

Driven by this Purpose-driven goal, it is our ambition to create impacts on the key sustainability priorities under our Together Towards ZERO ambition in Malaysia and Singapore.



ZERO CARBON FOOTPRINT | **ZERO** WATER WASTE | **ZERO** IRRESPONSIBLE DRINKING | **ZERO** ACCIDENTS CULTURE

6.8% reduction in carbon emissions vs. 2018

1.2% reduction in water used in production vs. 2018

76,400 consumers reached via 5 years of #CelebrateResponsibly activations

770 days without lost-time accidents as of 31 Dec 2019

GOVERNANCE

Oversight of Carlsberg Brewery Malaysia Berhad's (Carlsberg Malaysia Group / the Group) sustainability programme rests with the management team, led by the Managing Director with endorsement by the Board of Directors.

The Together Towards ZERO sustainability agenda is spearheaded by a corporate social responsibility (CSR) champion, which for Carlsberg Malaysia Group is the Corporate Communications and CSR Director.

Operationally, a network of managers and policy owners across functions are appointed for their scope of work, responsibilities and people management that have direct impact towards stated goals. All functions as diverse as supply chain operations, corporate communications, marketing, sales, human resources and health, safety & security contribute towards sustainability performance.

Key performance indicators are reported and monitored via the Enablon online sustainability reporting platform, the same system used by the Carlsberg Group's markets globally. Reporting is done on all policy areas on a quarterly, half-yearly and annual basis, providing visibility on a local and Group-wide level on Together Towards ZERO progress.

SCOPE OF STATEMENT

This sustainability statement for 2019 will cover progress made in the year for the Together Towards ZERO sustainability agenda with additional insights on the Group's economic contributions, employee development, ethics and compliance, and community engagement and support.

The statement also corresponds with Bursa Malaysia Securities Berhad's (Bursa Malaysia) economic, environmental and social (EES) pillars recommended by the national exchange's sustainability framework, which are also covered under the following sections:

- Economic: Brewing Economic Growth
- Environment: ZERO Carbon Footprint & ZERO Water Waste
- Social: ZERO Irresponsible Drinking, ZERO Accidents Culture and Committing Towards a Responsible Business

The statement will cover key sustainability initiatives and updates within our Malaysia and Singapore operations from 1 January to 31 December 2019. Initiatives by Lion Brewery (Ceylon) PLC, our associate company, will not be included given that the Group does not have management control.

Key indicators are extracted from Enablon, operational reporting, and audited financial statements. This report should be read in conjunction with Carlsberg Brewery Malaysia Berhad's 2019 annual report, which highlights other financial and non-financial aspects of the Group.

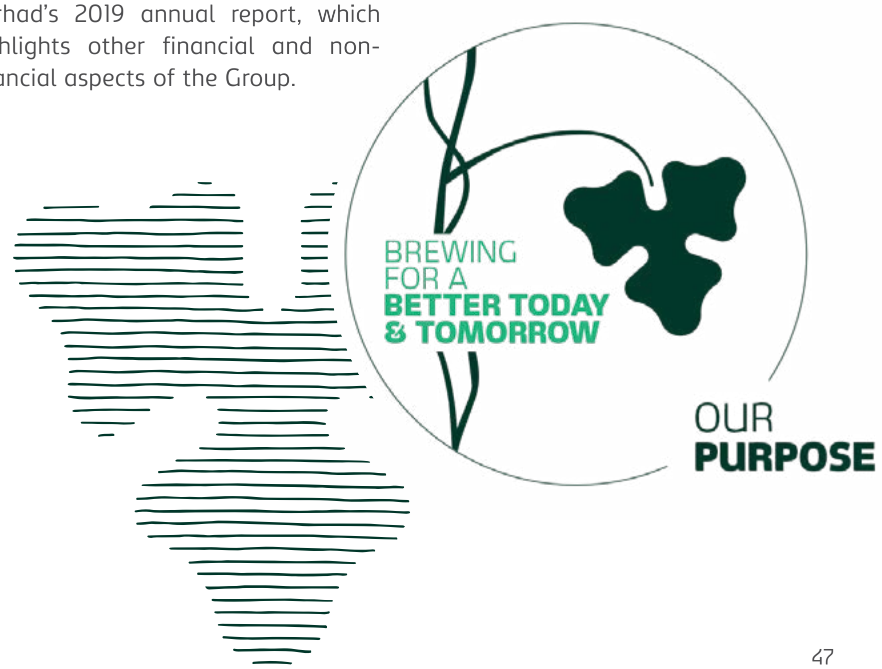
RECOGNITION

The Group is proud to be listed among the constituents in the FTSE Russell FTSE4Good Bursa Malaysia ("F4GBM") index, following Bursa Malaysia Berhad's bi-annual review which was concluded in June 2019 at the time of listing.

The inclusion ranks us among leading Malaysian public-listed companies which have demonstrated class-leading commitment to responsible business practices and inclusive disclosure on environmental, social and governance (ESG) matters.

We are the only brewer and one of three fast-moving consumer goods (FMCG) companies included in the F4GBM index. It is indeed a humbling encouragement of our ongoing efforts toward responsible business practices.

We are grateful for the endorsement from the investment community that acknowledges our efforts in sustainability and sound corporate governance.



TOGETHER TOWARDS ZERO

A Global Sustainability Ambition With Local Goals

WE CALL OUR SUSTAINABILITY AMBITION TOGETHER TOWARDS ZERO, A SUSTAINABILITY ROADMAP WHICH IS SHARED WITH ALL MARKETS WITHIN THE CARLSBERG GROUP.

Together Towards ZERO is the Carlsberg Group's response to pressing global issues of climate change, water scarcity and public health & safety – areas most material to our business sustainability and which we have the capability to effect positive change.

The programme is closely linked to the United Nations' Sustainable Development Goals (UN SDGs) covering seven of its goals.

It consists of four ambitions: ZERO Carbon Footprint, ZERO Water Waste, ZERO Irresponsible Drinking and a ZERO Accidents Culture. Two of these ambitions focus on environmental sustainability while the other two involve people – our consumers and employees. Each of these is underpinned by individual and measurable targets, leading up to milestones in 2022 and 2030.

Together Towards ZERO was designed following a global stakeholder engagement process spanning social, environmental and economic experts and a materiality assessment that the Carlsberg Group carried out in 2016 with Business for Social Responsibility.

The assessment represents an overview of the topics that have the biggest influence on society and our business, considering both risks and opportunities.

The Carlsberg Group plans to provide an updated materiality assessment in 2020 to include input from initiatives such as the Task Force for Climate Related Financial Disclosures (TCFD) and the United Nation's Intergovernmental Panel on Climate Change (IPCC).

In this report, Carlsberg Malaysia Group's progress for Together Towards ZERO milestones are covered from pages 52 to 65.

UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS THAT CUT ACROSS OUR OPERATIONS

3.5
Strengthen the prevention and treatment of substance abuse, including harmful use of alcohol.

3.6
By 2020, halve the number of global deaths and injuries from road traffic accidents.

6.4
By 2030, substantially increase water-use efficiency and ensure sustainable withdrawals and supply of freshwater to address water scarcity.

6.5
By 2030, implement integrated water resources management at all levels.

7.2
By 2030, increase substantially the share of renewable energy in the global energy mix.

7.3
By 2030, double the global rate of improvement in energy efficiency.

8.8
Protect labour rights and promote safe and secure working environments for all workers.

12.2
By 2030, achieve the sustainable management and efficient use of natural resources.

12.5
By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

12.9
Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production.

13.1
Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.

13.3
Improve education, awareness-raising and capacity on climate change mitigation, adaptation, impact reduction and early warning.

17.16
Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships.

17.17
Encourage and promote effective public, public-private and civil society partnerships.

BREWING ECONOMIC GROWTH

INCORPORATED IN 1969, CARLSBERG MALAYSIA GROUP CELEBRATED ITS 50TH ANNIVERSARY OF BREWING EXCELLENCE AND CONTRIBUTION TO THE LOCAL ECONOMY IN 2019.

The Group currently operates 16 sales offices across Peninsular Malaysia, Sabah and Sarawak on top of our Singapore operations based in Zhongshan Park. Carlsberg Singapore Pte. Ltd. also owns a 51% equity share in Singapore importer MayBev Pte. Ltd. (MayBev), which distributes Japanese premium alcohol brands especially Asahi Super Dry, the best-selling beer brand in Japan.

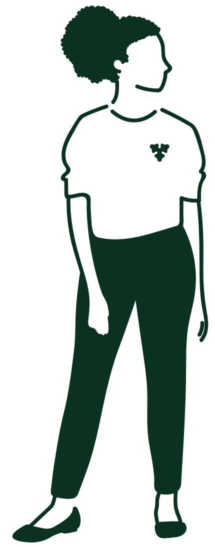
Our economic contribution is twofold; our operations create value for the local workforce through employment opportunities while contributing to the national economies of Malaysia and Singapore via direct and indirect taxes, excise duties, and support of the local F&B marketplace.

In Malaysia alone, the Confederation of Malaysian Brewers Berhad (CMBB) – of which Carlsberg Malaysia Group is one of the members – estimates that the brewing industry in Malaysia supports 61,000 people in direct or indirect employment while taxes, salaries and profits are equal to 0.3% of gross domestic product.

Within the Malaysian context, the biggest challenge for the Group remains the prevalence of illicit beer which is estimated at more than 1 million hectolitres, posing a threat to national tax revenue, local consumers via the risk of contraband beer, and economic betterment to legitimate businesses. Illicit beer represents an estimated RM1.5 billion loss to the Malaysian government's tax revenue by occupying around 20% and 80% of total beer sales volume in Peninsular Malaysia and Sabah & Sarawak respectively.

As such, we applaud the Malaysian and Singapore governments' decision to not raise excise duties on alcohol for the next fiscal year, where the excise duty rate for both countries are only second to Norway for the highest in the world. It is important to note that Malaysia's gross domestic product (GDP) per capita is seven times lower than Norway and six times lower than Singapore.

Through our Malaysian and Singaporean operations, we contribute to SDG targets 8.1 and 8.2 by supporting economic prosperity, higher productivity and innovation by providing decent work and economic growth in the markets we operate in.



No. of people employed

2,023

Direct:
593 employees in Malaysia and
73 employees in Singapore

Indirect:
1,119 sales promoters in Malaysia and
238 sales promoters in Singapore

vs. 2,027 in 2018

Excise duties

RM1.07 bil

paid on our products brewed and sold in both Malaysia and Singapore

+14% in 2019 vs 2018

Direct taxes

RM70 mil

in corporate taxes with RM52 million for Malaysia and RM18 million for Singapore

-9% in 2019 vs 2018

Indirect taxes

RM106 mil

in SST & GST paid/collected on behalf of the Malaysia and Singapore governments

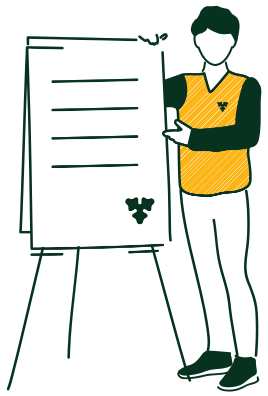
+RM47 mil in 2019 vs 2018

Amount spent on human capital development

RM665,000

spent on training activities for employees in Malaysia and Singapore

+2% in 2019 vs 2018



SUSTAINABILITY STATEMENT

ZERO CARBON FOOTPRINT

2030 GLOBAL TARGETS

ZERO
CARBON EMISSIONS AT OUR BREWERIES

30%
REDUCTION IN BEER-IN-HAND CARBON FOOTPRINT

2022 GLOBAL TARGETS

50%
REDUCTION IN CARBON EMISSIONS AT OUR BREWERIES

100%
ELECTRICITY FROM RENEWABLE SOURCES AT OUR BREWERIES

ZERO
COAL AT OUR BREWERIES

15%
REDUCTION IN BEER-IN-HAND CARBON FOOTPRINT

100%
LOW-CLIMATE-IMPACT COOLING

30
GLOBAL PARTNERSHIPS TO REDUCE SHARED CARBON FOOTPRINT

THE UNITED NATION'S INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC) REPORTS THAT TO RELIABLY PREVENT GLOBAL TEMPERATURES FROM RISING 2°C ABOVE PRE-INDUSTRIAL LEVELS, GLOBAL CARBON EMISSIONS NEED TO BE CUT BY 25% WITHIN THE DECADE AND REACH ZERO BY 2070. GLOBAL WARMING HAS SERIOUS CONSEQUENCES TO CROP HARVESTS, ECOSYSTEMS, AND RISING SEA LEVELS AMONG OTHER SERIOUS DANGERS THAT CAN HAVE SOCIAL, GEOPOLITICAL AND ECONOMIC IMPACTS.

Meanwhile, the International Energy Agency (IEA) reported that global carbon dioxide emissions in 2019 were maintained at 33 billion metric tons versus the previous year, even with worldwide economic expansion of 3%. While this was attributed to the expanding role of renewable energy and the usage of fuels with lower carbon footprints, the Carlsberg Group recognises that a holistic approach above and beyond renewable energy usage is key to reducing our environmental impact.

Since the implementation and adoption of science-based targets towards a zero-carbon footprint, the Carlsberg Group has mapped the carbon footprint contribution from the point of harvest to the point of consumption. We call this our "beer-in-hand" carbon footprint which covers the entire supply chain from raw materials, brewing, packaging, logistics and outlet operations. Globally, we have identified packaging as the main contributor towards our carbon footprint, followed by our raw ingredients, brewing and distribution.

In Carlsberg Malaysia Group, the Senior Supply Chain Director and management team oversees implementation of the ZERO Carbon Footprint sustainability roadmap. In line with the Carlsberg Group's goals, our Malaysia operations have set annual targets based on the Group's ambition of ZERO carbon emissions at our brewery in Shah Alam, Selangor.

Our iconic Shah Alam brewery entered its 48th year since commissioning. The production plant still retains most of the original structure with upgrades to some facilities to deliver optimum capacity. However, we encountered challenges to our operation efficiency when demand and complexity over our portfolio of brands grew.

Regardless, we are committed to constant reinvestments to meet demand while reducing carbon footprint impact including optimising equipment and operations, ongoing product innovation, research and development (R&D) and increasing efficiencies within our capacity.

AMBITION

Our Together Towards ZERO carbon footprint ambition is to reduce emissions in line with international goals to limit global temperature rise to 1.5°C above pre-industrial levels.

In 2019, the Carlsberg Group signed the UN Global Compact's Business Ambition for 1.5°C Pledge in Madrid, reconfirming our commitment to fighting climate change and pursuing science-based targets that align our business with the more ambitious level of the Paris Agreement.

In doing so, we are also guided by the Carlsberg Group's participation in the Task Force for Climate Related Financial Disclosures (TCFD) and the Intergovernmental Panel on Climate Change (IPCC).

TARGETS

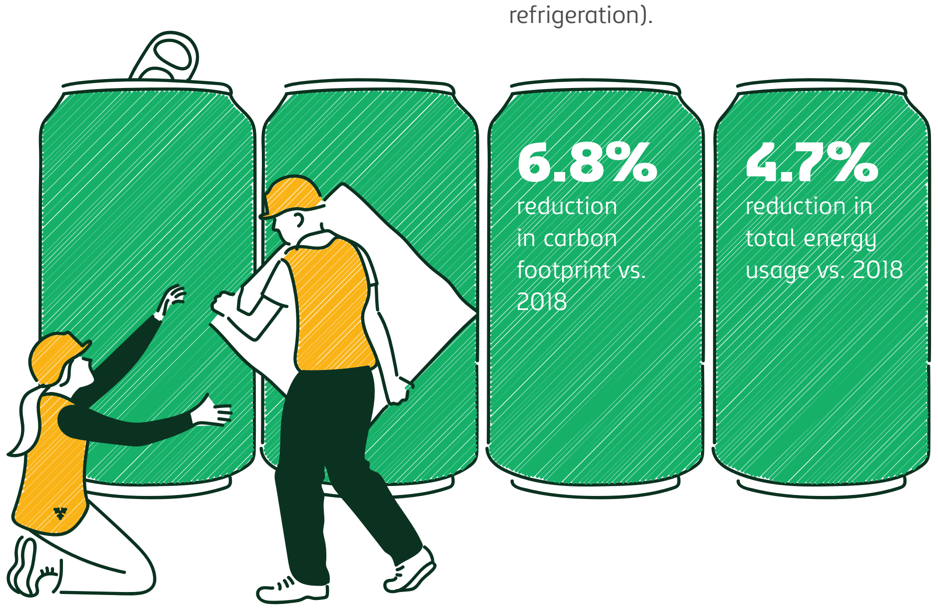
The Carlsberg Group's aim is to achieve ZERO carbon emissions at all breweries by 2030 with a 30% reduction in "beer-in-hand" emissions by 2030.

Its next milestone in 2022 includes a 50% reduction in emissions and a switch to 100% renewable electricity, plus eliminating coal as an energy source. The Carlsberg Group also aims to reduce our beer-in-hand carbon footprint by 15%, have 100% low-impact cooling, and to establish 30 global partnerships with suppliers by 2022, leading to a reduction of our shared carbon footprint.

In line with these ambitions, Carlsberg Malaysia Group targets a 5% reduction in thermal and electricity usage year-on-year and a complete replacement of R22 – a high-climate-impact refrigerant gas – by 2022 in stages.

Our focus remains on energy efficiency in brewing, an area we directly control and maintain within our ISO 14001:2015 certification. The biggest challenge we face to meet the Carlsberg Group's ambitions is on renewable electricity, as our only available source of electricity is from the local grid which relies mostly on fossil fuels.

We continue to work with our partners on a long-term basis to address carbon-reducing measures in packaging, raw materials, logistics, and outlet operations (e.g. low-impact refrigeration).



SUPPORTING THE GLOBAL GOALS

SDG 7 TARGETS

7.2:
By 2030, substantially increase the share of renewable energy in the global energy mix.

7.3:
By 2030, double the global rate of improvement in energy efficiency.

Examples of our actions

- Increasing ratio of renewable energy in total energy usage.
- Improving energy efficiency.

SDG 12 TARGETS

12.9:
Help developing countries to strengthen their scientific and technological capacity in their move towards more sustainable patterns of consumption and production.

Examples of our actions

- Using research to improve every element of our production process.
- Increasing operational efficiency at our brewery.

SDG 13 TARGETS

13.1:
Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.

13.3:
Improve education, awareness-raising and capacity on climate change mitigation, adaptation, impact reduction and early warning.

Examples of our actions

- Setting tough yet science-based targets.
- Act as agents of change by raising awareness of the need for action on climate change.
- Cooperate with stakeholders in our value chain and other related industries to reduce carbon emissions.

THERMAL ENERGY

In 2019, brewing operations used 21.70 kilowatt hours of thermal energy per hectolitre (kWh/hl) versus 23.17 kWh/hl in 2018. This represents a reduction of 6.3%, exceeding the year-on-year reduction target of 5%.

In our efforts to prioritise renewable energy sources, natural gas usage decreased to 17.21 kWh/hl compared to 18.86 kWh/hl in 2018, while biogas usage increased to 4.49 kWh/hl versus 4.31 kWh/hl in the previous year. This raises the ratio of biogas to natural gas usage within our thermal energy mix to 20.7% from 18.6% previously.

The improvements for thermal energy were due to continued progress in the hot insulation improvement project covering all hot surfaces such as piping and boiler stations. Carrying on from the previous year, the installation of an online flue gas monitoring system led to better boiler efficiency control.

Operational efficiency also improved thermal performance with a proper shutdown procedure implemented when bringing the production online or offline, with a reduction in heat consumption during line idling or non-production times.

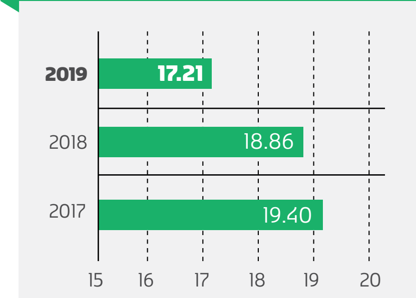
A further measure was to optimise bottle-washer efficiency, all while meeting or exceeding the hygiene and product quality standards overseen by the in-house Quality Assurance laboratory.

In line with year-on-year targets, we aim to reduce total thermal energy usage to 19.70 kWh/hl by 2022.

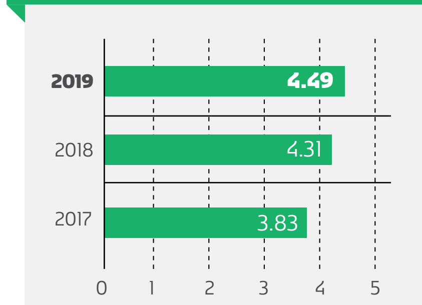
ELECTRICITY

Total electricity usage for 2019 saw marginal efficiency improvements, clocking in 9.98 kWh/hl versus 10.07 kWh/hl in 2018. However, electricity usage for production alone, which does not include consumption within our administrative and sales operations regional offices, remained the same at 9.23 kWh/hl compared to the last fiscal year.

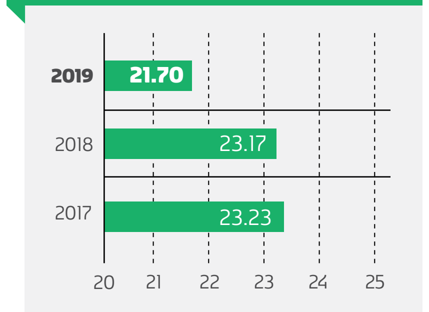
NATURAL GAS USAGE (kWh/hl)



BIOGAS (RENEWABLE ENERGY) USAGE (kWh/hl)

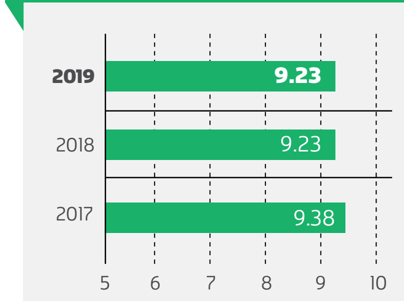


TOTAL THERMAL ENERGY USAGE (kWh/hl)



ELECTRICITY USAGE (kWh/hl)

**for production only; not including administration or other operations*



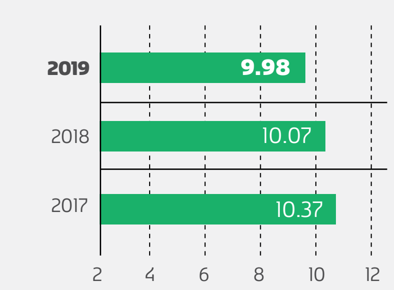
The main challenge towards reducing electricity consumption within our brewery operations was from our cooling plant where a scheduled replacement of an aging condenser unit was delayed, and the expected energy savings from this optimisation exercise was not realised within the fiscal year.

Globally, the Carlsberg Group's goal is 100% electricity usage from renewable sources in all breweries. As the Shah Alam brewery relies on the local electricity provider (the sole source for Peninsular Malaysia) for its grid supply, our electricity provenance still depends on the power generation mix of said provider which still relies on a large percentage of non-renewable sources for the foreseeable future.

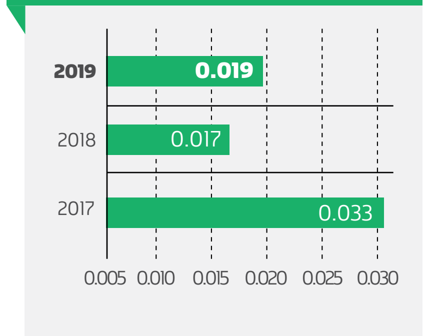
Feasibility studies have been conducted from proposals submitted from third-party vendors of solar power generation, spurred by government incentives for green technology. Initial estimates based on the placement of solar panels on existing structures indicate only potential single-digit offsets of our current electricity usage which is insufficient to drive long-term transformation.

Therefore, our current priority remains reducing energy wastage while increasing efficiency for both our brewing and operational electricity requirements, which include capital expenditure (CAPEX) investments in more efficient equipment and power-saving measures.

TOTAL ELECTRICITY USAGE (kWh/hl)



CHEMICAL OXYGEN DEMAND (COD) IN WASTE WATER AFTER TREATMENT (kg/hl)



CHEMICAL OXYGEN DEMAND (COD) IN WASTEWATER AFTER TREATMENT

Beyond energy efficiency initiatives, we also measure waste management from brewing operations in our efforts to reduce our carbon footprint.

Compared to 2018, the chemical oxygen demand (COD) in treated wastewater increased slightly to 0.019 kg/hl compared to 0.017 kg/hl in 2018. While still a significant improvement versus 0.033 kg/hl recorded in 2017, it is important to note that the 0.019 kg/hl recorded in 2019 translates to 63 milligrams per litre (mg/l), which is still well within the legal limit for wastewater discharge of 200 mg/l. We aim to hit our 2022 target of 0.015 kg/hl, which is the maximum operational limit for our wastewater treatment plant, within the next two years.

REFRIGERANT USAGE (R22) IN KG/CO_2 EQUIVALENTS

In 2019, we recorded a higher usage of R22 refrigerant usage of 299.2 kg/CO_2 versus 202.3 kg/CO_2 in 2018.

This was due to replacement works of a significant number of aging split air conditioning units coupled with major servicing of the chiller for the centralised air conditioning system in our administrative office.

Recognising that R22 is a high climate-impact refrigerant gas, it is in our CAPEX budget in 2020 that we convert to alternative refrigerants and compatible equipment. We plan to phase out R22 refrigerants by 2022 and replace outgoing chillers at outlets with high-efficiency models.

REDUCE, REUSE, RECYCLE & RETHINK (4Rs) PROGRAMME

We continued to encourage the reuse of packaging materials – which represents the highest contributor to our beer-in-hand carbon footprint – via the ongoing system of returnable glass bottles kegs and crates via an incentive scheme supported by our distributors and on-trade customers. In 2019, our collection rate of returnable glass bottles surpassed our target.

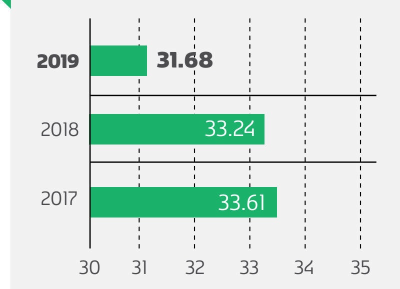
Carlsberg Malaysia Group is the first Carlsberg market in the world to pioneer the use of a new wax emulsion coating on its refillable glass bottles which helps to double its lifetime. The coating reduces scuffing which extends the bottles' longevity, allowing them to look new and scratch-free for longer, reducing bottles taken out of circulation for recycling. Only 40mg of concentrate is used per bottle, meaning 60kg of concentrate can treat 1.5 million bottles.

The success of this innovation has been emulated in other Carlsberg markets as part of the Carlsberg brand's new identity campaign, which delivered practical and environmental "betterments".

The Carlsberg brand is also going greener with its switch to Cradle-to-Cradle Certified™ silver ink that is produced using renewable energy across its bottle labels. The ink helps improve the recyclability of the labels.

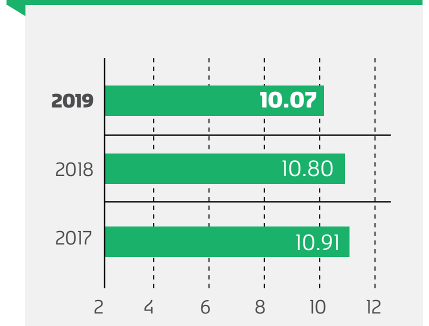
Working together with packaging vendors, we also introduced thinner-gauge walls for our recyclable aluminium cans since 2016 without compromising on structural integrity.

TOTAL ENERGY USAGE (THERMAL + ELECTRICITY) IN (kWh/hl)

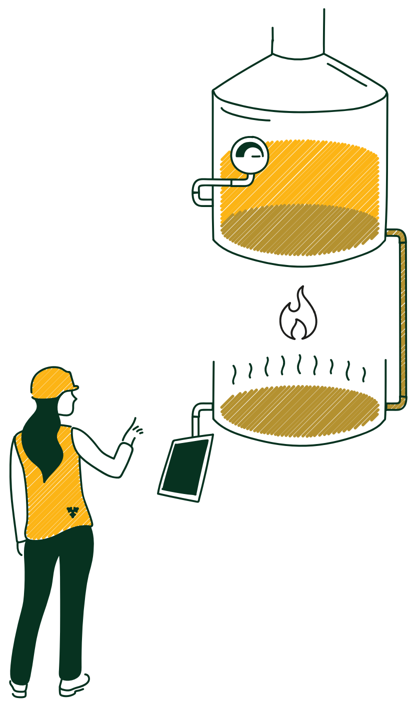


2022 GOALS = 28.20 kwh/hl

CARBON EMISSIONS - $kgCO_2/hl$



2022 GOALS = 9.25 $kgCO_2/hl$



SUSTAINABILITY STATEMENT

ZERO WATER WASTE

2030 GLOBAL TARGETS

50%
REDUCTION IN WATER USAGE AT OUR BREWERIES

PARTNER TO SAFEGUARD SHARED WATER RESOURCES IN HIGH-RISK AREAS

2022 GLOBAL TARGETS

25%
REDUCTION IN WATER USAGE AT OUR BREWERIES

EXPLORE GOING BELOW 2.0 HL/HL AT ALL HIGH-RISK BREWERIES

CLEAN, DRINKABLE WATER IS NOT ONLY THE CORNERSTONE TO QUALITY BREWING – OF WHICH BEER CONSISTS OF MORE THAN 90% THEREOF – BUT IS ALSO ESSENTIAL TO THE WELLBEING AND ECONOMIC DEVELOPMENT OF URBAN CENTRES SUCH AS THE ONE OUR SHAH ALAM BREWERY IS SITUATED IN.

Malaysia's high water usage per capita and water disruption track record poses concerns and significant materiality towards water waste as a priority concern.

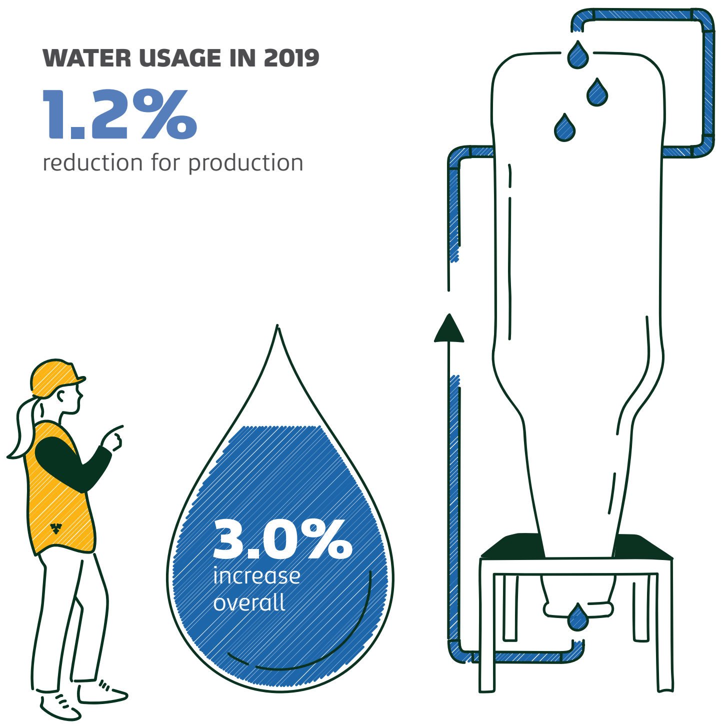
A 2016 news report estimates that an average Malaysian uses up to 300 litres of water a day, almost double that of the United Nation's estimated daily requirement of 165 litres per person per day and which is more than some developed countries.

In 2019, there were no less than 10 scheduled and unscheduled water disruptions including one which affected 120,000 household in 177 areas in the Klang Valley, where Carlsberg Malaysia's brewing operations are located.

To mitigate potential disruptions that can affect production, our water source relies partly on a groundwater tube well located in the brewery, on top of council water supply.

As with our ZERO Carbon Footprint ambitions, the Senior Supply Chain Director and management team oversees implementation of the ZERO Water Waste sustainability roadmap.

WATER USAGE IN 2019
1.2%
reduction for production



AMBITION

Water is essential to the brewing process. But with climate change, drought will become more widespread, reducing the quality and availability of water.

We are committed to eliminating water waste from brewing through world-class efficiency and safeguarding shared water resources in high-risk areas.

TARGETS

Globally, we aim to reduce water usage at our brewery by 25% in 2022 and 50% in 2030, benchmarked against 2016 performance which is now restated for the 2019 report to include wastewater treatment usage – a more holistic measurement of water utilisation in accordance to Carlsberg Group's more stringent global measurements.

SUPPORTING THE GLOBAL GOALS

SDG 6 TARGETS

6.4:
By 2030, substantially increase water-use efficiency and ensure sustainable withdrawals and supply of fresh water to address water scarcity.

6.5:
By 2030, implement integrated water resources management at all levels.

Examples of our actions

- Continuous water use reduction in our operations.
- Water reuse/recycling strategies to reduce water wastage.

WATER USAGE

Aligned with the Carlsberg Group's reporting standards, water usage for production (which covers operations at our brewery) has been restated to include water treatment losses. Thus, water usage for 2018 has been recalculated as 4.83 hl/hl (production only) versus the 3.64 hl/hl reported in 2018.

Thus, the water usage of 4.77 hl/hl recorded in 2019 for production decreased 1.24% as compared to 2018. This was driven by optimisation of water usage in our packaging lines, the replacement of older piping to prevent leaks and improve water losses, and better metering and regular leakage audits to identify and fix leaks immediately.

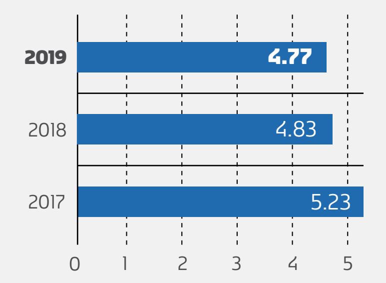
That said, total water usage continues to grow for every hectolitre produced, at 5.19 hl/hl versus 5.04 hl/hl, an increase of 3.0%.

Internal studies have estimated that we can bring usage below 3 hl/hl (lower than our 2022 target) with 100% reliance on council-supplied water; however, this introduces operational and financial risks from supply disruptions.

Being fully aware of the increased gap between 2019 performance and our 2022 goals, we have or will undertake the following measures to reduce water usage in 2020:

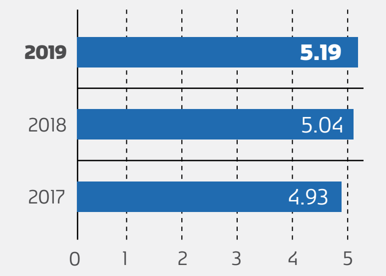
- Improve water recovery from the reverse osmosis water treatment process to reduce losses.
- Recycle and reuse water losses from the reverse osmosis and back-wash process in our water treatment plant.
- Recycling of final discharge from wastewater treatment plant to be repurposed for non-production usage.
- Improved shutdown procedure during idling or non-production time in packaging lines, similar to our efforts to reduce thermal energy waste.
- Optimisation of water usage in packaging lines with a focus on bottle-washing machinery.

WATER USAGE – PRODUCTION ONLY (hl/hl)



2022 GOALS = 3.95 hl/hl

TOTAL WATER USAGE (hl/hl)



2022 GOALS = 4.08 hl/hl

ZERO IRRESPONSIBLE DRINKING

#CELEBRATERESPONSIBLY

2030 GLOBAL TARGETS

100%
OF OUR MARKETS IMPROVE ON RESPONSIBLE DRINKING YEAR ON YEAR

2022 GLOBAL TARGETS

AVAILABILITY OF ALCOHOL-FREE BREWS (AFB)

100%
RESPONSIBLE DRINKING MESSAGING THROUGH PACKAGING AND BRAND ACTIVATIONS

100%
OF OUR MARKETS RUN PARTNERSHIPS TO SUPPORT RESPONSIBLE CONSUMPTION

SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

THE CARLSBERG GROUP HAS SET A BOLD VISION FOR A SOCIETY WITHOUT IRRESPONSIBLE DRINKING.

BY 2030, IT AIMS TO SEE A CONTINUOUS REDUCTION OF KEY RESPONSIBLE DRINKING STATISTICS IN ALL OF ITS MARKETS IN SUPPORT OF THE WORLD HEALTH ORGANISATION'S (WHO) OBJECTIVE TO REDUCE HARMFUL USE OF ALCOHOL, AS WELL AS THE UN SUSTAINABLE DEVELOPMENT GOAL 3 TO ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AGES.

In Malaysia, the public is aware of the legal consequences of driving under the influence but compliance is underwhelming, even as the rate of fatal road accidents in Malaysia is among the highest in the region.

Recent high-profile fatal accidents in end-2019 and early 2020 met with public outcry and the government has proposed the possibility of lowering the legal blood alcohol concentration (BAC) limit alongside harsher punitive deterrents.

Malaysian law currently puts the legal BAC limit to drive at 0.08% (80 milligrams per 100 millilitres), with imprisonment up to ten years and fines of up to RM20,000 upon conviction. The government is currently exploring to reduce the BAC limit to 0.05% as recommended by WHO and increasing imprisonment to 20 years with a maximum fine of RM100,000.

Therefore, curbing drink-driving is our top priority in advocating responsible drinking through our main consumer-facing campaign #CelebrateResponsibly.

OUR AMBITION

Our ZERO Irresponsible Drinking ambition is crucial as it sends a clear signal to consumers, encouraging responsible and moderate consumption. In the same way our beers, stouts and ciders are brewed with pride, we want consumers to enjoy our products in appreciation of good taste, quality and natural ingredients as opposed to the intoxicating effects of overconsumption.

Globally, we are committed alongside other industry players to ensure our marketing communications reach the right audience in adherence to the Digital Guiding Principles for responsible advertising and promotion on digital platforms as well as our membership in the International Alliance for Responsible Driving.

Locally, our efforts are aligned and contribute towards defending our licence to operate in a highly regulated environment.

Although we cannot ultimately control how people consume our products, we can market our brands responsibly and inform consumers better. We believe that we have an important and influential role to play in Malaysia and Singapore.

OUR TARGETS

Our approach consists of enabling, informing and encouraging responsible choices. As a category, beer itself is a low-alcohol choice for responsible enjoyment.

We also recognise growing occasions where consumers seek options that do not contain alcohol. Alcohol-free brews (AFB) are a fast-growing category within the Carlsberg Group which already offer many quality products to those who choose not to consume alcohol such as those who are driving, are pregnant, or who abstain as part of a lifestyle choice.

Our target remains to provide quality alcohol-free brews as part of our portfolio by 2022 that will give additional alcohol-free choices whether consumers enjoy our brews in pubs, bistros and restaurants, or at home by themselves or in the company of friends.

All our packaging and online platforms contain responsible drinking messages. In addition, we also collaborate with relevant stakeholders for targeted interventions, whether it is at point-of-sale, during consumption or across all our marketing communications.

SUPPORTING THE GLOBAL GOALS

SDG 3 TARGETS

3.5:
Strengthen the prevention and treatment of substance abuse, including harmful use of alcohol.

3.6:
By 2020, halve the number of global deaths and injuries from road traffic accidents.

Examples of our actions

- Disclosure of pertinent product information, such as alcohol content by volume (ABV) and natural ingredients, on packaging and our website.
- Activate #CelebrateResponsibly campaign during consumer-facing events to raise awareness of responsible consumption.
- Collaborate with e-hailing service providers to offer alternative rides to discourage drink driving when one's blood alcohol concentration exceeds national legal limits.
- Implementation of health warning labelling and symbols on primary and secondary packaging of our products in compliance with local legislation and Carlsberg Group mandates.

Scan to watch

"THROUGH CONSUMER ENGAGEMENT IN PREVIOUS #CELEBRATERESPONSIBLY ACTIVATIONS, MORE THAN HALF SURVEYED WERE UNAWARE OF THE LEGAL BLOOD ALCOHOL CONTENT (BAC) LIMIT IN MALAYSIA OF 0.08%, WHICH IF EXCEEDED CAN LEAD TO SERIOUS LEGAL AND LIFE-THREATENING CONSEQUENCES OF DRIVING WHILE DRUNK. AT CARLSBERG, OUR BEERS, STOUTS AND CIDERS STAND AT THE HEART OF SPECIAL OCCASIONS THAT BRING PEOPLE TOGETHER, BUT WE ALSO FIRMLY ADVOCATE RESPONSIBLE CONSUMPTION TO KEEP CELEBRATIONS FULL OF CHEER AND NOT REGRET."

PEARL LAI
Corporate Communications and CSR Director

#CelebrateResponsibly

#CelebrateResponsibly is Carlsberg Malaysia Group's initiative in support of Global Be(er) Responsible Day (GBRD) – a worldwide initiative among major brewers to promote the responsible enjoyment of beer.

The key message of the 2019 annual campaign directly supports our ZERO Irresponsible Drinking focus: don't drink and drive if your BAC is over the legal limit of 0.08%. This is the fifth consecutive year of the campaign since it kicked-off in 2015, with key consumer activations held in conjunction with Carlsberg's annual Oktoberfest promotions.

Held over 12 days of activations during Carlsberg Malaysia's flagship Oktoberfest celebrations, the campaign reached an estimated 9,500 consumers via direct engagement. Including an estimated 14,600 reached via social media, the campaign reached 24,100 consumers in 2019, bringing the total since the campaign's inception to an estimated 76,400 consumers since 2015.

We continued to partner with e-hailing providers Grab and Riding Pink to provide subsidised rides for consumers after a night of drinking – a reminder and incentive to not drink and drive – just by using the promo code #CelebrateResponsibly to and from almost 350 bars and restaurants throughout Malaysia.

Riding Pink is a unique, female-only service with female drivers for female riders, giving additional peace of mind for consumers who have concerns over their privacy and personal safety. This partnership ran for its second year in 2019 and focused on Klang Valley consumers where the service is most available.

Scan to register for Probably the Best Brewery Tour

Our long-standing partnership with Grab since 2017 continued last year. We offered 1,000 free rides worth RM20 each during the Oktoberfest month and all were redeemed versus more than 650 in 2018.

Besides Oktoberfest, we extended subsidised Grab rides throughout the year to encourage no drink-driving:

- Probably the Best Kollywood Party in January, the finale of a local consumer promotion which rewarded loyal Carlsberg fans in Ipoh.
- The Kuching Festival & Food Fair in July and August, where 390 Grab rides of up to RM5 each were redeemed to and from the venue.
- Brand campaign launches and regional media engagement activities in Peninsular Malaysia, Sabah and Sarawak.
- Probably the Best Brewery Tour hosted at Carlsberg Malaysia's Shah Alam brewery and lounge.

Including the 1,000 rides in Oktoberfest, close to 1,800 subsidised Grab rides were redeemed throughout 2019.

24,100 consumers
reached through on-ground activations and online communications during Oktoberfest in 2019

76,400 consumers
reached through on-ground activations and online communications since the #CelebrateResponsibly campaign began in 2015

Close to **1,800**
free and subsidised rides redeemed throughout the year

POINT-OF-SALE AND MARKETING COMMUNICATIONS

Currently, all our primary packaging includes the "#CelebrateResponsibly" campaign message apart from the mandatory government health warning label ("MEMINUM ARAK BOLEH MEMBAHAYAKAN KESIHATAN").

"#CelebrateResponsibly" also appears on our advertisements and point-of-sale material, such as banners, buntings, posters and counter-top standees.

Around 65% of our alcoholic products also carry a responsible drinking symbol (no drink-driving) on packaging. We intend to increase this to 100% by 2022 via upcoming artwork changes for primary packaging and applicable secondary packaging.

Our observation shows that our trade partners and retailers are in compliance with the increased legal purchasing age to 21 years effective 1 December 2017. Public access to consumer promotions and activities is also strictly limited to non-Muslims above the age of 21 only.

Consumers can also learn more about our products and initiatives for responsible drinking on our website **www.carlsbergmalaysia.com.my**.

EMPLOYEES AS RESPONSIBLE DRINKING AMBASSADORS

At our brewery in Shah Alam, we host Probably the Best Brewery Tour almost every weeknight, giving consumers the opportunity to learn about our brewing process, natural ingredients and our portfolio of beers, stouts and ciders.

Visitors were provided with subsidised Grab rides to and from the brewery, bottled drinking water and the opportunity to use provided breathalysers to test their BAC level.

At the #CelebrateResponsibly activation at Oktoberfest, we enlisted almost 30 employee volunteers to educate consumers on the 0.08% BAC legal limit, conducted free breathalyser tests, encouraged consumers not to drink and drive if over the limit, and encouraged consumers to pledge their support by signing up as #CelebrateResponsibly ambassadors themselves.

In 2020, we intend to mobilise all employees to be #CelebrateResponsibly ambassadors at various consumer touchpoints such as brand campaign launches, brewery tours, festive celebrations and activations, as well as Oktoberfest and trade partner promotional campaigns.

On the operational front, we are proud to report ZERO drink-driving accidents in Malaysia and Singapore throughout 2019.

Carlsberg Malaysia Group has a strict zero-tolerance policy: conviction of drink-driving of any employee, regardless of whether an accident occurred, will lead to immediate dismissal. At no point are our employees required or obliged to consume alcohol excessively during the course of their work, even among external stakeholders such as our trade partners, customers or consumers.

In the year, we regret to report that an employee in Singapore was found by authorities to be driving over the legal BAC limit. The employee, which had an excellent performance track record in the company, was summarily dismissed following confirmation from the police report, underscoring our seriousness in enforcing the policy.

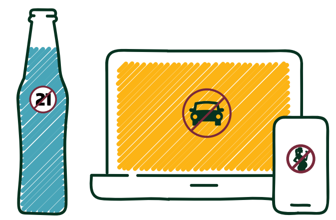
All customer- and consumer-facing employees, such as our sales and marketing colleagues, are equipped with breathalysers to use following market visits or work-related occasions where they may consume alcoholic beverages. Employees are strongly encouraged to make alternative arrangements such as taxis or e-hailing services which can be reimbursed.

Our Singaporean operations saw an increase in employee engagement for responsible drinking, with an estimated 300 subsidised rides redeemed for work-related activations and events in support of no drink-driving.

Carlsberg Singapore also participated in a campaign by the Singapore Alliance for Responsible Drinking (SARD). Named #HowMuchIsTooMuch, the campaign was held between December 2018 and February 2019 garnering 1,089 unique entries from more than 550,000 consumers reached.

ENABLE

Offer a wider set of alcohol-free choices in the near future that consumers can turn to on different drinking occasions.



INFORM

Inform positive drinking choices by providing responsible drinking information on packaging and online.

ENCOURAGE

Encourage consumers to make positive drinking choices through dialogue and engagement.

SUSTAINABILITY STATEMENT

ZERO ACCIDENTS CULTURE

2030 GLOBAL TARGETS

ZERO LOST-TIME ACCIDENTS

2022 GLOBAL TARGETS

REDUCTION IN ACCIDENT RATE YEAR ON YEAR

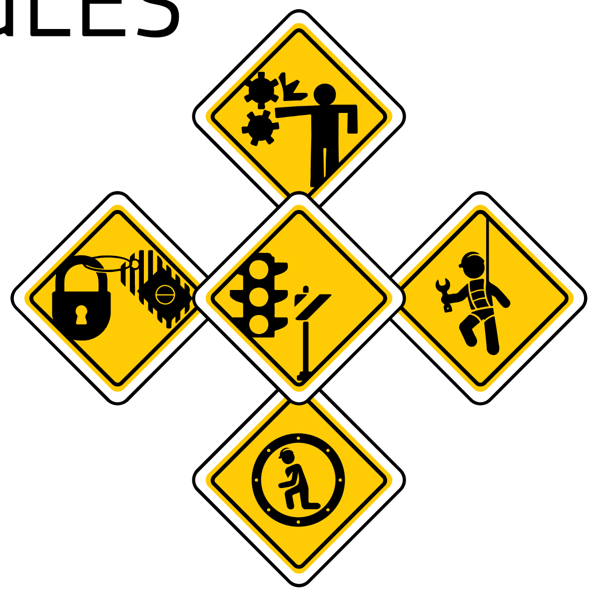
OF ALL THE VARIOUS CAPITALS ESSENTIAL TO THE CARLSBERG GROUP'S EFFORTS TO CREATE VALUE, OUR PEOPLE ARE THE FOREMOST PRIORITY AS THEY REPRESENT THE TALENT AND AMBITION THAT DRIVE OUR GLOBAL PURPOSE OF BREWING FOR A BETTER TODAY AND TOMORROW.

Their wellbeing and safety are and will always be our primary focus, embodied by our Together Towards ZERO Accidents Culture sustainability ambition.

The key risks of our ZERO Accidents Culture ambition are twofold – accidents occurring in our supply chain operations covering on-site production and facilities, and on-the-road accidents among our sales colleagues who drive company vehicles.

The Carlsberg Group's five Life-Saving Rules (LSRs) are:

LIFE SAVING RULES



1. LSR 1: Always follow traffic rules
2. LSR 2: Always follow lockout/tagout procedures
3. LSR 3: Never remove, bypass or impair safeguards or interlocks
4. LSR 4: Always follow work-at-height procedures
5. LSR 5: Always follow confined space entry procedures

While four of the five LSRs are most pertinent to supply chain operations, we believe that the inclusion of traffic rules remains a key focus to reducing accidents among other functions, where on-the-road accidents continue to warrant significant Group focus.

The recent global coronavirus (Covid-2019) outbreak at the end of 2019 highlights additional concerns to our business and employee wellbeing, further testing the Group's preparedness for external health and safety risks. We are pleased to report that our compliance to Good Manufacturing Practice (GMP), health and safety regulations on top of the Group's standard operating procedures has allowed us to develop a comprehensive framework safeguarding our Shah Alam brewing operations against potential contamination.

OUR AMBITION

We aspire to a ZERO Accidents Culture where all employees, regardless of function or location, play an active role in creating a safe working environment for all while ensuring compliance with operating and legal requirements.

We aim for a workforce that knowledgably and practically upholds safety rules and procedures and are empowered to identify risks and propose solutions, in a timely manner and to relevant channels, that enable us to reduce safety risks before they pose disruptions to our people, operations, and business sustainability.

The Enablon Safety app provides instantaneous reporting of safety concerns

OUR TARGETS

Per the Carlsberg Group's targets, we aim to reduce the number of accidents year-on-year with the aspiration to reach ZERO lost-time accidents by 2030.

In support of this, we aim to increase the efficacy of near-miss and safety concern reporting. This is based on the simple ethos of the more risks reported, the less chances of serious accidents resulting in lost-time and fatalities.

ZERO LOST-TIME ACCIDENTS

We are proud to record 770 consecutive days without lost-time accidents at the brewery as of 31 December 2019, beating the previous record of 405 days in 2018. As of March 2020, we have surpassed 830 days with an expectation to achieve the next milestone of 1,000 days before the end of 2020.

Our Singapore operations also reported zero on-the-job accidents within Carlsberg Singapore's direct reports or from our warehousing and logistics partners. MayBev Pte. Ltd., in which Carlsberg has a controlling stake, is aligned with and committed to the same health and safety standards as our warehousing operations.

Visibility on our health & safety targets, which reports safety concerns and near-misses upwards to fatalities, is presented as the first item of the agenda at every bi-weekly management meeting and is likewise cascaded at the monthly employee town halls.

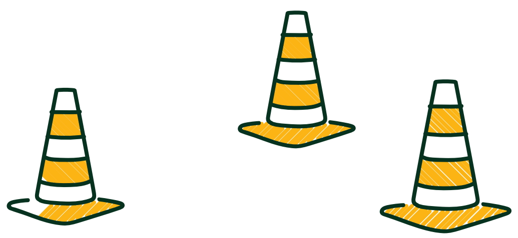
SUPPORTING THE GLOBAL GOALS

SDG 8 TARGETS

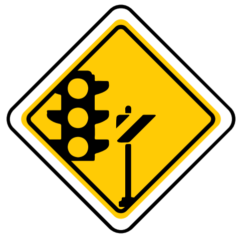
8.8:
Protect labour rights and promote safe and secure working environments for all workers.

Examples of our actions

- Embedding a ZERO accidents culture in employees and contractors through communication and initiatives.
- Management is committed to model desired behaviours, communicate consistently and engage with teams on health & safety.
- Our Shah Alam brewery is OHSAS 18001 certified.



SUSTAINABILITY STATEMENT



REDUCING TRAFFIC ACCIDENTS

In 2019, employees of our Malaysia operations met with 28 on-the-road accidents involving company vehicles throughout the course of their work. This accident rate is on par to what was recorded in 2018.

While the severity of accidents was less than the previous year, the total number of accidents still raises concerns on the safety of our employees – especially in sales – who form the majority of incidents recorded.

During the 2020 National Conference in December 2019, we distributed dual-camera dashcams to all employees in Malaysia driving company vehicles. The installation of these dashcams are mandatory and serve the following functions, among others:

- Incident reporting and investigation in the event of an accident.
- Ensure compliance to road safety and road traffic rules including no mobile phone usage while driving. The Security, Health & Safety Manager and security team are empowered to enforce random spot checks.
- All employees with company vehicles are provided with personal breathalysers which they must use and record the readings via the internal camera before operating their vehicle.

Following a pilot session in 2019, it is our plan to roll out defensive driving training for all sales employees in Malaysia driving company vehicles from 2020. Scheduled to be run in phases, training for the entire fleet comprising sales and marketing employees is estimated to be completed over the next two to three years.

HEALTH & SAFETY (H&S) INITIATIVES IN MALAYSIA

Employees are required to don high-visibility safety vests when entering the brewery or logistics areas within the Shah Alam brewery. This applies to administrative staff as well as visitors, where first-time contractors are required to attend a safety briefing detailing on-site safety regulations before entering.

In 2019, we introduced the Enablon Safety App to all employees. This provides easy, instantaneous reporting access for near-misses and safety concerns – the cornerstone of accident prevention. It replaces manual submissions of safety concerns.

In 2020, it is our target for each employee to submit at least two near-miss incidents or safety concerns throughout the year, regardless of function or location.

The top three occupational safety and health (OSH) initiatives in the brewery in 2019 were:

Lock Out, Tag Out (LOTO) and Machine Guarding Project

In support of LSR 2: Always follow lock out / tag out procedures, LOTO procedures were updated whereby personal LOTO locks were provided to all equipment operators and maintenance personnel with each individual's name, staff ID and phone number. LOTO locks are now standardised according to personnel, differentiating between operators, maintenance crew, and contractors.

Safety Visualisation

Pipe labels within the brewery have been updated with the latest Group and global standards, making it easier to identify hazardous pipe relays especially caustic and hot gases and liquids.

Handrail and Stairway Improvement

In accordance to LSR 4: Always follow work-at-height procedures, additional handrails have been installed in higher-risk elevated work areas alongside stair improvements for safe access in said areas.

Mandatory online and classroom trainings on LSR awareness and integration for all employees were conducted in 2019, comprising e-Learning for sales and administrative employees as well as practical training for Supply Chain employees. Other workplace-related H&S training included fire-fighting training, first-aid response, and chemical spillage and hazardous material (HAZMAT) training.

Two key audits were conducted during the year comprising an internal audit in July by the head of environment, safety and health of Carlsberg's Asia region and an external audit for our OHSAS 18001 standards in December.

Findings from both audits suggested improvements to be made for LOTO, machine guarding, traffic safety and confined space operating procedure which are addressed in our ongoing safety measures and personnel training.

For 2019, all line managers were enrolled in mandatory safety leadership training towards zero accidents, which was conducted via online training modules and personal training by the security, health and safety manager.

On 20 November 2019, we hosted the annual Safety Day at our Shah Alam brewery to reinforce compliance of the Life-Saving Rules and to share practical examples of safety risks including life-changing stories and educational presentations. Sharing on defensive driving tips, vehicle tyre inspection and safety, first-aid and cardio-pulmonary resuscitation (CPR) procedures, personal protective equipment (PPE) and fire-fighting techniques were found to be informative and relevant to our employees.

Following the threat of H1N1 and Covid-2019 infections from December 2019, non-contact infrared thermometers were deployed to check the body temperature of all employees, contractors and visitors entering the Shah Alam brewery. Individuals exceeding the body temperature of 38°C are denied entry into the brewery and are directed to the nearest clinic for a medical check-up to prevent the spread of contagions within brewery premises.

A standard response procedure is in place for the unlikely event that any employee is suspected to have contracted an epidemic-level contagion.

ADDITIONAL SECURITY MEASURES AT CARLSBERG MALAYSIA IN 2019

CCTV (Closed-circuit television)

Extension of camera coverage along the brewery perimeter to include the central sales depot building; CCTV system has also been upgraded to a fully digital system with better protection from power surges and risks of sabotage.

Collaboration with Local Police

Agreement with local police force for increased patrol at our brewery; regular meetings involving police in conjunction with the Malaysian International Chamber of Commerce & Industry and the Federation of Malaysian Manufacturers.

Site Office Improvements

Weigh-bridge upgraded for traffic control and CCTV monitoring; extension of similar security control measure to main gate of central sales depot building.

COMMITTING TOWARDS A RESPONSIBLE BUSINESS

WITHIN OUR MALAYSIAN AND SINGAPORE OPERATIONS, WE RECOGNISE THAT OUR CORPORATE SOCIAL RESPONSIBILITY EXTENDS FURTHER THAN THE COMPREHENSIVE SCOPE COVERED BY OUR TOGETHER TOWARDS ZERO SUSTAINABILITY AMBITIONS AND ECONOMIC CONTRIBUTIONS TO THE LOCAL ECONOMY. OUR ROLE AS A RESPONSIBLE BUSINESS ALSO INCLUDES, BUT IS NOT LIMITED TO, THREE ADDITIONAL AREAS NAMELY THE DEVELOPMENT OF OUR PEOPLE ASSETS, THE COMMUNITIES WE OPERATE WITHIN, AND A ROBUST BUSINESS ETHICS FRAMEWORK TOWARDS REGULATORY COMPLIANCE.

BUILDING A HIGH-PERFORMING CULTURE

Driving a high-performing culture is a continuous pursuit of the Carlsberg Malaysia Group in line with SAIL'22. Under the key strategic pillars of 'Performance Management', 'Reward & Recognise High Performance' and 'Right People on the Team', we delivered people-centric initiatives to create a winning team in 2019.

Our forward aspirations are to build strong employer branding gravitating towards "Local Heart, Global Strength" and create a diverse and inclusive organisation, where we can pride ourselves in a global mindset, a diverse talent base, equal opportunity, and inclusive leadership.

PERFORMANCE MANAGEMENT

In 2019, we relaunched the 3A (Alignment, Accountability, Action) framework to reiterate this critical enabler to accelerate as 'one team'. The sharpened 3A descriptors with more practical examples of day-to-day implementation were cascaded to all employees through monthly town halls, online training and various communication platforms.

To drive further alignment within the Group, the HR team also embarked on key performance indicator (KPI) alignment sessions among functions to create further inter-department synergy while breaking down operational silos. Visibility and clarity of corporate targets and strategic priorities are communicated via the monthly employee town halls and the annual national conference.

REWARD AND RECOGNISE PERFORMANCE

The Group continues to adopt a pay-for-performance philosophy, recognising high performers with career growth opportunities and remunerative incentives while underperformers are coached for improvements.

SAIL'22 Awards are given to recognise 3A champions. Nominees are chosen by their own peers, who then undergo evaluation by the senior management team for winning merit. Winning employees embody the three elements of the 3A framework.

A total of 58 employees received SAIL'22 Awards within the year, comprising individual and team categories.

Within the year, we also recognised employee loyalty through the Group's long-service awards, where 39 employees were lauded for 5, 10, and 25-year tenures.

SOMETHING'S BREWING: CARLSBERG'S NEW EMPLOYER BRANDING

A STRONG EMPLOYER BRAND ENGAGES EXISTING EMPLOYEES AND ATTRACTS NEW TALENTS. DURING OUR 2020 NATIONAL CONFERENCE ON 9 DECEMBER 2019, WE LAUNCHED OUR NEW EMPLOYER BRANDING WITH THE CORE POSITIONING STATEMENT OF "LOCAL HEART, GLOBAL STRENGTH". THIS INITIATIVE DRIVEN BY THE GROUP SHOWCASES WHO WE ARE AS AN EMPLOYER AND HOW IT IS LIKE TO WORK IN CARLSBERG.

What differentiates Carlsberg as an employer are three core pillars: Purpose, Pride, and Performance

Purpose
We look back to move forward

Pride
We proudly trust our brands

Performance
We go above and beyond

Our new employer branding will be communicated through various channels, such as recruitment collaterals and social media platforms such as LinkedIn, job portals, and our career website.

As part of continued efforts in promoting employer branding, Carlsberg Malaysia participated in career fairs and collaborated closely with universities to extend internship and employment opportunities to students approaching the end of their studies.

Almost 1,300 students were engaged in three universities including a graduate recruitment workshop which prepared attendees for job interviews with real-world insights from our HR recruitment team.

Number of people directly employed:
666 Malaysia: 593 Singapore: 73

Indirect employment (sales promoters):
1,357 Malaysia: 1,119 Singapore: 238

Training and development for Malaysia and Singapore:
RM665,000

Total hours of training for Malaysia and Singapore:

Production:
2,631 hours

Logistics:
1,010 hours

Sales & Marketing:
5,322 hours

Corporate Functions:
2,164 hours

SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

RIGHT PEOPLE ON THE TEAM

Carlsberg Malaysia prides ourselves in developing and accelerating career growth of our talent. To facilitate accelerated development, priority is given to internal talent to fill job vacancies. In 2019, 45% of job vacancies were filled by existing employees.

"I HAVE BEEN GIVEN OPPORTUNITIES TO TAKE ON THREE DIFFERENT ROLES IN A SPAN OF LESS THAN THREE YEARS, GETTING AN OVERVIEW OF THE BUSINESS NOT JUST ON LOCAL SCALE BUT ON A GLOBAL SCALE AS WELL."

— FANG QING YAO

- Senior Manager, Channel Marketing (2019)
- Senior Brand Manager (2018)
- Manager, Business Development (2017)

"IN 2019, I WAS PROMOTED TO ASSISTANT MANAGER IN CHARGE OF THE BREWERY'S CANNING LINE, AND ALSO ASSIGNED TO LEAD THE FORKLIFT TEAM IN PACKAGING OPERATIONS. THESE CAREER MOVES HELPED ME TO GAIN MORE EXPERIENCE IN LEADERSHIP AS A MANAGER."

— THANASEKARAN A/L NAVARATHANAM PILLAY

- Assistant Manager, Line Operations (2019)
- Shift Manager (2013)
- Team Leader (2011)

"I'VE GAINED A WIDE SPAN OF EXPERIENCE AS A BUSINESS PARTNER TO OUR SALES PROMOTERS AND I WAS ABLE TO FOSTER A STRONGER RELATIONSHIP WITH THEM. A YEAR LATER, I WAS GIVEN THE OPPORTUNITY TO BE A BUSINESS PARTNER TO THE SALES TEAM. THE SCOPE IS MORE CHALLENGING, BUT IT KEEPS ME MOTIVATED TO KNOW THAT THERE IS SO MUCH MORE TO LEARN IN THE COMING YEARS."

— WOO YI LEI

- Assistant Manager, Business HR (2020)
- Senior Executive, Business HR (2018)
- HR Specialist (2018)
- HR Specialist (Contract, 2017)

TRAINING:

- **92** Learning and development programmes
- **57** Internal development programmes
- **30** External and overseas trainings
- **5** Lunch & Learn sessions

55 NATIONWIDE HR ROADSHOWS:

- LEAD Fundamental workshops
- MyVoice focus groups

We continued to develop our people holistically via the 70/20/10 learning principle, while need-based learning was implemented year-long to build employees' capabilities.

In our endeavours to grow future leaders, 17 employees across functions embarked on the LEAD Business Diploma, a six-month programme with eight core business modules aimed at building business acumen. Participants graduated at the end of the year after a final project presentation to Carlsberg Malaysia's leadership team.

We continued to build a pipeline of young talent through our Management Trainee Programme. From the current pool, 25% of our management trainees have accepted permanent roles within the Group while 37% will embark on regional assignments in 2020. Carlsberg Malaysia is seeking to recruit more management trainees in the 2020 intake.

EMPLOYEE ENGAGEMENT

Through the biennial MyVoice employee survey, employee engagement and satisfaction scores in Malaysia rose five percentage points from 2017 to 75% in 2019.

The increased scores underline the Group's efforts in translating employee feedback into actionable initiatives and processes, creating a two-way conversation in the spirit of alignment.

Our part-time sales promoters, who number over 1,300 across Malaysia and Singapore and are the backbone of beer sales in restaurants and coffeeshops throughout our markets, were also engaged in roadshows, personal presentation and grooming courses, appreciation dinners and brewery visits.

Carlsberg Malaysia is not all work and no play! Through the Sports & Recreation Club (SRC), employees can build interpersonal and inter-functional relationships through festive celebrations during Chinese New Year and Deepavali, sports tournaments and weekly activities, the annual weekend treasure hunt, and movie nights.

We also celebrated employee diversity during the International Women's Day, International Men's Day, and prioritised a healthy workplace and personal wellbeing through activities in conjunction with World Health Day.

SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

LIVE BY OUR COMPASS

It is a clear requirement that all employees must comply with Carlsberg's Code of Ethics and Conduct as any non-compliance will pose serious reputation risks and financial consequences to the Group.

This fundamental work ethic is represented within Live by Our Compass, a Group-wide programme that provides detailed guidance on ethical behaviour and emphasises the importance of integrity as part of Creating a Winning Culture.

For 2019, the Group identified three key priorities in legal compliance with direct consequences to business operations. They were competition law, anti-bribery and corruption, and data protection.

Over 400 employees were identified for mandatory training under one or more of these modules, which was done over 21 face-to-face sessions, remote calls and e-learning – all with a 100% completion rate.

The Carlsberg Group has a whistleblower system that enables employees to report activities that may involve criminal conduct or violations of the Carlsberg Group's policies and guidelines. We embrace an 'open-door' culture and all employees are encouraged to talk to their managers, or manager's manager, if they believe there has been a breach. They can escalate their concerns directly to their HR business partner, the Group's legal counsel, head of internal audit or directly to the VP of Compliance of the global Carlsberg Group.

Employees can also escalate concerns via email to a Speak Up mailbox, a secured web-based complaint platform, or a telephone line with a designated access code that is hosted by a third-party service provider.

SUPPORTING LOCAL COMMUNITIES

Our flagship community programme, the Top Ten Charity Campaign, just kept getting better in 2019, concluding more than 30 years of fundraising with another humbling success!

Top Ten Charity campaign fundraising concerts were held across Peninsular Malaysia and Sabah, including four in Selangor, two each in Perak and Johor, and in Sabah, Kedah, Negeri Sembilan, Penang and Melaka, raising RM26.4 million for 13 schools in our constant pursuit of better for Chinese education.

The successful 2019 run has brought the campaign's running tally to over RM547 million to date benefitting more than 640 schools – a feat still unmatched in Malaysia!

Acclaimed as Probably The Best Fundraising Platform for Chinese education, the Top Ten Charity Campaign has been championing the development of Chinese education in Malaysia since 1987, benefiting thousands of students with better school infrastructure and sports facilities. The campaign also holds two records in the Malaysia Book of Records as the longest-running Chinese charity concert with the highest funds raised.

The Top Ten Charity Campaign is unique as a CSR model; it involves strong partnerships between Carlsberg Malaysia, its media partners, the local entertainment industry and artistes, government stakeholders, and the boards, parent-teacher associations, teachers, and supporters of the beneficiary schools. The ecosystem created within the Top Ten Charity Campaign and the continued commitment by Carlsberg and its partners are a winning combination for the sustainability of an established, successful campaign.

The schools raise funds by selling tickets to the concerts and sit-down dinners, with stage performances and promotional activities led by Carlsberg Malaysia. Attendees can also pledge more donations on top of the ticket price. During the lead-up to the concert, schools also appeal to supporters, parents, and the local community for funding. The concert then becomes a rallying point for fundraising from the community. It is a pioneering platform that brings schools and communities together year after year, contributing towards the success of Chinese education for the long-term benefit of future generations.

Top Ten Charity was a key driver in Carlsberg Malaysia's win for The Edge's Billion Ringgit Club Best Corporate Responsibility Award last year and was a point of pride for our inclusion in the FTSE Russell FTSE4Good Bursa Malaysia index.

We are grateful for the support of the Chinese community and the close rapport we have with the Chinese education fraternity, and we pledge to continue spearheading this fundraising campaign in the years to come.

Carlsberg Malaysia welcomes applications from schools for the campaign's upcoming charity concerts starting from end-June to November 2020. For more information on the Top Ten Charity Campaign, visit **www.toptencharity.com.my.**

MOVING FORWARD

Inspired by our founder's Golden Words and brand betterments, Carlsberg Malaysia Group is in a constant pursuit of better in our economic, environmental, and social priorities underscored by our Together Towards ZERO ambition.

Instead of pure sponsorships, which are only beneficial in the short term, we seek partnerships for value co-creation in the areas we operate in. We welcome proposals from local communities and NGOs seeking to emulate or enhance our corporate social responsibility efforts.

In doing so, we retain our ambition of becoming the most successful, professional and attractive brewer in our markets moving into 2020 and beyond.

This statement was approved by Board Resolution dated 9 April 2020

MANAGEMENT TEAM

From left to right:

1. **Lim Chee Keat**
2. **Pauline Lim Maan Heong**
3. **Lew Yoong Fah**
4. **Caroline Moreau**
5. **Koh Poi San**
6. **Olivier Dubost**
7. **Gary Tan Sim Huan**
8. **Pearl Lai Ming Choo**
9. **Stefano Clini**
10. **Peter Wachenschwanz**

PROFILE OF **MANAGEMENT TEAM**

STEFANO CLINI
Managing Director

Date of Appointment
26 October 2019

Age 53

Academic/Professional Qualification(s)
- Bachelor's Degree in Business and Economics, Libera Università Internazionale degli Studi Sociali Guido Carli (LUISS)

Work Experience

Mr. Clini has overall responsibility for the Carlsberg Malaysia Group, covering our operations in Malaysia and Singapore, and oversees Carlsberg's investment in Sri Lanka.

He joined the Carlsberg Group in September 2017 as the Managing Director of Carlsberg Vietnam Breweries Ltd. and was previously Managing Director of British American Tobacco Malaysia from 2013 to 2016.

He has 30 years of experience in the global consumer goods industry with leadership and commercial roles in Italy, Belgium, Switzerland and Turkey.

LIM CHEE KEAT
Chief Financial Officer

Date of Appointment
12 February 2018

Age 48

Academic/Professional Qualification(s)
- Member of the Malaysian Institute of Certified Public Accountants (MICPA)
- Member of the Malaysian Institute of Accountants (MIA)
- Bachelor of Accounting, (Honours), University of Malaya

Work Experience

Mr. Lim is responsible for the finance, investor relations, as well as IT functions.

Prior to joining the Company, he was the Director and CFO of a telecommunications company based in Jakarta.

GARY TAN SIM HUAN
Sales Director

Date of Appointment
17 August 2009

Age 49

Academic/Professional Qualification(s)
- BA (Hons) Economics, University of Malaya

Work Experience

Mr. Tan oversees the sales and distribution functions of the duty-paid business within the Malaysia operations.

Mr. Tan has more than 20 years of experience in the Fast-Moving Consumer Goods (FMCG) business.

Prior to joining the Company, he was the Customer Development Director of Unilever Malaysia.

CAROLINE MOREAU
Marketing Director

Date of Appointment
7 January 2019

Age 45

Academic/Professional Qualification(s)
- Master's degree (ESCP-EAP), PSB Paris School of Business, France

Work Experience

Ms. Caroline oversees the brand and channel marketing, market research, market intelligence and business development functions.

She has been with the Carlsberg Group since 2007 where her last role was as Commercial Director of Global Craft and Specialty Beer. She has more than 20 years of international experience in the Fast-Moving Consumer Goods (FMCG) industry.

PETER WACHENSCHWANZ
Senior Supply Chain Director

Date of Appointment
1 February 2020

Age 34

Academic/Professional Qualification(s)
- Master Brewer and State-certified Production Manager for Brewing and Beverage Technology, Doemens Akademie, Germany

Work Experience

Mr. Wachenschwanz is responsible for leading Supply Chain operations in both Malaysia and Singapore.

He first joined Carlsberg in 2008 and subsequently held various roles in Europe and Asia within Supply Chain.

Prior to joining the Company, he was Director, Global Manufacturing Process for the Carlsberg Group.

He has 15 years' experience in the brewing industry, being involved in initiatives in over 40 manufacturing sites across 15 countries.

PAULINE LIM MAAN HEONG
Human Resources Director

Date of Appointment
25 November 2019

Age 42

Academic/Professional Qualification(s)
- BA (Hons) in Human Resource Management & Marketing, Middlesex University
- Master's degree in HR Management & Industrial Relations, University of Newcastle, Australia

Work Experience

Ms. Lim is responsible for HR operations, talent management and organisation development for the Malaysia operations. She also oversees the HR function of the Singapore operations.

Ms. Lim brings with her almost 20 years of experience in HR management in diverse industries, including locally listed and multi-national organisations.

PEARL LAI MING CHOO
Corporate Communications and CSR Director

Date of Appointment
1 July 2014

Age 39

Academic/Professional Qualification(s)
- Bachelor of Social Science (Hons) Communication Studies, University Malaysia Sarawak

Work Experience

Ms. Lai first joined the Company in September 2005, and is currently responsible for strengthening the overall reputation of the Carlsberg Malaysia Group through purpose-driven profiling via internal communications, external affairs, sustainability developments, marketing activation and the brewery visit experience within the Malaysian operations.

She also oversees key communications and sustainability priorities in the Singapore operations.

LEW YOONG FAH
Government Affairs and Duty-Free Director

Date of Appointment
6 February 2017

Age 51

Academic/Professional Qualification(s)
- MBA, University of Malaya
- Fellowship of Association of Chartered Certified Accountants (ACCA)
- Member of Malaysian Institute of Accountants (MIA)

Work Experience

Mr. Lew joined the Company on 5 January 2010 as Chief Financial Officer and was re-designated in 2017 to manage all matters relating to government affairs, duty free and export activities as well as security for the Malaysia operations.

He also represents the Company on the committee of the Confederation of Malaysian Brewers Berhad (CMBB).

KOH POI SAN
Legal Director and Company Secretary

Date of Appointment
17 February 2020

Age 44

Academic/Professional Qualification(s)
- LLB (Hons), University of London, United Kingdom
- Certificate in Legal Practice
- Diploma in Investment Analysis, Research Institute of Investment Analysis Malaysia & Royal Melbourne Institute of Technology
- Licensed Secretary under Section 20(G) of the Companies Commission of Malaysia Act 2001

Work Experience

Ms. Koh is responsible for legal and compliance for both Carlsberg Malaysia and Singapore as well as helming the debt recovery function in Malaysia.

She has more than 19 years of experience as a partner of a law firm and in her last role as Vice President, Legal Compliance & Land Management and Company Secretary for an established company in the cement industry.

OLIVIER DUBOST
General Manager, Carlsberg Singapore Pte. Ltd.

Date of Appointment
6 February 2018

Age 46

Academic/Professional Qualification(s)
- MBA, ESCP, Management Business School of Paris

Work Experience

Mr. Dubost is responsible for the business, people and sustainability development functions of the Singapore operations.

He also represents the Company in handling matters pertaining to government affairs.

Since joining the Carlsberg Group in 2011, Mr. Dubost had held the position of Vice President of Marketing at Brasseries Kronenbourg in France from 2011 to April 2016, a company owned by the Group. Prior to helming Carlsberg Singapore, he was Vice President Commercial of Carlsberg Asia from 2016 to 2018.

He has 25 years' experience in global consumer goods in Spain, UK, France and Asia.

PROFILE OF THE DIRECTORS

PROFILE OF THE DIRECTORS

AC Audit Committee

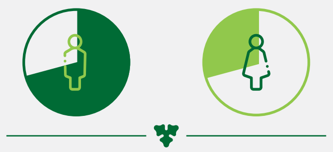
NRC Nomination & Remuneration Committee

RMC Risk Management Committee

——— Chairman

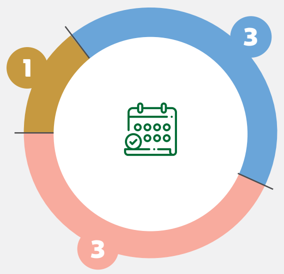
······· Member

GENDER RATIO



71%: Male **29%:** Female

BOARD TENURE



- Less than 1 year
- 1-3 years
- 3 years above

Other information on directors:

- *Each director does not have any family relationships with any directors and/or major shareholders of the Company.*
- *Each director does not have any conflict of interest with the Company.*
- *Each director does not have any convictions for offences within the past five years and imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2019 other than traffic offences, if any.*
- *Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 80 to 95 of this Annual Report.*

DATUK TOH AH WAH

Age 62

P.M.W.
Independent Non-Executive Chairman

AC NRC RMC

Date of Appointment
17 May 2017

Length of Service (as of 24 March 2020)
2 years 10 months (Chairman since 12 April 2018)

Date of last Re-election
Re-elected 12 April 2018

Academic/Professional Qualification(s)
- Bachelor of Commerce from Concordia University of Montreal, Canada

Work Experience and Present Directorship(s)
Datuk Toh Ah Wah joined Rothmans of Pall Mall (Malaysia) Berhad in July 1981 and stayed with this organisation throughout his professional career – this included being merged into the British American Tobacco (Malaysia) Berhad in 1999 and retiring from BAT Malaysia at the end of June 2013.

Datuk Toh spent the first 10 years in Sales and Marketing in Malaysia. He subsequently began a succession of increasingly challenging line roles throughout the Asia-Pacific region including China, Hong Kong, Taiwan, New Zealand, South Asia and Southeast Asia.

This culminated in his appointment as Managing Director of BAT Malaysia in October 2009, the first and only Malaysian to have ever held this position.

Datuk Toh also sits on the board of Petronas Chemicals Group Berhad and is a trustee of CHOICE Foundation.

STEFANO CLINI

Age 53

Managing Director

RMC

Date of Appointment
26 October 2019

Length of service (as of 24 March 2020)
5 months

Date of last Re-election
N/A

Academic/Professional Qualification(s)
- Bachelor's Degree in Business and Economics, Libera Università Internazionale degli Studi Sociali Guido Carli (LUISS)

Work Experience and Present Directorship(s)
Mr. Stefano Clini is responsible for Carlsberg's Southeast Asia sub-region comprising Malaysia and Singapore and oversees the Group's investment in Sri Lanka.

Prior to his current appointment, Mr. Clini was Managing Director of Carlsberg Vietnam Breweries Ltd from 2017 to 2019 where he led a successful turnaround with record growth in both top- and bottom-line. He was previously Managing Director of the British American Tobacco Malaysia from 2013 to 2016, overseeing operations in Malaysia and Singapore.

He has 30 years of experience in the global consumer goods industry and had held various senior leadership and commercial roles within H.J. Heinz in Italy from 2005 to 2013 and Procter and Gamble (P&G) in Italy, Belgium, Switzerland and Turkey from 1990 to 2005.

Mr. Clini is currently the Chairman of Carlsberg Singapore Pte. Ltd. He is also on the Board of Carlsberg Marketing Sdn. Bhd., a wholly owned subsidiary of Carlsberg Brewery Malaysia Berhad, the Malaysian Danish Business Council and Maybev Pte. Ltd., a 51% owned subsidiary by Carlsberg Singapore Pte. Ltd., Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC.

He is also a member of the Governing Council of the Confederation of Malaysian Brewers Berhad.

CHEW HOY PING

Age 62

Independent Non-Executive Director

AC NRC RMC

Date of Appointment
23 May 2014

Length of Service (as of 24 March 2020)
5 years 9 months

Date of last Re-election
Re-elected 10 April 2019

Academic/Professional Qualification(s)
- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants

Work Experience and Present Directorship(s)
Mr. Chew Hoy Ping spent 30 years of his career with PricewaterhouseCoopers (PwC) in various positions since joining in 1976, including 15 years as a partner of the firm.

Whilst at PwC, he was involved in a diverse range of professional services including auditing, corporate finance and business recovery. He held several leadership roles in PwC including Asia Pacific Chairman of Financial Advisory Services, Risk Management & Independence Leader, Deputy Chairman of the Governance Board, and a member of the Country Management Team. Mr. Chew was also with PwC Houston, Texas (1982-1984) and Bank Negara Malaysia (1986-1988). After PwC, he was the Chief Financial Officer for Southern Bank Berhad (subsequently acquired by CIMB) for about a year until mid-2006.

Mr. Chew is currently an Independent Non-Executive Director of Mulpha International Berhad (MIB) and Mudajaya Group Berhad (MSC) where he is the chair of their respective Audit Committees. He also sits on the Board of Ge-Shen Corporation Berhad where he is a member of its Audit Committee.

PROFILE OF THE DIRECTORS

PROFILE OF THE DIRECTORS

GRAHAM JAMES FEWKES

Age 52

Non-Independent Non-Executive Director

Date of Appointment
Re-appointed to the Board on 26 February 2016

Length of Service (as of 24 March 2020)
4 years (served on the Board previously from 12 March 2009 to 23 May 2014)

Date of last Re-election
Re-elected 12 April 2018

Academic/Professional Qualification(s)
- BA (Hons) History, University of York, United Kingdom

Work Experience and Present Directorship(s)
Mr. Graham Fewkes was previously a Board member of the Company from 12 March 2009 to 23 May 2014.

Mr. Fewkes is currently the Executive Vice President, Asia of Carlsberg Breweries A/S with management responsibility for the Group's Asia and Africa operations.

Mr. Fewkes has worked in a range of commercial and senior management roles for international companies such as Grand Metropolitan PLC, Fosters Group and Scottish and Newcastle PLC, where he served as Commercial Director in the BBH joint venture in Russia and Eastern European markets.

He joined the Carlsberg Group in October 2008 and returned to Asia after serving as the Carlsberg Group's Global Chief Commercial Officer based in Copenhagen. He also sits on the Board of several private companies within the Carlsberg Group.

ROLAND ARTHUR LAWRENCE

Age 61

AC

Non-Independent Non-Executive Director

Date of Appointment
28 August 2012

Length of Service (as of 24 March 2020)
7 years 6 months

Date of last Re-election
Re-elected 12 April 2018

Academic/Professional Qualification(s)
- Fellow Certified Practicing Accountant (FCPA) in Australia
- Master of Enterprise, Melbourne University
- Postgraduate Diploma, Business, Deakin University, Australia
- BA (Hons), National University of Singapore

Work Experience and Present Directorship(s)
Mr. Lawrence is currently the Vice President Finance, Asia of Carlsberg Breweries A/S.

He is also Chairman of Chongqing Brewery Company Limited, and holds directorships in Carlsberg Vietnam Breweries Limited, Carlsberg India Private Limited, Gorkha Brewery Private Limited, Carlsberg Asia Pte. Ltd., Carlsberg Brewery Hong Kong Limited, Lao Brewery Co. Ltd., and Myanmar Carlsberg Co. Ltd.

He was previously SVP and CFO Walmart (China) between 2008 and 2011 in China. In Australia, he worked mainly for the Coles Myer Group. His roles included being the General Manager, Group Planning & Finance, Coles Group and General Manager, Finance, Coles Supermarkets.

MICHELLE TANYA ACHUTHAN

Age 48

RMC

Independent Non-Executive Director

Date of Appointment
30 November 2017

Length of Service (as of 24 March 2020)
2 years 3 months

Date of last Re-election
Re-elected 12 April 2018

Academic/Professional Qualification(s)
- Certified professional coach accredited by the International Coach Federation (ICF)
- Certified Neuro Linguistics Programming practitioner accredited by the Association of Neuro Linguistics Programming (ANLP)

Work Experience and Present Directorship(s)
Ms. Michelle Achuthan has close to three decades of experience in the advertising industry, last serving as Managing Director of Wavemaker following a merger of GroupM's MEC and Maxus agencies. She was previously Managing Director of MEC from 2015.

Prior to that, she spent over a decade at BBDO Malaysia in various positions before leaving as its Managing Director. Ms. Achuthan also has experience within industry stalwarts JWT and Saatchi & Saatchi overseeing diverse business sectors including airlines, FMCG, tourism, luxury goods, finance, telecommunications, retail and F&B.

CHOW LEE PENG

Age 51

Non-Independent Non-Executive Director

Date of Appointment
16 August 2018

Length of Service (as of 24 March 2020)
1 year 7 months

Date of last Re-election
10 April 2019

Academic/Professional Qualification(s)
- Graduate of the University of New South Wales, Australia
- Qualified accountant
- Qualified lawyer admitted to practise law in Malaysia and Hong Kong

Work Experience and Present Directorship(s)
Ms. Chow Lee Peng has practised law in private practice and as an in-house counsel for more than 25 years in Malaysia, Hong Kong, Singapore, and Mainland China. She is currently Vice President - Legal, Asia of Carlsberg.

Prior to joining Carlsberg, Ms. Chow was the Mainland China Head of Legal of Diageo during which she served as the Chairman of the Supervisory Board of Shuijingfang, a Chinese white spirit company listed on the Shanghai Stock Exchange.

She has extensive experience in M&A, corporate and compliance affairs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD OF DIRECTORS IS FULLY COMMITTED TO ENSURING THAT THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE ("CG") INCLUDING ACCOUNTABILITY AND TRANSPARENCY ARE PRACTICED 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 principles and practices of the Malaysian Code on Corporate Governance ("Code") towards achieving corporate excellence.

The CG Overview Statement is prepared in compliance with Paragraph 15.25(1) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad and it is to be read together with the CG Report which comprised the detailed application for each practice as set out in the Code. The CG Report is available on the corporate website: *www.carlsbergmalaysia.com.my.*

The ensuing paragraphs describe the extent of how the Group has applied and complied with the principles and best practices of the Code for the financial year ended 31 December 2019.

A BOARD LEADERSHIP AND EFFECTIVENESS

Part I - Board Responsibilities

1. Board's Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board leads and has effective controls over 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 matters reserved for the collective decision of the Board are listed in the Appendix A of the Board Charter which is available on the corporate website - *www.carlsbergmalaysia.com.my.*

The Board has oversight on matters delegated to the Management whereby updates are reported at least on a quarterly basis. The Group adopts a Chart of Authority approved by the Board which the Management has to adhere to in carrying out its day-to-day functions.

The roles and responsibilities of the Board as set out in the Board Charter are clear and distinct from that of the Managing Director. 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. The Board has delegated specific responsibilities to the following committees ("Committees"):

AUDIT COMMITTEE ("AC") *renamed with effect from 21 February 2020*	NOMINATION AND REMUNERATION COMMITTEE ("NRC")	RISK MANAGEMENT COMMITTEE ("RMC") *was established on 21 February 2020*

The powers delegated to the Committees are set out in the Terms of Reference of each of the Committees as approved by the Board and set out in the Appendices B, C and D of the Board Charter.

A BOARD LEADERSHIP AND EFFECTIVENESS

Part I - Board Responsibilities

1.2 The Chairman

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 Chairman is committed to good CG practices and has been leading the Board towards a high performing culture.

1.3 Chairman and Managing Director

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 Managing Director oversees the day-to-day management and running of the Group and the implementation of the Board's decisions and policies.

1.4 Qualified and Competent Company Secretary

The role of the Company Secretary is currently held by Ms. Koh Poi San, Legal Director and Company Secretary. She was appointed on 19 February 2020 to carry out the responsibilities in providing support to the Board as follows:

(a) Ensure compliance of listing and related statutory obligations as well as updates on regulatory requirements, codes, guidance and relevant legislation;
(b) Ensure adherence to board policies and procedures, rules, relevant laws and best practices on CG;
(c) Attend Board, Committees and General Meetings, and ensure the proper recording of minutes as well as follow-up on matters arising;
(d) Ensure proper upkeep of statutory registers and records and maintain a secured retrieval system which stores meeting papers and minutes of meetings; and
(e) Assist the Chairman in the preparation for and conduct of meetings in terms of policies and procedures, and updates on regulatory requirements, codes, guidance and relevant legislation.

The Company Secretary has the requisite credentials and is qualified to act as company secretary under Section 235(2) of the Companies Act 2016.

The Group also engages the services of Tricor Corporate Services Sdn Bhd, an external consultant, on corporate secretarial matters and compliance to provide additional advice on issues pertaining to compliance and CG.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A BOARD LEADERSHIP AND EFFECTIVENESS

Part I - Board Responsibilities

1.5 Access to Information and Advice

All Directors have full and unrestricted 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.

All Directors are furnished with a comprehensive Board File including the meeting agenda usually not less than seven (7) days 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 Board and committees and other major operational, financial, compliance and legal issues. In addition, there is a schedule of matters reserved specifically for the Board's decision. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

A secured online portal has been created to allow the Directors to have online access to the Board File, updates and other relevant documents. This portal enables sharing of updated information and documents with the Directors and amongst the Directors themselves.

2. Demarcation of Responsibilities

2.1 Board Charter

The Board Charter was adopted by the Board on 27 August 2013. Any subsequent amendment to the Charter can only be approved by the Board. Apart from setting out the roles and responsibilities of the Board, the Board Charter also outlines the membership guidelines, procedures for Board Meetings, Directors' remuneration, and investor relations and shareholder communication, as well as the matters reserved for collective decision of the Board.

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available on the corporate website - *www.carlsbergmalaysia.com.my.*

3. Good Business Conduct and Corporate Culture

3.1 Code of Ethics & Conduct

The Group has embedded the 'Live by our Compass' programme in the Group culture by implementing the ethical standards for conducting business with integrity valued by the Carlsberg Group. The Group has adopted the 'Code of Ethics & Conduct' (the "COEC"), introduced by the Carlsberg Group to help its employees to make the right choices and to act appropriately in response to ethical dilemmas in their daily work. The COEC applies to the Management, employees and contract workers of the Carlsberg Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A BOARD LEADERSHIP AND EFFECTIVENESS

Part I - Board Responsibilities

THE COEC HAS 14 KEY AREAS

1. Compliance with laws and company policies
2. Anti-corruption and anti-bribery laws
3. Trade sanctions and export control laws
4. Competition law
5. Data protection and privacy laws
6. Responsible drinking
7. Conflicts of interest
8. Insider trading and handling of inside information
9. Protection and proper use of corporate assets
10. Confidential and proprietary information
11. Work environment
12. Gifts, meals and entertainment
13. Political activities and donations
14. Accuracy of books, records and public reports

The COEC is extensive but not exhaustive and the Group expects its employees to exercise sound judgement in their decision-making in order to adhere to the highest ethical standards. The COEC will be reviewed periodically.

In order to bring the COEC to life, employees are trained on the ethical standards set out in the COEC. As part of this training, the Group has implemented an e-learning module that makes employees aware of ethical behaviours that are meaningful for the Carlsberg Group and need to be followed. In 2019, employees across the Group in higher-risk roles received face-to-face training on data protection, anti-bribery and corruption and competition law. New joiners are enrolled in e-learning on competition law and COEC. This will continue in 2020, alongside the roll-out of a new anti-bribery and corruption e-learning course. Training is essential for maintaining awareness of the importance and details of our policies, and our compliance programme as a whole.

The Group also adopted the Carlsberg Group's new policy structure which was launched in 2017 to support more effective and ethical business conduct. There are 30 group policies and around 200 manuals supporting the policies which are divided into:

- GOVERNANCE & STRATEGIC RISKS
- LEGAL AND COMPLIANCE RISKS
- FINANCIAL RISKS
- OPERATIONAL RISKS

The policies aim to mitigate the main the Group risks, protect our brands and highlight what is expected of employees. The policies explain what is expected and supporting manuals explain how the employees should comply to the requirements set.

A BOARD LEADERSHIP AND EFFECTIVENESS

Part I - Board Responsibilities

3.2 Carlsberg's Whistleblowing Policy

Carlsberg embraces an 'open-door' culture and all employees are encouraged to seek advice from their line managers, if they believe there is a violation of the COEC. As per the local whistleblowing policy, an employee is required to report any violation to the Legal Director and Company Secretary who is responsible for compliance related matters or the Head of Internal Audit who is functionally independent of the business operations. Alternatively, an employee may choose to escalate the violation directly to the VP of Compliance at Carlsberg Group. To do so, the employee could escalate via an email to a Speak Up mailbox (SpeakUp@Carlsberg.com), a secured web-based complaint platform (*https://www.speakupfeedback.eu/web/wep4br/my*) or a telephone line (1-800-88-4307) with designated access code that is hosted by a 3rd party service provider.

The Board has adopted the above as the Group's whistleblowing policy, which encompasses the Speak Up Policy introduced by Carlsberg Group. This whistleblowing policy is also extended to all business partners of the Group. All cases lodged within the framework of this policy will be overseen by the Board, through the AC Chairman. This applies to all whistleblowing cases including those reported via the channels provided by Carlsberg Group, as there is a policy of mutual communication between the Group and Carlsberg Group.

Part II - Board Composition

4. Board's Objectivity

4.1 Composition of the Board

Currently, the Board has seven (7) members as set out below:

	Independent	Non-Executive
1. Datuk Toh Ah Wah	✓	✓
2. Stefano Clini	✗	✗
3. Roland Arthur Lawrence	✗	✓
4. Chew Hoy Ping	✓	✓
5. Graham James Fewkes	✗	✓
6. Michelle Tanya Achuthan	✓	✓
7. Chow Lee Peng	✗	✓
	3 out of 7	**6 out of 7**

The three (3) Independent Directors representing approximately 43% of the Board demonstrate independence of judgment and ensure board decisions are made objectively in the best interests of the Group.

A BOARD LEADERSHIP AND EFFECTIVENESS

Part II - Board Composition

4.2 Tenure of Independent Director

The cumulative tenure of each Independent Director of the Company, namely Datuk Toh Ah Wah, Mr. Chew Hoy Ping and Ms. Michelle Tanya Achuthan, does not exceed a cumulative term of nine (9) years respectively.

4.3 Policy of Independent Director's Tenure

The Board Charter stipulates that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's redesignation as a Non-Independent Director. Otherwise, the Board must justify and seek shareholders' approval at the Annual General Meeting in the event it retains the Director as an Independent Director.

4.4 Diverse Board and Senior Management Team

Appointment of Board and senior management are based on objective criteria, merit and besides gender diversity, due regard are placed for diversity in skills, experience, age and cultural background. Please refer to the Profile of the Directors and the Senior Management Team on pages 76 and 74 respectively for further information.

4.5 Gender Diversity

The Board is supportive of gender diversity in the Board composition and Senior Management. For the financial year 2019, two out of the seven (29 percent) Board members are women, with one of the female Board members being an Independent Director. The profiles of the Directors are set out on pages 76 to 79 of this Annual Report.

The Board through the Nomination and Remuneration Committee will continue to consider gender diversity as part of its future selection of female board representation.

4.6 New Candidates for Board Appointment

The shortlisted candidates whom were not known to the existing Board members, were interviewed by the Nomination and Remuneration Committee and thereafter, met with the Board of Directors for endorsement of appointment. Mr. Stefano Clini was also interviewed by the Nomination and Remuneration Committee before the Board of Directors endorsed his appointment in October 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A BOARD LEADERSHIP AND EFFECTIVENESS

Part II - Board Composition

4.7 Nomination & Remuneration Committee

In 2019, the Board approved the Merger of the two committees of Nomination Committee and Remuneration Committee as the Nomination & Remuneration Committee. The Nomination and Remuneration Committee which is charged with the responsibility of, amongst others, recommending the appointment of new Directors to the Board, was established on 1 October 2001 and is comprised of Non-Executive and Independent Directors only. The current members are:

- **Datuk Toh Ah Wah** *(Independent Non-Executive Director)* - Chairman
- **Chew Hoy Ping** *(Independent Non-Executive Director)* – Member

The Terms of Reference of the Nomination & Remuneration Committee are set out in the Appendix C of the Board Charter and is available on the corporate website - *www.carlsbergmalaysia.com.my*.

The Nomination Committee will develop, maintain and review the criteria for recruitment and annual assessment of the Directors.

THE NOMINATION & REMUNERATION COMMITTEE'S KEY RESPONSIBILITIES ARE:

- Reviewing the Board composition and recommending new nominees to the Board as well as the Committees and the appointment and resignation of Managing Director and Chief Financial Officer for the Board's consideration.

- Assessing the effectiveness of the Board, the Committees and the contribution of each Director (including the Independent Non-Executive Directors and Managing Director) and Chief Financial Officer 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.

- **Appointment Process**

  The Board, through the Committee, is responsible for ensuring that there is an effective and orderly succession planning in the Company. The Committee reviews candidates for key management positions and formulates nomination, selection and succession policies for members of the Board. The Board then deliberates on the Committee's recommendations.

  In respect of the appointment of all directors, the Committee considers shortlisted candidates based on their profiles, professional achievements and personality assessments. Appropriate candidates for independent directors are sourced through recruitment firms based on the needs of the Board. The Committee then ensures that the candidates are suitable and of sufficient calibre for recommendation to the Board for approval, by reviewing the profiles of candidates, their professional achievements, and where deemed appropriate, conducting interviews with the shortlisted candidates.

  Upon the appointment of independent directors, the director will receive a letter of appointment enclosing the Board Charter which outlines his/her duties and responsibilities.

A BOARD LEADERSHIP AND EFFECTIVENESS

Part II - Board Composition

The Company Secretary will facilitate 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, particularly in relation to their responsibilities as Directors, are also conveyed to them.

- **Annual Evaluation of Board Effectiveness and Review of the Board Committees**

  The Board undertakes an annual evaluation of the Board's effectiveness. The Board's effectiveness was analysed and evaluated and the Board then reviewed and implemented measures against any issues discovered. The assessment for FY2019 was conducted internally and facilitated by the Company Secretary.

  The evaluation was carried out using questionnaires which covered the areas of, Board Composition & Structure, Individual Director Effectiveness and the Effectiveness of the Board Committees.

  In carrying out the evaluation, the Board also considered whether the members have adequately refreshed their skills and knowledge. In this connection, the training undertaken by the Directors is set out below.

  The Company will also carry out review of the Board's Effectiveness using independent consultants on a periodic basis.

REMUNERATION

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.

For the current remuneration policy, the remuneration payable to Non-Executive Directors in respect of Directors' fees are paid to Independent Non-Executive Directors only and also includes fees for AC Chairman and AC Members of the Company, who are Independent Non-Executive Directors. The remuneration for Non-Executive Directors, who are Non-Independent and are representatives of the Carlsberg Group in Denmark, are not paid by the Company but are paid by the Carlsberg Group.

A BOARD LEADERSHIP AND EFFECTIVENESS

Part II - Board Composition

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of Directors' Remuneration

The remuneration payable in respect of Directors' fees for financial year 2019 are categorised as follows:

	2019
Remuneration for Directors' fees	**Amount (RM) per annum**
Fees for Chairman of the Company	120,000
Fees for each Independent Non-Executive Director	75,000
Fees for AC Chairman	20,000
Fees for AC Member	8,000
Fees for NRC Chairman	2,500
Fees for NRC Member	2,000
Fees for RMC Chairman	2,500
Fees for RMC Member	2,000
Meeting allowance per meeting	1,500

The Board is proposing the adoption of the same Directors' fee structure and rates for 2020 and to be paid monthly. The Directors' fees are subject to the approval of shareholders of the Company.

A BOARD LEADERSHIP AND EFFECTIVENESS

Part II - Board Composition

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the Directors of the Company for 2019 is as follows:

	Fees (RM)	Salaries (RM)	Allowances (RM)	Benefits -in-kind (RM)	Others Emoluments (RM)	Total (RM)
Independent Non-Executive Directors						
Datuk Toh Ah Wah	133,000	-	24,000	1,351	-	158,351
Chew Hoy Ping	99,000	-	24,000	554	-	123,554
Michelle Tanya Achuthan	75,000	-	10,500	1,272	-	86,772
Subtotal	**307,000**		**58,500**	**3,177**		**368,677**
Executive Director						
Stefano Clini *Appointed on 26 October 2019*	-	299,186	119,981	11,220	893,659	1,324,047
Theodoros Akiskalos *Appointed on 1 May 2019 and resigned on 25 October 2019*	-	778,089	88,604	257,971	70,714	1,195,378
Lars Lehmann *Resigned on 1 May 2019*	-	968,372	-	106,648	1,022,814	2,097,834
Non-Executive Directors						
Graham James Fewkes	-	-	-	-	-	-
Roland Arthur Lawrence	-	-	-	-	-	-
Chow Lee Peng	-	-	-	-	-	-
Total						

Remuneration of Top Five Senior Management

The remuneration of the top five Senior Management of the Company is as follows:

	2019
Range of Remuneration (RM):	**Top 5 Senior Management**
1,150,000 - 1,200,000	1
1,250,000 - 1,350,000	1
1,550,000 - 1,650,000	1
1,650,000 - 1,750,000	1
2,050,000 - 2,150,000	1
Total	5

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A BOARD LEADERSHIP AND EFFECTIVENESS

Part II - Board Composition

5. Overall Board Effectiveness

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. During the financial year ended 31 December 2019, a total of four (4) Board meetings were held as follows:

i. Thursday, 14 February 2019
ii. Thursday, 16 May 2019
iii. Thursday, 15 August, 2019
iv. Tuesday, 26 November 2019

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board approvals are obtained via circular resolutions which are supported with information necessary for an informed decision. To facilitate the Directors' planning and time management, an annual meeting calendar is prepared and given to the Directors before the beginning of each new financial year.

The following is the record of attendance of the Board members:

Directors	No. of meetings attended
1. **Datuk Toh Ah Wah** *(Independent Non-Executive Director)*	4/4
2. **Stefano Clini** *(Managing Director)* – Appointed on 26.10.2019	1/1
3. **Roland Arthur Lawrence** *(Non-Executive Director)*	4/4
4. **Chew Hoy Ping** *(Independent Non-Executive Director)*	4/4
5. **Graham James Fewkes** *(Non-Executive Director)*	4/4
6. **Michelle Tanya Achuthan** *(Independent Non-Executive Director)*	4/4
7. **Chow Lee Peng** *(Non-Executive Director)*	4/4

The following are the record of attendance for Board Committees' Meetings held in 2019:

Audit & Risk Management Committee

Name of Committee Members	No. of meetings attended
Chew Hoy Ping – Chairman *(Independent Non-Executive Director)*	4/4
Datuk Toh Ah Wah *(Independent Non-Executive Director)*	4/4
Roland Arthur Lawrence *(Non-Executive Director)*	4/4

A BOARD LEADERSHIP AND EFFECTIVENESS

Part II - Board Composition

Nomination and Remuneration Committee

Name of Committee Members	No. of meetings attended
Datuk Toh Ah Wah – Chairman *(Independent Non-Executive Director)*	5/5
Chew Hoy Ping *(Independent Non-Executive Director)*	5/5

The Board is satisfied with the time commitment given by the Directors. All of the Directors do not hold more than 5 directorships as required under Paragraph 15.06 of the Listing Requirements. If anyone Director wishes to accept a new directorship, the Chairman will be informed beforehand together with indication of time that will be spent on new appointment.

All existing Directors have attended the Mandatory Accreditation Programme ("MAP") as required by the Listing Requirements. During the course of the year, they have also attended other training programmes for the Directors and seminars on areas such as financial reporting standards, performance reviews, tax and accounting conferences that include the following:

Name of Director	Training Programmes Attended
Datuk Toh Ah Wah	1. Audit Committee Conference 2019, Malaysian Institute of Accountants (MIA) on 15 April 2019.
	2. 20th Asia Oil & Gas Conference (AOGC) 2019, Petroliam Nasional Berhad (PETRONAS) on 23 – 25 June 2019.
	3. Demystifying The Diversity Conundrum: The Road to Business Excellence, Bursa Malaysia on 5 July 2019.
	4. The Role of the Board in Risk Management of Legal Issues During Mergers & Acquisitions, Institute of Corporate Directors Malaysia (ICDM) on 5 September 2019.
	5. Integrated Reporting: Communicating Value Creation, Bursa Malaysia on 16 October 2019.
	6. Plant Visit to BASF – PETRONAS Chemicals Sdn Bhd & PETRONAS Chemicals MTBE Sdn Bhd (PCG) on 22 October 2019.
	7. Corporate Governance & Anti-Coruption, Security Commission Malaysia on 31 October 2019.
	8. Audit Oversight Board Conversation with Audit Committees, Securities Commission Malaysia, Bukit Kiara on 8 November 2019.
	9. MFRS Updates for Public Listed Companies' Board Audit Committee Members, KPMG on 3 December 2019.
Stefano Clini	1. Asia Leadership Conference, Hong Kong on 30-31 October 2019.
	2. Carlsberg Leadership Team Meeting (Top 60), Oslo, Norway on 18-19 December 2019.
	3. Asia People Board, Oslo, Norway on 19 December 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A BOARD LEADERSHIP AND EFFECTIVENESS

Part II - Board Composition

Name of Director	Training Programmes Attended
Roland Arthur Lawrence	1. Asia Leadership Conference, Siem Reap, Cambodia on 6-7 March 2019. 2. Carlsberg Leadership Team Meeting, IMD Programme, Lausanne, Switzerland on 27-28 March 2019. 3. Asia Leadership Conference, Beijing, China on 10-11 July 2019. 4. Asia Leadership Conference, Hong Kong on 30-31 October 2019. 5. Carlsberg Leadership Team Meeting (Top 60), Oslo, Norway on 18-19 December 2019.
Chew Hoy Ping	1. Audit Committee Conference 2019, Malaysian Institute of Accountants (MIA) on 15 April 2019. 2. Cyber Security in the Boardroom, Deloitte Risk Advisory on 27 June 2019. 3. Introduction to Integrated Reporting, Malaysian Institute of Accountants (MIA) on 14 October 2019. 4. Corporate Liability Under Section 17A of the MACC Act 2018, Malaysian Institute of Accountants (MIA) on 6 November 2019. 5. Audit Oversight Board: Conversation with the Audit Committee, Securities Commission on 8 November 2019.
Graham James Fewkes	1. Asia Leadership Conference, Siem Reap, Cambodia on 6-7 March 2019. 2. Carlsberg Leadership Team Meeting, IMD Programme, Lausanne, Switzerland on 26-28 March 2019. 3. Asia Commercial Conference, Hong Kong on 6-8 May 2019. 4. Asia Leadership Conference, Beijing, China on 10-11 July 2019. 5. Asia Leadership Conference, Hong Kong on 30-31 October 2019. 6. Carlsberg Leadership Team Meeting (Top 60) in Oslo, Norway on 8-19 December 2019.
Michelle Tanya Achuthan	1. Audit Committee Conference 2019, Malaysian Institute of Accountants (MIA) on 15 April 2019. 2. PSMB (HRDF) Train The Trainer Certification, The Everly Putrajaya on 15-19 June 2019.
Chow Lee Peng	1. Asia Leadership Conference, Siem Reap, Cambodia on 6-7 March 2019. 2. Carlsberg Global Legal Conference, Milan on 13-16 May 2019. 3. Asia Leadership Conference, Beijing, China on 10-11 July 2019. 4. Asia Leadership Conference, Hong Kong on 30-31 October 2019. 5. Carlsberg China Legal Conference, Chongqing, China on 21-22 November 2019. 6. Carlsberg Global Legal Team Meeting, Copenhagen, 26-27 November 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

B EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I - Audit & Risk Management Committee

6. Effective and Independent Audit & Risk Management Committee

Mr. Chew Hoy Ping, an Independent Non-Executive Director is the Chairman of the ARMC. On the composition and Terms of Reference of the ARMC, please refer to the ARMC Report on pages 100 to 102 for further information.

At the 49th AGM held on 10 April 2019, Messrs PricewaterhouseCoopers PLT was re-appointed as external auditors of the Group. The scope of the external auditors is ascertained by the ARMC, with a twice-a-year meeting held between the ARMC and the external auditors. Further information is found in the ARMC Report at pages 100 to 102.

Part II - Risk Management and Internal Control Framework

7. Effective Risk Management and Internal Control Framework

The Board is updated on the Group's internal controls system which encompasses risk management practices as well as financial, operational and compliance controls on a quarterly basis. Ongoing reviews are performed throughout the year on quarterly basis 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 ARMC. Please refer to the Statement on Risk Management and Internal Control on pages 96 to 99 for further information.

8. Effective Governance, Risk Management and Internal Control

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. 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.

The Group has an established internal audit function led by the Head of Internal Audit who reports directly to the ARMC at least on a quarterly basis. Further details of the Group's internal control system and framework is found in the Statement on Risk Management and Internal Control and ARMC Report at pages 100 and 102 respectively.

In line with the Code, the Board has recently approved for the ARMC to be segregated into a separate Audit Committee (AC) and Risk Management Committee (RMC) on 21 February 2020. Mr. Chew Hoy Ping is the Chairman of the RMC with Datuk Toh Ah Wah, Michelle Tanya Achuthan and Stefano Clini as its members.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Part I – Communication with Stakeholders

9. Continuous Communication between Company and Stakeholders

The Board recognises the importance of an effective communication channel between the Board, shareholders and general public, and at the same time, full compliance with the disclosure requirements as set out in the Listing Requirements. 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 Managing Director is the designated spokesperson for all matters related to the Group and dedicated personnel are tasked to prepare and verify material information for timely disclosure upon approval by the Board.

The Group maintains a website at *www.carlsbergmalaysia.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. Stakeholders can at any time seek clarification or raise queries through the corporate website, by email or phone. Primary contact details are set out at the Group's website. Written communications are attended to within 48 hours from day of receipt. The website also posts all press releases made by the Group together with latest news on the Group and the industry.

Part II – Conduct of General Meetings

10. Encourage Shareholder Participation at General Meetings

The AGM 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 & Answer session wherein the 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 on the effects of a proposed resolution.

The notices of AGM are despatched to shareholders at least 28 days before the AGM, to allow shareholders additional time to go through the Annual Report and make the necessary attendance and voting arrangements.

Details as below:

	Date of Issue	No. of Days before AGM	Date of Annual General Meeting
Annual Report 2017	12 March 2018	30 days	12 April 2018
Annual Report 2018	11 March 2019	29 days	10 April 2019

C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Part II – Conduct of General Meetings

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 AGM.

Before the commencement of AGM, the Directors and Management will join the shareholders together with a dedicated team of employees to assist the shareholders on the queries they may have. After the Chairman's address, the Managing Director will give a presentation which includes details on the performance, key developments and financial results for the reporting year and comments on outlook for the following year. The Chairman will share the Company's responses to questions posed by the Minority Shareholders Watchdog Group before engaging the shareholders on Questions & Answers session. The Board is satisfied with the current programme at AGM and there have been no major contentious issues noted with shareholders/investors.

OTHER INFORMATION

Utilisation of Proceeds

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2019.

Non-Audit Fees

The non-audit fees paid to external auditors, Messrs PricewaterhouseCoopers PLT by the Group during the financial year ended 31 December 2019 amounted to RM80,321. This amount was incurred in respect of the following services:

1. Retirement Plan for financial year 2018;
2. Statement on Risk Management and Internal Control; and
3. Board Effectiveness Evaluation for financial year 2018.

STATEMENT OF COMPLIANCE

The Board shall continue to strive for high standards of CG throughout the Group. The Board is of the view that apart from the noted departures, the Company has satisfactorily complied with the principles and recommendations of the Code.

This Statement was approved by the Board on 12 March 2020.

STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL**

RESPONSIBILITY

The Board is committed to the continuous improvement of risk management and internal controls practice within the Group (excluding associated company) to meet its business objectives. The Board affirmed its overall responsibility for the effectiveness of the Group's risk management and internal control systems, included the review of the adequacy and integrity of these systems to safeguard shareholders' investment, customers' interest and the Group's assets. In addition, the Managing Director and the Chief Financial Officer have assured the Board that the systems were operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group. However, such systems, by their nature, only provided reasonable, but not absolute assurance against material misstatement, loss and fraud. These systems were designed to manage, rather than eliminate, the risk of failure to achieve business objectives of the Group.

RISK MANAGEMENT FRAMEWORK

The Group adopted a continuous process to identify, evaluate, monitor and manage significant risks affecting the achievement of its business objectives. Internal controls and risk management activities were reviewed by the Board via the Audit & Risk Management Committee Meetings, conducted quarterly during the year. The key elements of the Group's Risk Management Framework are described below:

1 STRUCTURE & APPROACH

The Group adopted a decentralized approach in risk management, whereby each function would be responsible to identify, assess and report key risks. In turn, the respective head of department took the overall responsibility and accountability of the reported risks, ratings and the corresponding risk mitigation plan. A Risk Management Working Committee (RMWC) was formed by the Group to support the risk management objectives and initiatives. The committee comprised nominated representatives from all the functions. The main role of the RMWC was to provide updates to the reported risks, inform its members about the status of the risk mitigation plan and discuss any potentially new risk, via quarterly meetings (4 meetings took place in 2019). The Internal Audit Department (IAD) being part of the RMWC, coordinated the quarterly risk meetings, prepared the minutes and tabled the risk register with associated updates to the Audit & Risk Management Committee (ARMC), also on a quarterly basis. The ARMC reported to the Board as and when there were significant changes in key risks and operating environment, with anticipated impact on the business.

2 CATEGORY OF REPORTED RISKS

The Group maintained a database of risks specific to the Group together with their corresponding controls, which was categorised as follows:

- Strategic risks that affect the overall direction of the business.
- Operational risks that impact the delivery of the Group's products and services.
- Financial risks associated with financial processes and reporting.
- Compliance risks associated in relation to legal, statutory and corporate governance.

3 RISK MANAGEMENT PROCESS

Potential risks were identified by the respective business functions based on relevant knowledge & expertise, publicly available information and advice from subject matter experts. The potential risks were then raised for discussion and deliberation by the RMWC during the quarterly meetings. All the risk owners were responsible to provide periodic updates on the risk mitigating activities and the corresponding results. Throughout the year, the risk register was updated by the IAD based on the information provided by risk owners.

INTERNAL CONTROL SYSTEMS

The key elements of the Group's internal control systems were described below:

CONTROL ENVIRONMENT

The importance of a proper control environment was communicated throughout the organization. Focus was 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 included the internal briefings and external seminars for selected employees relating to areas of risk management, leadership, selling skills and employee management.

CONTROL STRUCTURE

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

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

MANAGEMENT

- Management had 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 were 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, if any, were also communicated via circulars and internal memos. Such circulars and memos were properly authorized by the relevant members of senior management.
- Management adopted a consistent approach in the constant review of key performance indicators set for various functions within the Group to ensure the efficiency & effectiveness of operational activities in achieving business objectives.
- Management also maintained effective communication channels to provide and solicit feedback in relation to business performance, critical issues and other key business matters.

INTERNAL AUDIT

The IAD provided reasonable assurance to the ARMC and the Board on the adequacy and integrity of the internal controls systems. The IAD was staffed by a total of 4 audit professionals and led by Mr. Lim Tiong Eng @ Allan Lim as the Head of Internal Audit. He holds a Bachelor of Commerce (major in accounting) and he is a certified member of both CPA Australia & the Malaysian Institute of Accountants.

The IAD was independent of activities related to business operations and performed its duties in accordance with standards set by relevant professional bodies, namely the Institute of Internal Auditors. The responsibilities of IAD included developing the annual audit plan execution and reporting the audit results for the Group. For such purposes, the IAD:

- Prepared a detailed Annual Audit Plan in consultation with the Managing Director for submission to the ARMC for approval;
- Carried out all activities to conduct the audits in accordance with the audit plan (changes to the plan throughout the year were duly reported to ARMC on quarterly basis);
- Shared its finding with the auditee upon completion of each audit; and
- Submitted quarterly reports to the ARMC.

The ARMC Report set out on pages 100 to 102 of this Annual Report contains further details on the principal responsibilities and activities of IAD in 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

AUDIT & RISK MANAGEMENT COMMITTEE

The ARMC, on behalf of the Board, reviewed on a quarterly basis the measures undertaken on internal control issues identified by the RMWC, internal auditors, external auditors and Management. During the year, 26 reports were issued by IAD to ARMC for their review.

The ARMC Report set out on pages 100 to 102 of this Annual Report contains further details on the activities undertaken by ARMC in 2019.

BOARD

The Board held regular discussions with the ARMC and Management and considered their reports on matters relating to internal controls and deliberated on their recommendations for implementation.

- **Reporting and Information**
  Strategic plans were prepared by Management and formed the basis for detailed annual budgets. The detailed budgets were prepared by business operating units, reviewed and approved by Management, the Board and the holding company.

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

  Regular meetings attended by Management, led by the Managing Director, were held to discuss the various aspects of the business, financial and operational performance of the Group. Key matters affecting the Group were brought to the attention of the ARMC by the Managing Director, Chief Financial Officer or Head of Internal Audit and were reported to the Board on a regular basis. Management also ensured that it had the knowledge of key market information in respect of the Group's products and took pro-active measures, as appropriate, in the best interests of the Group.

- **Monitoring and Review**
  There were processes in place to monitor the internal control systems and report any significant weakness together with details of corrective action. The systems were reviewed regularly by the Board (through the ARMC), Management and IAD. The IAD was primarily responsible in the evaluation and reporting on the effectiveness of the internal controls, with the results shared with Management and the ARMC. All heads of department were responsible in the continuous improvement and tightening of the internal controls within their respective business area.

REVIEW OF ADEQUACY OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board reviewed and believed that the internal control system was considered appropriate to business operations, and that the risks taken were at an acceptable level within the context of the business environment of the Group.

During the year, deficiencies in internal control were identified during the audit of financial statements and through internal audit activities. Additional internal controls and corrective actions were implemented to address such deficiencies.

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 (AAPG3) issued by the Malaysian Institute of Accountants. AAPG3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on the review, the external auditors have reported to the Board that nothing had come to their attention that caused them to believe that the Statement intended to be included in the Annual Report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

This Statement on Risk Management and Internal Control was made in accordance with the resolution of Board dated 12 March 2020.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

Audit & Risk Management Committee Report

MEMBERSHIP AND MEETINGS

Effective 21 February 2020, ARMC was renamed as AC as the function of Risk Management was assumed by a seperate Risk Management Committee.

The then Audit & Risk Management Committee (ARMC) held four (4) meetings during the financial year ended 31 December 2019. The members of the ARMC and the record of their attendance are as follows:

CHEW HOY PING
Independent Non-Executive Director - Chairman

Meeting Attended 4/4

ROLAND ARTHUR LAWARENCE
Non Independent Non-Executive Director - Member

Meeting Attended 4/4

DATUK TOH AH WAH
Independent Non-Executive Chairman - Member

Meeting Attended 4/4

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

The external auditors were present at three (3) ARMC meetings during the financial year. At these meetings, the ARMC also held separate sessions with the external auditors without the executive board members present whereby the ARMC was briefed by the external auditors on their audit findings and any other observations they may have had during the audit process.

SUMMARY OF WORK PERFORMED BY AUDIT & RISK MANAGEMENT COMMITTEE

The main activities undertaken by the ARMC during the financial year ended 31 December 2019 were as follows:

- Reviewed the external auditors' scope of work, audit risks and focus areas, materiality thresholds, audit methodology, key milestones and other relevant matters. The Chairman and members of the ARMC periodically held informal discussions with the external auditors to ensure audit issues are addressed on a timely basis.

- Reviewed the results of the external audit, the audit report and the Management representation letter, including Management's response. Further to that, the ARMC also scrutinized potential key audit matters raised by the external auditors and ensured that adequate work had been done to support the audit conclusions and overall impact on the financial statements. The sole key audit matter vetted by ARMC (as mentioned in the Independent Auditors' Report on page 197 to 200 for details) was the accounting for trade discounts and volume rebates accruals as part of revenue recognition as this involved the use of critical accounting estimates and management assumptions. As noted by the external auditors, Management accrues the trade discounts and volume rebates based on the estimated sales volume to be achieved multiplied with the agreed rates with the customers. On the ARMC's part, trade discounts and volume rebates are regularly reviewed as part of the financial reports presented by Management at each quarterly meeting.

- Assessed the performance, competency and professionalism demonstrated by the external auditors during the year. Obtained the assurance on independence from the external auditors and recommended the audit fees payable to the Board for approval.

- Considered and assessed the independence and objectivity of the external auditors during the year and also prior to engaging the external auditors for non-audit related services. The non-audit fees paid to the member firms of external auditors in 2019 amounted to RM80,321.

- Reviewed Internal Audit reports, recommendations and Management's response including 2 audit reports completed and issued by Group Internal Audit from Carlsberg Group. Discussed actions taken with Management to improve the internal control system based on findings identified by Internal Auditor. The Chairman of the ARMC also conducted quarterly one-to-one sessions with the Head of Internal Audit to discuss the operations of the Internal Audit function as well as other relevant matters.

- Reviewed the Risk Management Framework and reports summarizing the findings from work performed on the identification and assessment of enterprise-wide key risks.

- Reviewed the audited financial statements of the Company and the Group prior to submission to the Board for its approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable accounting standards approved by Malaysian Accounting Standards Board ("MASB").

- Reviewed the quarterly unaudited financial results and Bursa Malaysia Securities Berhad ("Bursa") announcements before recommending them for the Board's approval. The review and discussions were conducted with the Managing Director and the Chief Financial Officer.

- Throughout the financial year, the Chairman of the ARMC also held frequent discussions with the Chief Financial Officer relating to any potential material issues affecting financial reporting and disclosure. This included the Company's compliance with the Bursa Listing Requirements, MASB and other relevant legal and regulatory requirements.

- Reviewed pertinent issues of the Group which have a significant impact on the results of the Group including enhancement and investment in existing products, cost rationalisation measures and human resource development.

- Reviewed the significant related party transactions entered by the Group.

- Reviewed the Group's compliance with the provisions set out under the Malaysian Code on Corporate Governance for the purpose of the Corporate Governance Overview Statement pursuant to the Bursa Listing Requirements.

- Reviewed External Audit reports, control recommendations and discussed actions to be taken by management to improve the internal control based on the findings identified by the External Auditor.

Audit & Risk Management Committee Report

SUMMARY OF WORK PERFORMED BY INTERNAL AUDIT FUNCTION

The role of Internal Audit Department ("IAD") is to carry out independent reviews of the Group's internal control system in order to provide reasonable assurance that internal controls are in place and operating effectively. All internal control related issues identified were reported to Management and the ARMC by the Head of IAD. IAD also worked collaboratively with Risk Management Working Committee ("RMWC") in the updates of the risk registers and the reporting of results arising from the risk management process.

Throughout the year, the IAD performed the followings:

- Performed reviews based on the approved annual audit plan, in which focus areas were derived from the results of risk assessment conducted on the business plan, financial statements and operational processes. Apart from such risk-based approach, the internal control principles as advocated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly known as COSO framework was also observed where applicable in the execution of internal audit reviews.

- Identified auditable areas and performed reviews based on the risk levels assessed. Consideration was also given to any concerns shared by Management. The areas that were audited including areas covered by Group Internal Audit from Carlsberg Group, comprised trade and commercial, financial, manufacturing, compliance, information technology general controls and related party transactions.

- Carried out special reviews and investigations whenever necessary and reported to the ARMC the outcomes of such engagements. Presented the necessary information and outcomes to the ARMC with regards to any case of whistleblowing.

- Reviewed the Group's state of compliance with established principles and practices, as well as the relevant statutory requirements.

- Assessed the effectiveness of internal controls put in place by Management to safeguard the Group's assets & inventory in the course of executing the Internal Audit plan.

- Collaborated with Management to promote the culture of practicing good internal controls and governance to attain optimal business efficiency and process effectiveness.

- Identified business areas that necessitated process improvements and put forward recommendations to minimize financial wastage and to prevent fraud. Closely monitored the timeliness and effectiveness of the implementation of corrective actions by Management in addressing reported audit observations.

- The total cost incurred by the IAD in relation to its operation during the financial year ended 31 December 2019 amounted to RM864,409.

RESPONSIBILITY STATEMENT BY THE 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 2016 and the Main Market 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 2019, the Directors have applied appropriate and relevant accounting policies consistently and in accordance with applicable accounting standards and made judgements 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 STATEMENTS

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Board of Directors has pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

DIRECTORS OF THE COMPANY

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Datuk Toh Ah Wah
Chew Hoy Ping
Graham James Fewkes
Roland Arthur Lawrence
Michelle Tanya Achuthan
Chow Lee Peng
Stefano Clini (Appointed on 26 October 2019)
Theodoros Akiskalos (Appointed on 1 May 2019, resigned on 25 October 2019)
Lars Lehmann (Resigned on 1 May 2019)

PRINCIPAL ACTIVITIES

The Company is principally engaged in the production of beer, stout, cider, shandy and non-alcoholic beverages for distribution in the domestic market and for export while the other Group entities are primarily involved in the marketing and distribution of beer, stout, cider, shandy, liquor and non-alcoholic beverages. There has been no significant change in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
- Owners of the Company	291,024	314,250
- Non-controlling interests	9,360	-
Profit for the financial year	300,384	314,250

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no shares or debentures issued by the Company during the financial year.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than the benefits shown under Directors' Remuneration) 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.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE COSTS

The Directors and Officers of the Company are covered by Directors and Officers Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Company subject to the terms of the policy. The total amount of Directors and Officers Liability Insurance effected for the Directors and Officers of the Company during the year was RM61.40 million whilst the total amount of premium paid was RM6,315.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares in the Company and its related corporations (other than wholly-owned subsidiaries) during the financial year except as follows:

	Number of ordinary shares			
	At 1.1.2019	**Acquired**	**Disposed**	**At 31.12.2019**
Chew Hoy Ping	10,000	-	-	10,000
Datuk Toh Ah Wah	10,000	-	-	10,000

DIVIDENDS

The dividends paid or declared since the end of the previous financial year were as follows:

<u>In respect of financial year ended 31 December 2018:</u>

On 14 February 2019, the Board of Directors declared a fourth single tier interim dividend of 16.6 sen per ordinary share for the financial year ended 31 December 2018, which was payable on 8 April 2019. The total amount payable was RM50.8 million.

A final single tier dividend of 22.4 sen per ordinary share and a special single tier dividend of 9.3 sen per ordinary share, amounting to net dividend payment of RM68.5 million and RM28.4 million respectively was paid on 31 May 2019.

<u>In respect of financial year ended 31 December 2019:</u>

Date of Declaration	**Date of payment**		**Sen per ordinary share**	**RM million**
16 May 2019	31 July 2019	First single tier interim dividend	21.5	65.7
15 Aug 2019	31 Oct 2019	Second single tier interim dividend	16.1	49.2
26 Nov 2019	22 Jan 2020	Third single tier interim dividend	17.0	52.0

Subsequent to the financial year, on 21 February 2020, the Board of Directors declared a fourth single tier interim dividend of 17.0 sen per ordinary share for the financial year ended 31 December 2019, which will be payable on 10 April 2020. The total amount payable is RM52.0 million.

The Board of Directors also recommended for shareholders' approval at the forthcoming Annual General Meeting a final single tier dividend of 23.6 sen per ordinary share and a special single tier dividend of 4.8 sen per ordinary share in respect of the financial year ended 31 December 2019. The total amount payable for the proposed final and special single tier dividend of 28.4 sen per ordinary share is RM86.8 million.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 22 to the financial statements.

HOLDING COMPANIES

The Directors regard Carlsberg Breweries A/S and Carlsberg A/S, companies incorporated in Denmark, as the immediate holding company and ultimate holding company respectively.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report:

(i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

(d) No contingent 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 affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.

(e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

SUBSIDIARIES

Details of subsidiaries are set out in Note 13 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 7 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 12 March 2020.

Signed on behalf of the Board of Directors:

STEFANO CLINI
MANAGING DIRECTOR

CHEW HOY PING
DIRECTOR

Selangor Darul Ehsan

12 March 2020

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue	6	**2,256,581**	1,982,342	**1,174,236**	1,031,879
Cost of sales		**(1,539,464)**	(1,318,062)	**(1,137,973)**	(985,419)
Gross profit		**717,117**	664,280	**36,263**	46,460
Other income		**6,274**	8,955	**21,210**	15,050
Sales and distribution expenses		**(284,939)**	(271,024)	**(400)**	(165)
Administrative expenses		**(63,537)**	(55,224)	**(34,343)**	(30,322)
Other expenses		**(50)**	(11)	**(128)**	(497)
Results from operating activities		**374,865**	346,976	**22,602**	30,526
Investment income		**-**	-	**302,316**	227,776
Finance income		**1,605**	1,408	**17**	287
Finance costs		**(10,525)**	(8,079)	**(5,591)**	(2,404)
Operating profit	7	**365,945**	340,305	**319,344**	256,185
Share of profit of equity accounted associate, net of tax		**16,292**	20,955	**-**	-
Profit before taxation		**382,237**	361,260	**319,344**	256,185
Taxation	8	**(81,853)**	(74,503)	**(5,094)**	(6,222)
Profit for the financial year		**300,384**	286,757	**314,250**	249,963
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss:					
Cash flow hedge – fair value changes:					
Change in fair value of effective portion of cash flow hedges		**(1,190)**	(3,074)	**(1,190)**	(3,074)
Change in fair value of cash flow hedges transferred to the income statement		**2,706**	(791)	**2,706**	(791)
Exchange differences on translation of foreign operations		**(486)**	(10,499)	**-**	-
Other comprehensive income/(loss) for the financial year, net of tax		**1,030**	(14,364)	**1,516**	(3,865)
Total comprehensive income for the financial year		**301,414**	272,393	**315,766**	246,098
Profit attributable to:					
Owners of the Company		**291,024**	277,154	**314,250**	249,963
Non-controlling interests		**9,360**	9,603	**-**	-
Profit for the financial year		**300,384**	286,757	**314,250**	249,963

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Total comprehensive income attributable to:					
Owners of the Company		**292,054**	262,790	**315,766**	246,098
Non-controlling interests		**9,360**	9,603	**-**	-
Total comprehensive income for the financial year		**301,414**	272,393	**315,766**	246,098
Basic/Diluted earnings per ordinary share (sen)	9	**95.18**	90.65		

The notes on pages 122 to 195 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	**207,073**	192,987	**177,456**	167,593
Intangible assets	11	**7,998**	3,219	**996**	222
Right-of-use assets	12	**14,147**	-	**6,627**	-
Investments in subsidiaries	13	**-**	-	**391,572**	391,572
Investment in an associate	14	**84,720**	72,970	**25,164**	25,164
Deferred tax assets	15	**504**	3,353	**-**	-
Total non-current assets		**314,442**	272,529	**601,815**	584,551
Current assets					
Inventories	16	**66,869**	96,723	**41,693**	32,565
Receivables, deposits and prepayments	17	**217,285**	207,633	**20,934**	48,982
Tax recoverable		**2,166**	9,026	**2,166**	9,026
Cash and cash equivalents	18	**78,617**	96,612	**19,313**	18,537
Total current assets		**364,937**	409,994	**84,106**	109,110
Total assets		**679,379**	682,523	**685,921**	693,661
EQUITY AND LIABILITIES					
Equity					
Share capital	19	**149,363**	149,363	**149,363**	149,363
Reserves	19	**(879)**	19,764	**247,968**	245,468
Total equity attributable to owners of the Company		**148,484**	169,127	**397,331**	394,831
Non-controlling interests		**8,224**	11,870	**-**	-
Total equity		**156,708**	180,997	**397,331**	394,831
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	15	**25,418**	15,777	**18,354**	15,090
Provision	20	**329**	329	**-**	-
Lease liabilities	12	**5,834**	-	**-**	-
Total non-current liabilities		**31,581**	16,106	**18,354**	15,090

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current liabilities					
Payables and accruals	20	**379,781**	379,150	**195,236**	208,740
Current tax liabilities		**34,474**	31,270	**-**	-
Lease liabilities	12	**1,835**	-	**-**	-
Loans and borrowings	21	**75,000**	75,000	**75,000**	75,000
Total current liabilities		**491,090**	485,420	**270,236**	283,740
Total liabilities		**522,671**	501,526	**288,590**	298,830
Total equity and liabilities		**679,379**	682,523	**685,921**	693,661

The notes on pages 122 to 195 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Attributable to owners of the Company								
		Non-distributable				Distributable				
	Note	Share capital RM'000	Exchange reserve RM'000	Cash flow hedge reserve RM'000	Capital reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group										
At 1 January 2019		149,363	174	(2,427)	3,931	707	17,379	169,127	11,870	180,997
Profit for the financial year		-	-	-	-	-	291,024	291,024	9,360	300,384
Other comprehensive income:										
- Exchange differences on translation of foreign operations		-	(486)	-	-	-	-	(486)	-	(486)
- Fair value income on cash flow hedge		-	-	1,516	-	-	-	1,516	-	1,516
Total comprehensive income for the financial year		-	(486)	1,516	-	-	291,024	292,054	9,360	301,414
Dividends to owners of the Company	23	-	-	-	-	-	(314,614)	(314,614)	-	(314,614)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(13,006)	(13,006)
Effects of share-based payment		-	-	-	-	1,917	-	1,917	-	1,917
Total transactions with owners of the Company		-	-	-	-	1,917	(314,614)	(312,697)	(13,006)	(325,703)
At 31 December 2019		149,363	(312)	(911)	3,931	2,624	(6,211)	148,484	8,224	156,708

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Attributable to owners of the Company								
		Non-distributable				Distributable				
	Note	Share capital RM'000	Exchange reserve RM'000	Cash flow hedge reserve RM'000	Capital reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group										
At 1 January 2018		149,363	10,673	1,438	3,931	(110)	133,723	299,018	13,448	312,466
Profit for the financial year		-	-	-	-	-	277,154	277,154	9,603	286,757
Other comprehensive income:										
- Exchange differences on translation of foreign operations		-	(10,499)	-	-	-	-	(10,499)	-	(10,499)
- Fair value loss on cash flow hedge		-	-	(3,865)	-	-	-	(3,865)	-	(3,865)
Total comprehensive income for the financial year		-	(10,499)	(3,865)	-	-	277,154	262,790	9,603	272,393
Dividends to owners of the Company	23	-	-	-	-	-	(393,498)	(393,498)	-	(393,498)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(11,181)	(11,181)
Effects of share-based payment		-	-	-	-	817	-	817	-	817
Total transactions with owners of the Company		-	-	-	-	817	(393,498)	(392,681)	(11,181)	(403,862)
At 31 December 2018		149,363	174	(2,427)	3,931	707	17,379	169,127	11,870	180,997

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Non-distributable Share capital RM'000	Non-distributable Share option reserve RM'000	Non-distributable Cash flow hedge reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Company						
At 1 January 2019		**149,363**	**542**	**(2,427)**	**247,353**	**394,831**
Profit for the financial year		**-**	**-**	**-**	**314,250**	**314,250**
Other comprehensive income:						
- Fair value income on cash flow hedge		**-**	**-**	**1,516**	**-**	**1,516**
Total comprehensive income for the financial year		**-**	**-**	**1,516**	**314,250**	**315,766**
Dividends to owners of the Company	23	**-**	**-**	**-**	**(314,614)**	**(314,614)**
Effects of share-based payment		**-**	**1,348**	**-**	**-**	**1,348**
Total transactions with owners of the Company		**-**	**1,348**	**-**	**(314,614)**	**(313,266)**
At 31 December 2019		**149,363**	**1,890**	**(911)**	**246,989**	**397,331**

	Note	Non-distributable Share capital RM'000	Non-distributable Share option reserve RM'000	Non-distributable Cash flow hedge reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Company						
At 1 January 2018		149,363	(391)	1,438	390,888	541,298
Profit for the financial year		-	-	-	249,963	249,963
Other comprehensive income:						
- Fair value loss on cash flow hedge		-	-	(3,865)	-	(3,865)
Total comprehensive income for the financial year		-	-	(3,865)	249,963	246,098
Dividends to owners of the Company	23	-	-	-	(393,498)	(393,498)
Effects of share-based payment		-	933	-	-	933
Total transactions with owners of the Company		-	933	-	(393,498)	(392,565)
At 31 December 2018		149,363	542	(2,427)	247,353	394,831

The notes on pages 122 to 195 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**382,237**	361,260	**319,344**	256,185
Adjustments for:					
Allowance for inventories written down	16	**925**	300	**925**	300
Amortisation of intangible assets	11	**1,123**	458	**276**	139
Depreciation of property, plant and equipment	10	**39,001**	40,376	**32,239**	35,400
Amortisation of right-of-use assets	12	**1,999**	-	**121**	-
Dividend income from unquoted subsidiaries		**-**	-	**(298,320)**	(226,004)
Dividend income from a foreign quoted associate		**-**	-	**(3,996)**	(1,772)
Finance costs		**10,525**	8,079	**5,591**	2,404
Finance income		**(1,605)**	(1,408)	**(17)**	(287)
Finished goods written off	16	**1,536**	737	**230**	29
(Gain)/loss on disposal of property, plant and equipment		**(513)**	(1,385)	**11**	(138)
(Gain)/loss on unrealised foreign exchange		**(827)**	15	**(503)**	497
(Reversal)/loss allowance on trade receivables		**(417)**	171	**-**	27
Loss allowance on other receivables		**55**	-	**55**	-
Share-based payments		**2,032**	1,777	**1,463**	1,777
Property, plant and equipment written off		**424**	639	**174**	558
Share of profit of equity - accounted associate, net of tax		**(16,292)**	(20,955)	**-**	-
Operating profit before changes in working capital		**420,203**	390,064	**57,593**	69,115
Changes in working capital:					
Inventories		**27,393**	(29,348)	**(10,287)**	(7,185)
Receivables, deposits and prepayments		**(7,409)**	36,867	**30,101**	364
Payables and accruals		**(1,509)**	51,107	**(16,104)**	39,284
Cash generated from operations		**438,678**	448,690	**61,303**	101,578
Tax (paid)/recovered		**(59,753)**	(69,737)	**4,552**	(6,421)
Net cash generated from operating activities		**378,925**	378,953	**65,855**	95,157

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	10.2	**(64,576)**	(56,662)	**(49,055)**	(43,940)
Acquisition of intangible assets	11	**(2,444)**	(259)	**(1,207)**	(184)
Dividends received from unquoted subsidiaries		**-**	-	**298,320**	226,004
Dividends received from a foreign quoted associate		**3,996**	1,772	**3,996**	1,772
Interest received		**1,605**	1,408	**17**	287
Proceeds from disposal of property, plant and equipment		**1,307**	1,838	**20**	252
Net cash (used in)/generated from investing activities		**(60,112)**	(51,903)	**252,091**	184,191
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to owners of the Company		**(311,557)**	(344,578)	**(311,557)**	(344,578)
Dividends paid to non-controlling interests	13	**(13,006)**	(11,181)	**-**	-
Interest paid		**(10,184)**	(8,079)	**(5,591)**	(2,404)
Net drawdown of revolving credits		**-**	63,036	**-**	75,000
Repayment of lease liabilities	12	**(1,998)**	-	**-**	-
Net cash used in financing activities		**(336,745)**	(300,802)	**(317,148)**	(271,982)
Net (decrease)/increase in cash and cash equivalents		**(17,932)**	26,248	**798**	7,366
Effect of exchange rate fluctuations on cash held		**(63)**	34	**(22)**	(4)
Cash and cash equivalents at 1 January		**96,612**	70,330	**18,537**	11,175
Cash and cash equivalents at 31 December	18	**78,617**	96,612	**19,313**	18,537

The notes on pages 122 to 195 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Reconciliation of liabilities arising from financing activities

The following table illustrates the changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes during the financial year:

	Note	At 1.1.2019 RM'000	Adoption of MFRS 16 RM'000	Cash flows RM'000	Non-cash movement: Amortised interest expenses RM'000	Non-cash movement: Foreign exchange movement RM'000	At 31.12.2019 RM'000
Group							
Revolving credits	21	(75,000)	-	-	-	-	(75,000)
Lease liabilities	12	-	(9,315)	1,998	(341)	(11)	(7,669)
		(75,000)	(9,315)	1,998	(341)	(11)	(82,669)
Cash and cash equivalents		96,612	-	(17,932)	-	(63)	78,617
		21,612	(9,315)	(15,934)	(341)	(74)	(4,052)

	Note	At 1.1.2018 RM'000	Cash flows RM'000	Non-cash movement Foreign exchange movement RM'000	At 31.12.2018 RM'000
Group					
Revolving credits	21	(12,115)	(63,036)	151	(75,000)
		(12,115)	(63,036)	151	(75,000)
Cash and cash equivalents		74,992	21,645	(25)	96,612
Bank overdraft		(4,662)	4,603	59	-
Cash and cash equivalents		70,330	26,248	34	96,612
		58,215	(36,788)	185	21,612

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Reconciliation of liabilities arising from financing activities (continued)

The following table illustrates the changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes during the financial year: (continued)

	Note	At 1.1.2019 RM'000	Cash flows RM'000	Non-cash movement Foreign exchange movement RM'000	At 31.12.2019 RM'000
Company					
Revolving credits	21	(75,000)	-	-	(75,000)
Cash and cash equivalents		18,537	798	(22)	19,313
		(56,463)	798	(22)	(55,687)

	Note	At 1.1.2018 RM'000	Cash flows RM'000	Non-cash movement Foreign exchange movement RM'000	At 31.12.2018 RM'000
Company					
Revolving credits	21	-	(75,000)	-	(75,000)
Cash and cash equivalents		11,175	7,366	(4)	18,537
		11,175	(67,634)	(4)	(56,463)

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

The consolidated financial statements as at and for the financial year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate. The financial statements of the Company as at and for the financial year ended 31 December 2019 do not include other entities.

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

These financial statements were authorised for issue by the Board of Directors on 12 March 2020.

2 BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost basis except as disclosed in the significant accounting policies below.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

2 BASIS OF PREPARATION (CONTINUED)

(a) Standards, amendments to published standards and interpretations that are effective

The Group and the Company have applied the following standards and amendments for the first time for the financial year beginning on 1 January 2019:

- MFRS 16 'Leases'
- Amendments to MFRS 9 'Prepayment Features with Negative Compensation'
- Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures'
- Amendments to MFRS 119 'Plan Amendment, Curtailment or Settlement'
- Annual Improvements to MFRSs 2015 – 2017 Cycle

The detailed impact of adoption of MFRS 16 is set out in Note 4.

Other than disclosed in Note 4, the adoption of standards, amendments and interpretations listed above did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) Standards and amendments to published standards and interpretations that have been issued but not yet effective

New standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2020:

- Amendments to MFRS 101 and 108 'Definition of material' clarify the definition of materiality and use a consistent definition throughout MFRSs and the Conceptual Framework for Financial Reporting.

  The definition of 'material' has been revised as "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".

  The amendments shall be applied retrospectively.

- The Conceptual Framework for Financial Reporting ("Framework")

  The Framework was revised with the primary purpose to assist the Malaysian Accounting Standards Board to develop MFRS that are based on consistent concepts and enable preparers to develop consistent accounting policies where an issue is not addressed by an MFRS. The framework is not a MFRS, and does not override any MFRSs.

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards and amendments to published standards and interpretations that have been issued but not yet effective (continued)

- The Conceptual Framework for Financial Reporting ("Framework") (continued)

  Key changes to the Framework are as follows:

  - Objective of general purpose financial reporting - clarification that the objective of financial reporting is to provide useful information to the users of financial statements for resource allocation decisions and assessment of management's stewardship.

  - Qualitative characteristics of useful financial information - reinstatement of the concepts of prudence when making judgement of uncertain conditions and "substance over form" concept to ensure faithful representation of economic phenomenon.

  - Clarification on reporting entity for financial reporting - introduction of new definition of a reporting entity, which might be a legal entity or a portion of a legal entity.

  - Elements of financial statements - the definitions of an asset and a liability have been refined. Guidance in determining unit of account for assets and liabilities have been added, by considering the nature of executory contracts and substance of contracts.

  - Recognition and derecognition - the probability threshold for asset or liability recognition has been removed. New guidance on de-recognition of asset and liability have been added.

  - Measurement - explanation of factors to consider when selecting a measurement basis have been provided.

  - Presentation and disclosure - clarification that statement of profit or loss ('P&L') is the primary source of information about an entity's financial performance for a reporting period. In principle, recycling of income/expense included in other comprehensive income to P&L is required if this results in more relevant information or a more faithful representation of P&L.

  <u>Amendments to References to the Conceptual Framework in MFRS Standards</u>

  The MASB also issued Amendments to References to the Conceptual Framework in MFRS Standards ('Amendments'), to update references and quotations to fourteen (14) Standards so as to clarify the version of Conceptual Framework these Standards refer to, for which the effective date above applies.

  The amendments should be applied retrospectively in accordance with MFRS 108 unless retrospective application would be impracticable or involve undue cost or effort.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards and amendments to published standards and interpretations that have been issued but not yet effective (continued)

- Amendments to MFRS 3 'Definition of a business' clarify that to be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

  The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

  In addition, the revised definition of the term 'outputs' is narrower, focusses on goods and services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

  The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. Under this concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business.

  The amendments shall be applied prospectively.

The adoption of new standards and amendments are not expected to have any significant impact on the Group's and the Company's financial statements or accounting policies, as they cover areas that are not material and/or relevant for the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The Group recognises any non-controlling interest's in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vi) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vi) Associates (continued)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, 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 associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(viii) 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 associates are eliminated against the investment to the extent of the Group's interest in the investees. 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) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) 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 end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the exchange reserve ("ER") in equity.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

(iii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at average exchange rates.

Foreign currency differences are recognised in other comprehensive income and accumulated in the ER in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the ER related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(c) Property, plant and equipment

(i) Recognition and measurement

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

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 cost 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. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group and the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated. Assets 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:

• Leasehold land	40 - 99 years
• Buildings	15 - 50 years
• Renovation	10 years
• Plant and machinery	3 - 20 years
• Motor vehicles	5 years
• Furniture and office equipment	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

Accounting policies applied from 1 January 2019

From 1 January 2019, leased assets (including leasehold land) are presented as a separate line item in statement of financial position. See accounting policy Note 3 (d) on right-of-use ("ROU") assets for these assets.

Accounting policies applied until 31 December 2018

Until 31 December 2018, leased assets (including leasehold land) under lease arrangement classified as finance lease is amortised in equal instalments over the period of the respective leases that range from 40 to 99 years.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases

(i) Accounting by lessee

Accounting policies applied from 1 January 2019

From 1 January 2019, leases are recognised as ROU asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets are subsequently measured at cost, less accumulated amortisation and impairment loss (if any). The ROU assets are generally amortised over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is amortised over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases (continued)

(i) Accounting by lessee (continued)

Accounting policies applied from 1 January 2019 (continued)

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments may include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statement of comprehensive income.

Reassessment of lease liabilities

The Group may be exposed to potential future increase in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

Short-term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise the lease of copy and printing machines. Payments associated with short-term leases and leases of low-value asset are recognised on a straight-line basis as an expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases (continued)

(i) Accounting by lessee (continued)

Accounting policies on lessee accounting applied until 31 December 2018

Finance lease

Until 31 December 2018, leases of property, plant and equipment where the Group has 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 lease 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.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

Operating leases

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases (continued)

(ii) Accounting by lessor

As a lessor, the Group or the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group or the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group or the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Operating leases

The Group or the Company classified a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. The Group or the Company recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Group or the Company allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15.

(e) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) Customised computer software

Customised computer software that is not integral to the functionality of the related equipment is recognised as an intangible asset. These intangible assets that are acquired by the Group or the Company are stated at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets (continued)

(iv) Amortisation

Goodwill is not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in administrative expenses in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful life of customised computer software is 3 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in 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.

(g) Trade and other receivables

Trade receivables are amounts due from customers for goods sold performed in the ordinary course of business. Other receivables generally arise from transactions outside the ordinary course of business of the Group and the Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value. Other receivables are recognised initially at fair value.

Trade and other receivables are subsequently measured at amortised cost using the effective interest method and fair value through other comprehensive income, less loss allowance. Details on the Group's and the Company's impairment policies of trade and other receivables are provided in Note 3(u).

(h) 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 fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitment. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(iv) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(j) 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.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company have 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits (continued)

(ii) State plans

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

(iii) Share-based payment transactions

Certain employees of the Group and the Company are entitled to a share option programme established by Carlsberg A/S that gives the right to Carlsberg A/S shares. The grant date fair value of the share options granted to these employees is recognised as an employee expense in profit or loss and a corresponding increase in equity, over the period from the grant date until the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Any reimbursement to Carlsberg A/S in relation to the share option programme is treated as a capital distribution and would be recorded directly in equity.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group and the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits at the earlier of the following dates: (a) when the Group and the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employee expected to accept the offer. Benefits falling due more than 12 months after end of the reporting period are discounted to the present value.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Payables

Payables represent liabilities for sales tax payable to customs and goods or services provided to the Group and the Company prior to the end of financial year which are unpaid. Payables are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Payables are recognised initially at fair value. Payables are subsequently measured at amortised cost using the effective interest method.

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is capitalised as prepayment until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the borrowings that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss within other income or finance costs.

Where the terms of borrowings are renegotiated and the Group issues equity instruments to a creditor to extinguish all or part of the borrowings (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the borrowings and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(n) Revenue and other income

Revenue from contracts with customers

(i) Goods sold

Revenue from contracts with customers comprises sales of beverages, sales of by-products and others.

Revenue from the sale of own-produced finished goods and by-products is recognised at the point in time when the control of goods and products is transferred to the customer with a right of return within a specified period, the Group and the Company consider the timing of recognition.

Revenue from contracts with customers is measured at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods. Amounts disclosed as revenue is net of discounts.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue and other income (continued)

Revenue from contracts with customers (continued)

(i) Goods sold (continued)

The Group and the Company consider whether contracts include other promises that constitute separate performance obligations and to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group and the Company consider the effects of variable consideration. No element of financing is deemed present, as payment is generally made on the basis of cash on delivery or up to 60 days of credit.

The Group pays various discounts depending on nature of customer and business. Customer discounts comprise off-invoice discounts, volume and activity-related discounts, including specific promotion prices offered, and other discounts.

Off-invoice discounts arise from sales transactions where the customer immediately receives a reduction in the sales price. This also includes cash discounts and incentives for early payments.

Volume and activity-related discounts are a broad term covering incentives for customers to sustain business with the Group and the Company over a longer time and may be related to a current campaign or a sales target measured in volumes or total value. Examples include discounts paid as a lump sum, discounts for meeting all or certain sales targets or for exceeding targets, or progressive discounts offered in step with increasing sales to a customer.

Other discounts include listing fees, i.e. fees for certain listings on shelves, in coolers or in favourable store locations, as such specific promotions are closely related to the volumes sold.

Other income

(i) Management fee

Fee from management is recognised in the period in which the services are rendered.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established. Dividend income that are not generated as part of the Company's principal activities are classified as investment income.

(iii) Interest income

Interest income on financial assets at amortised cost is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently became credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

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

(p) Earning per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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, adjusted for own shares held.

Diluted EPS adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Contingencies

(i) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

(ii) Contingent assets

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(s) Financial instruments

<u>Classification – financial assets</u>

The Group and the Company classify its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost

The Group and the Company reclassify debt investments when and only when its business model for managing those assets changes.

<u>Recognition and derecognition – financial assets</u>

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

<u>Measurement – financial assets</u>

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely for payment of principal and interest ("SPPI").

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Financial instruments (continued)

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Company classify its debt instruments under the following categories:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

(ii) FVTPL

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ("FVOCI") are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in profit or loss in the period which it arises.

(iii) FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gains or losses previously recognised in OCI is reclassified from equity to profit or loss.

(t) Derivative and hedging activities

Derivative financial instruments are initially recognised in the statement of financial position at fair value at the trade date and subsequently re-measured at fair value at the end of each reporting period. Attributable transaction costs are recognised in the profit or loss.

(i) Cash flow hedge

The Group and the Company designate and document, at the inception of a hedging transaction, the hedging relationship so that the risk being hedged, the hedged item and the hedging instrument are clearly identified and the risk in the hedged item is the risk being hedged with the hedging instrument. Hedge accounting is only applied when the Group expects the derivative financial instrument to be highly effective in offsetting the designated hedged risk associated with the hedged item.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Derivative and hedging activities (continued)

(i) Cash flow hedge (continued)

Changes in the portion of fair value of derivative financial instruments designated as and qualifying as a cash flow hedge and which effectively hedge changes in the value of the hedged item, are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. When the hedged transaction results in gains or losses, amounts previously recognised in other comprehensive income are transferred to the same item as the hedged item when the hedged item is recognised in the profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the non-financial asset is recognised.

The Group monitors the cash flow hedge relationship twice a year to assess whether the hedge is still effective. The effectiveness portion relates to aluminium hedge.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

(u) Impairment of assets

Impairment of financial assets

The Group and the Company apply the simplified approach to measure expected credit losses ("ECL") on trade receivables measured at amortised cost, fair value through other comprehensive income and trade intercompany balances. This entails recognising a lifetime expected loss allowance for all trade receivables. Loss rates are determined based on grouping of receivables sharing the same credit risk characteristics and past due days.

Management assesses the ECL for portfolios of trade receivables based on customer segments, historical information on payment patterns, terms of payment, concentration maturity, and information about the general economic situation in the countries.

No significant changes to estimation techniques or assumptions were made during the reporting period.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

A significant increase in credit risk is presumed if a debtor is more than 60 days past due in making a contractual payment which is based on past payment trends. Credit risk on trade receivables can be reduced through bank guarantees.

For other receivables and non-trade intercompany balances, the Group and the Company apply 3-stage approach to measure expected credit losses which reflect their credit risk and how the loss allowance is determined. The Group and the Company assessed the intercompany receivables as performing category with a low risk of default and a strong capacity to meet contractual cash flows. The basis of measuring ECL are based on 12 months ECL.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Impairment of assets (continued)

Groupings of instruments for ECL measured on collective basis

(i) Collective assessment

To measure ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

(ii) Individual assessment

Trade receivables that are in default or credit impaired are assessed individually.

Impairment of other assets

The carrying amounts of other assets (except for inventories and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, an annual impairment will be performed and the recoverable amount is estimated at the end of each reporting period.

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 cash-generating units "CGUs". Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value-in-use ("VIU") and its fair value less costs of disposal. In assessing VIU, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amounts of the other assets in the CGU (groups of CGUs) on a pro rata basis. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(w) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously (as shown in Note 17.1). The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

4 CHANGE IN ACCOUNTING POLICIES

MFRS 16 "Leases"

The Group has adopted MFRS 16 with the date of initial application of 1 January 2019 by applying the simplified retrospective transition method.

Under the simplified retrospective transition method, the 2018 comparative information was not restated and the cumulative effects of initial application of MFRS 16 where the Group is a lessee were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2019. The comparative information continued to be reported under the previous accounting policies governed under MFRS 117 'Leases' and IC Interpretation 4 'Determining whether an Arrangement Contains a Lease'.

(a) Group as a lessee

(i) Leases classified as operating lease under MFRS 117

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.05%.

In applying MFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the ROU asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(ii) Leases classified as finance lease under MFRS 117

For leases previously classified as finance leases and presented as a part of 'property, plant and equipment', the Group recognised the carrying amount of this lease asset immediately before transition which were measured applying MFRS 117 as the carrying amount of the ROU asset at date of initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

4 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

MFRS 16 "Leases" (continued)

(a) Group as a lessee (continued)

Adjustments as at 1 January 2019

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

	Note	As at 31 December 2018 RM'000	Changes RM'000	As at 1 January 2019 RM'000
Group				
Non-current assets				
Property, plant and equipment:				
Leasehold land	10	6,822	(6,822)	-
Right-of-use assets	12	-	16,137	16,137
Non-current liabilities				
Lease liabilities	12	-	7,657	7,657
Current liabilities				
Lease liabilities	12	-	1,658	1,658
Total lease liabilities		-	9,315	9,315

Measurement of lease liabilities on 1 January 2019

The reconciliation between the operating lease commitments disclosed applying MFRS 117 at 31 December 2018 to the lease liabilities recognised at 1 January 2019 is as follows:

	Group RM'000
Operating lease commitments disclosed as at 31 December 2018	14,231
Discounted using the lessee's incremental borrowing rate at the date of initial application	(3,958)
(Less): Low-value assets/short term leases not recognised as a liability	(958)
Lease liability recognised as at 1 January 2019	9,315

4 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

MFRS 16 "Leases" (continued)

(b) Company as a lessee

Adjustments as at 1 January 2019

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

	Note	As at 31 December 2018 RM'000	Changes RM'000	As at 1 January 2019 RM'000
Company				
Non-current assets				
Property, plant and equipment:				
Leasehold land	10	6,748	(6,748)	-
Right-of-use assets	12	-	6,748	6,748

Measurement of lease liabilities on 1 January 2019

The reconciliation between the operating lease commitments disclosed applying MFRS 117 at 31 December 2018 to the lease liabilities recognised at 1 January 2019 is as follows:

	Company RM'000
Operating lease commitments disclosed as at 31 December 2018	189
(Less): Low-value assets/short term leases not recognised as a liability	(189)
Lease liability recognised as at 1 January 2019	-

(c) Company as a lessor

The Company did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of MFRS 16.

5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The application of accounting standards and policies requires the Group to make estimates and assumptions about future events that directly affect its reported financial condition and operating performance. The accounting estimates and assumptions discussed are those that the Group consider to be most critical to its financial statements. An accounting estimate is considered critical if both (a) the nature of estimates or assumptions is material due to the level of subjectivity and judgement involved, and (b) the impact within a reasonable range of outcomes of the estimates and assumptions is material to the Group's financial condition of operating performance.

(i) Trade offer accruals

The Group estimates trade offer accruals using either the expected value method or the most likely amount method depending on which method better predicts the amount of consideration to which the customers will be entitled.

The expected value method is used for contracts with more than one threshold due to the complexity and the activities agreed with the individual customer during the year.

Trade offer accruals consist primarily of trade discounts and sales volume rebates which are recognised based on agreed trading terms and promotional activities with trade customers and distributors. Volume and activity related discounts are typically associated with certain sales target to be achieved by the customers and distributors. These trade offers represents variable considerations which the Group estimates using either expected value method or the most likely amount method depending on which method better predicts the amount of consideration based on the terms of the contracts. As a result, management is required to make estimates on the sales volume to be achieved by the customers and distributors to determine the trade offers. However, there is a constraint on the amount of variable consideration to be included in the transaction price. The Group recognises trade offer accruals only to the extent that it is highly probable that a subsequent change in estimated variable consideration will not result in a significant reversal.

These accruals are netted off within Receivables, deposits and prepayments (Note 17.1). The senior management of the Group regularly reviews and updates its estimate of trade offers accruals at each reporting date until the uncertainty is resolved.

(ii) Impairment review of investment in subsidiaries

The Company performs impairment review of investment in subsidiaries on annual basis, in accordance with the accounting policy stated in Note 3(u).

The recoverable amount of the CGU was based on its VIU calculations. VIU of the CGU was determined by discounting the future cash flows forecasted to be generated from the continuing use of the CGU.

The 5-year cash flows forecast are based on the average annual growth of sales volume approved by the Directors based on past performance and management's expectation of market development. The discount rates used to discount the future cash flows are pre-tax and reflect the specific risks relating to the CGU.

The Directors of the Company believe that any reasonable change in the key assumptions would not cause the carrying amount of the CGU to exceed their recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(ii) Impairment review of investment in subsidiaries (continued)

The key assumptions used for the CGU Carlsberg Singapore Pte Ltd. are as follows:

	2019	**2018**
Sales volume (% annual growth)	**2.5%**	2.0%
Long-term growth rate (%)	**1.0%**	1.0%
Pre-tax discount rate (%)	**6.0%**	6.4%

For CGU Carlsberg Singapore Pte Ltd, the recoverable amount for the CGU was higher than the carrying amount of cost of investment and hence, no impairment loss was recognised during the financial year.

The recoverable amount of this CGU would equal its carrying amount if the key assumptions were to change as follows:

	2019		**2018**	
	From	**To**	**From**	**To**
Sales volume (% annual growth)	**2.5%**	**(5.1%)**	2.0%	(3.7%)
Long-term growth rate (%)	**1.0%**	**0%**	1.0%	0%
Pre-tax discount rate (%)	**6.0%**	**7.0%**	6.4%	7.4%

NOTES TO THE FINANCIAL STATEMENTS

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6 REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from contract with customers	**2,256,581**	1,982,342	**1,174,236**	1,031,879

Breakdown of the Group's revenue from contracts with customers:

	Manufacturing* RM'000	Marketing & Distribution RM'000	Total RM'000
2019			
Sales of beverages	**1,172,063**	**1,080,951**	**2,253,014**
Sales of by-products and others	**2,173**	**1,394**	**3,567**
	1,174,236	**1,082,345**	**2,256,581**
2018			
Sales of beverages	1,030,387	949,217	1,979,604
Sales of by-products and others	1,492	1,246	2,738
	1,031,879	950,463	1,982,342

* The manufacturing segment belongs to Company Level.

7 OPERATING PROFIT

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Operating profit is arrived at after charging:				
Allowance for inventories written down	**925**	300	**925**	300
Amortisation of intangible assets	**1,123**	458	**276**	139
Auditors' remuneration:				
- Audit services	**341**	382	**144**	148
- Audit related services	**17**	16	**17**	16
Depreciation of property, plant and equipment	**39,001**	40,376	**32,239**	35,400
Amortisation of right-of-use assets	**1,999**	-	**121**	-
Excise duties and sales tax	**1,165,205**	962,248	**864,438**	724,566
Finance costs				
- Interest on borrowings	**10,184**	8,079	**5,591**	2,404
- Interest on lease liability	**341**	-	**-**	-
Finished goods written off	**1,536**	737	**230**	29
(Reversal)/loss allowance on trade receivables	**(417)**	171	**-**	27
Loss allowance on other receivables	**55**	-	**55**	-
Loss on disposal of property, plant and equipment	**-**	-	**11**	-
Personnel expenses (including key management personnel):				
- Wages, salaries and others	**149,568**	150,887	**36,159**	35,720
- Contributions to Employees Provident Fund	**11,029**	12,226	**3,379**	3,608
- Contributions to other defined contribution plan	**1,390**	765	**551**	323
Property, plant and equipment written off	**424**	639	**174**	558
Management fees charged from related companies	**7,714**	6,738	**3,752**	2,534
Lease of land and buildings	**7,022**	7,412	**6,135**	3,495
Share based payment expense	**2,032**	1,777	**1,463**	1,777
Unrealised foreign exchange loss	**-**	15	**-**	497
Operating profit is arrived at after crediting:				
Dividend income from unquoted subsidiaries	**-**	-	**298,320**	226,004
Dividend income from a foreign quoted associate	**-**	-	**3,996**	1,772
Finance income	**1,605**	1,408	**17**	287
Gain on disposal of property, plant and equipment	**513**	1,385	**-**	138
Management fees charged to a subsidiary	**-**	-	**19,162**	12,227
Realised foreign exchange gain	**98**	564	**245**	392
Operating lease income from a subsidiary	**-**	-	**780**	780
Reversal of loss allowance on receivables	**417**	-	**-**	-
Unrealised foreign exchange gain	**827**	-	**503**	-

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

8 TAXATION

Recognised in profit or loss

Major components of taxation include:

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Current taxation				
Malaysian				
- current year	**58,613**	62,638	**2,459**	8,360
- (over)/under provision in prior years	**(6,917)**	549	**(151)**	634
Overseas				
- current year	**17,557**	14,237	**-**	-
- under provision in prior years	**593**	-	**-**	-
	69,846	77,424	**2,308**	8,994
Deferred tax expense				
Origination and reversal of temporary differences	**12,007**	(2,921)	**2,786**	(2,772)
Total deferred tax	**12,007**	(2,921)	**2,786**	(2,772)
Total taxation	**81,853**	74,503	**5,094**	6,222
Reconciliation of taxation				
Profit before taxation	**382,237**	361,260	**319,344**	256,185
Tax at Malaysian tax rate of 24% (2018: 24%)	**91,737**	86,702	**76,643**	61,484
Effect of tax in foreign jurisdiction	**(7,011)**	(6,493)	**-**	-
Non-taxable income	**(13)**	(804)	**(72,556)**	(55,477)
Non-deductible expenses	**7,959**	1,753	**1,158**	1,132
Share of results of an associate	**(3,910)**	(5,029)	**-**	-
Double deduction on permitted expenses	**(585)**	(491)	**-**	-
Others	**-**	(1,684)	**-**	(1,551)
	88,177	73,954	**5,245**	5,588
(Over)/under provision in prior years	**(6,324)**	549	**(151)**	634
Total taxation	**81,853**	74,503	**5,094**	6,222

8 TAXATION (CONTINUED)

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Recognised in Other Comprehensive Income				
Deferred tax				
Arising on income and expense recognised in other comprehensive income				
- Fair value of financial instruments treated as cash flow hedges	**478**	(1,221)	**478**	(1,221)

9 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2019 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	Group 2019 RM'000	Group 2018 RM'000
Profit for the financial year attributable to shareholders	**291,024**	277,154

Weighted average number of ordinary shares:

	Group 2019 '000	Group 2018 '000
Issued ordinary shares	**305,748**	305,748
Basic earnings per ordinary share (sen)	**95.18**	90.65

The diluted earnings per share of the Group is equal to the basic earnings per share as the Group does not have any material potential dilutive ordinary shares in issue.

NOTES TO THE FINANCIAL STATEMENTS

10 PROPERTY, PLANT AND EQUIPMENT

	Note	Leasehold land (Note 10.1) RM'000	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Group										
Cost										
At 1 January 2018		10,571	19,097	62,434	1,713	483,867	16,035	28,789	1,823	624,329
Additions		-	-	3,070	2,618	36,395	3,957	1,722	8,902	56,664
Disposals		-	(145)	(277)	-	(8,376)	(3,935)	(964)	-	(13,697)
Written off		-	-	(409)	(220)	(20,197)	-	(5,465)	-	(26,291)
Transfers		-	-	745	-	1,210	-	-	(1,955)	-
Effect of movements in exchange rates		-	-	-	5	27	-	9	-	41
At 31 December 2018		**10,571**	**18,952**	**65,563**	**4,116**	**492,926**	**16,057**	**24,091**	**8,770**	**641,046**
Effect of adoption of MFRS 16	12	**(10,571)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10,571)**
Additions		**-**	**-**	**2,072**	**42**	**45,781**	**2,816**	**1,277**	**12,588**	**64,576**
Disposals		**-**	**-**	**-**	**-**	**(721)**	**(3,810)**	**(535)**	**-**	**(5,066)**
Written off		**-**	**-**	**(29)**	**-**	**(34,138)**	**-**	**(12,287)**	**-**	**(46,454)**
Transfers		**-**	**-**	**302**	**-**	**6,030**	**-**	**-**	**(6,332)**	**-**
Transfer to intangible assets	11	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,455)**	**(3,455)**
Effect of movements in exchange rates		**-**	**-**	**-**	**6**	**14**	**-**	**7**	**-**	**27**
At 31 December 2019		**-**	**18,952**	**67,908**	**4,164**	**509,892**	**15,063**	**12,553**	**11,571**	**640,103**

NOTES TO THE FINANCIAL STATEMENTS

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Leasehold land (Note 10.1) RM'000	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Group										
Depreciation										
At 1 January 2018		3,627	-	32,915	520	373,768	9,508	26,192	-	446,530
Depreciation for the financial year	7	122	-	1,996	325	35,601	1,129	1,203	-	40,376
Disposals		-	-	(127)	-	(8,376)	(3,809)	(932)	-	(13,244)
Written off		-	-	(178)	(169)	(19,842)	-	(5,463)	-	(25,652)
Effect of movements in exchange rates		-	-	-	5	32	-	12	-	49
At 31 December 2018		**3,749**	**-**	**34,606**	**681**	**381,183**	**6,828**	**21,012**	**-**	**448,059**
Effect of adoption of MFRS 16	12	**(3,749)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,749)**
Depreciation for the financial year	7	**-**	**-**	**2,180**	**589**	**33,183**	**1,561**	**1,488**	**-**	**39,001**
Disposals		**-**	**-**	**-**	**-**	**(690)**	**(3,048)**	**(534)**	**-**	**(4,272)**
Written off		**-**	**-**	**(18)**	**-**	**(33,726)**	**-**	**(12,286)**	**-**	**(46,030)**
Effect of movements in exchange rates		**-**	**-**	**-**	**3**	**14**	**-**	**4**	**-**	**21**
At 31 December 2019		**-**	**-**	**36,768**	**1,273**	**379,964**	**5,341**	**9,684**	**-**	**433,030**
Carrying amounts										
At 31 December 2019		**-**	**18,952**	**31,140**	**2,891**	**129,928**	**9,722**	**2,869**	**11,571**	**207,073**
At 31 December 2018		6,822	18,952	30,957	3,435	111,743	9,229	3,079	8,770	192,987

NOTES TO THE FINANCIAL STATEMENTS

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Leasehold land Note(10.1) RM'000	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Company									
Cost									
At 1 January 2018		10,399	18,952	61,056	458,943	625	18,354	1,821	570,150
Additions		-	-	2,642	32,792	494	410	7,602	43,940
Disposals		-	-	-	(6,908)	(570)	(480)	-	(7,958)
Written off		-	-	(364)	(17,284)	-	(3,590)	-	(21,238)
Transfers		-	-	65	1,210	-	-	(1,275)	-
At 31 December 2018		**10,399**	**18,952**	**63,399**	**468,753**	**549**	**14,694**	**8,148**	**584,894**
Effect of adoption of MFRS 16	12	**(10,399)**	**-**	**-**	**-**	**-**	**-**	**-**	**(10,399)**
Additions		**-**	**-**	**2,072**	**36,931**	**-**	**297**	**9,755**	**49,055**
Disposals		**-**	**-**	**-**	**(292)**	**-**	**(405)**	**-**	**(697)**
Written off		**-**	**-**	**(24)**	**(28,980)**	**-**	**(6,768)**	**-**	**(35,772)**
Transfers		**-**	**-**	**302**	**6,030**	**-**	**-**	**(6,332)**	**-**
At 31 December 2019		**-**	**18,952**	**65,749**	**482,442**	**549**	**7,818**	**11,571**	**587,081**

NOTES TO THE FINANCIAL STATEMENTS

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Leasehold land Note(10.1) RM'000	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Company									
Depreciation									
At 1 January 2018		3,533	-	32,348	356,827	520	17,197	-	410,425
Depreciation for the financial year	7	118	-	1,908	32,731	49	594	-	35,400
Disposals		-	-	-	(6,908)	(456)	(480)	-	(7,844)
Written off		-	-	(155)	(16,936)	-	(3,589)	-	(20,680)
At 31 December 2018		**3,651**	**-**	**34,101**	**365,714**	**113**	**13,722**	**-**	**417,301**
Effect of adoption of MFRS 16	12	**(3,651)**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,651)**
Depreciation for the financial year	7	**-**	**-**	**2,014**	**29,525**	**99**	**601**	**-**	**32,239**
Disposals		**-**	**-**	**-**	**(262)**	**-**	**(404)**	**-**	**(666)**
Written off		**-**	**-**	**(16)**	**(28,814)**	**-**	**(6,768)**	**-**	**(35,598)**
At 31 December 2019		**-**	**-**	**36,099**	**366,163**	**212**	**7,151**	**-**	**409,625**
Carrying amounts									
At 31 December 2019		**-**	**18,952**	**29,650**	**116,279**	**337**	**667**	**11,571**	**177,456**
At 31 December 2018		6,748	18,952	29,298	103,039	436	972	8,148	167,593

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.1 Leasehold land

Included in the carrying amount of leasehold land are lease of land with:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Unexpired lease period less than 50 years	**-**	74	**-**	-
Unexpired lease period more than 50 years	**-**	6,748	**-**	6,748
	-	6,822	**-**	6,748

From 2019, leasehold land are presented as a separate line item in the statement of financial position (Note 12). Refer to Note 4 for details about the changes in the accounting policies.

10.2 Purchase of property, plant and equipment

Purchase of property, plant and equipment for the financial year is presented in the statement of cash flow after deducting the capitalised asset retirement cost as follows:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Total additions of property, plant and equipment	**64,576**	56,664	**49,055**	43,940
Capitalised asset retirement cost	**-**	(2)	**-**	-
Purchase of property, plant and equipment	**64,576**	56,662	**49,055**	43,940

10.3 Leasing arrangements

The Company leases certain buildings with carrying amount of RM8,020,000 to a subsidiary under operating leases with rentals payable monthly.

Minimum lease receivable on buildings are as follows:

	Company	
	2019 RM'000	**2018 RM'000**
Within 1 year	**780**	780
Between 1 and 2 years	**780**	780
Between 2 and 3 years	**780**	780
Between 3 and 4 years	**780**	780
Between 4 and 5 years	**180**	780
More than 5 years	**720**	900
	4,020	4,800

NOTES TO THE FINANCIAL STATEMENTS

11 INTANGIBLE ASSETS

	Note	Goodwill RM'000	Computer software RM'000	Total RM'000
Group				
Cost				
At 1 January 2018		2,634	20,770	23,404
Acquisition		-	259	259
Written off		-	(1,112)	(1,112)
Effect of movements in exchange rates		-	9	9
At 31 December 2018		**2,634**	**19,926**	**22,560**
Acquisition		**-**	**2,444**	**2,444**
Transfer from property, plant and equipment	10	**-**	**3,455**	**3,455**
Disposal		**-**	**(32)**	**(32)**
Written off		**-**	**(14,570)**	**(14,570)**
Effect of movements in exchange rates		**-**	**4**	**4**
At 31 December 2019		**2,634**	**11,227**	**13,861**
Amortisation				
At 1 January 2018		-	19,983	19,983
Amortisation for the financial year	7	-	458	458
Written off		-	(1,112)	(1,112)
Effect of movements in exchange rates		-	12	12
At 31 December 2018		**-**	**19,341**	**19,341**
Amortisation for the financial year	7	**-**	**1,123**	**1,123**
Disposal		**-**	**(32)**	**(32)**
Written off		**-**	**(14,570)**	**(14,570)**
Effect of movements in exchange rates		**-**	**1**	**1**
At 31 December 2019		**-**	**5,863**	**5,863**
Carrying amounts				
At 31 December 2019		**2,634**	**5,364**	**7,998**
At 31 December 2018		2,634	585	3,219

11 INTANGIBLE ASSETS (CONTINUED)

	Note	Computer software RM'000
Company		
Cost		
At 1 January 2018		10,793
Additions		184
Written off		(788)
At 31 December 2018		**10,189**
Additions		**1,207**
Disposal to subsidiary		**(157)**
Written off		**(8,343)**
At 31 December 2019		**2,896**
Amortisation		
At 1 January 2018		10,616
Amortisation for the financial year	7	139
Written off		(788)
At 31 December 2018		**9,967**
Amortisation for the financial year	7	**276**
Written off		**(8,343)**
At 31 December 2019		**1,900**
Carrying amounts		
At 31 December 2019		**996**
At 31 December 2018		222

NOTES TO THE FINANCIAL STATEMENTS

11 INTANGIBLE ASSETS (CONTINUED)

11.1 Impairment testing for CGUs containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating geographical divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

	Group	
	2019 RM'000	**2018 RM'000**
Singapore		
MayBev Pte. Ltd.	**2,634**	2,634

The recoverable amount of the CGU - MayBev Pte. Ltd. was based on its VIU calculations. The recoverable amount for the CGU was higher than the aggregate carrying amount of the identifiable net assets and goodwill allocated and hence, no impairment loss was recognised during the financial year.

VIU of the CGU was determined by discounting the future cash flows forecasted to be generated from the continuing use of the CGU. The key assumptions used for the CGU are as follows:

	2019	**2018**
Sales volume (% annual growth)	**1.0%**	2.0%
Long-term growth rate (%)	**1.0%**	1.0%
Pre-tax discount rate (%)	**6.0%**	6.4%

The 5-year cash flows forecast are based on the average annual growth of sales volume approved by the Directors based on past performance and management's expectation of market development. The discount rates used to discount the future cash flows are pre-tax and reflect the specific risks relating to the CGU.

The Directors of the Company believe that any reasonable change in the key assumptions would not cause the carrying amount of the CGU to exceed their recoverable amount.

12 RIGHT-OF-USE ASSETS/LEASES

12.1 Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Right-of-use assets				
Leasehold land	6,699	-	6,627	-
Buildings	7,448	-	-	-
	14,147	-	6,627	-
Lease liabilities				
Current	1,835	-	-	-
Non-current	5,834	-	-	-
	7,669	-	-	-

For adjustments recognised on adoption of MFRS 16 on 1 January 2019, please refer to Note 4.

There were no additions to the right-of-use assets in financial year 2019.

12.2 Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Amortisation charge of right-of-use assets				
Leasehold land	122	-	121	-
Building	1,877	-	-	-
	1,999	-	121	-
Interest expense (included in finance cost)	341	-	-	-
Expense relating to lease of low-value assets and short term lease that are not shown above (included in sales, distribution and administrative expenses)	1,051	-	337	-

The Group's total cash outflow for leases in 2019 was RM1,998,000.

12 RIGHT-OF-USE ASSETS/LEASES (CONTINUED)

12.3 The Group's leasing activities and how these are accounted for

The Group leases offices and a warehouse. Rental contracts are typically made for fixed periods of 5 to 6 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the financial year ended 31 December 2018, leases of offices and warehouse were classified as operating leases. From 1 January 2019, such leases are recognised as ROU assets and a corresponding liability at the date at which the leased asset is available for use by the Group.

Leasehold land previously classified as finance leases and presented as part of 'property, plant and equipment' until financial year ended 31 December 2018 are recognised as ROU asset with no corresponding liability from 1 January 2019. The carrying amount of leasehold land is depreciated on a straight-line basis on the remaining lease term.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities are the monthly fixed payments of the leases.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for lease in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received as a starting point, with adjustments made to reflect changes in financing conditions since the third-party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

ROU assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

ROU assets are generally amortised over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

NOTES TO THE FINANCIAL STATEMENTS

13 INVESTMENTS IN SUBSIDIARIES

	Company 2019 RM'000	2018 RM'000
Unquoted shares – at cost	**391,572**	391,572

Note 5(ii) sets out the key assumptions and judgements used in impairment testing. The recoverable amount is higher than the cost of investment hence no impairment loss is recognised during the financial year.

The following are the subsidiaries of the Group:

Name of company	Principal activities	Principal place of business/ country of incorporation	Effective ownership interest 2019 %	2018 %
Carlsberg Marketing Sdn. Bhd.	Marketing and distribution of beer, stout, cider, shandy and non-alcoholic beverages	Malaysia	**100**	100
Euro Distributors Sdn. Bhd.	Marketing and distribution of non-alcoholic beverages	Malaysia	**100**	100
Carlsberg Singapore Pte. Ltd. #	Importation and marketing of beer and liquor products	Singapore	**100**	100
MayBev Pte. Ltd#	Importation and marketing of beer and liquor products	Singapore	**51**	51

Audited by a member firm of PricewaterhouseCoopers International Limited which are separate and independent legal entities from PricewaterhouseCoopers PLT, Malaysia.

The Group's subsidiary that has material non-controlling interest ("NCI") is as follows:

	Effective ownership interest held by NCI 2019 %	2018 %
MayBev Pte. Ltd.	**49**	49

NOTES TO THE FINANCIAL STATEMENTS

13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Set out below is summarised financial information for MayBev Pte. Ltd., the subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

	MayBev Pte. Ltd. 2019 RM'000	2018 RM'000
As at 31 December		
Non-current assets	**10,546**	4,919
Current assets	**34,581**	40,132
Non-current liabilities	**(5,481)**	(687)
Current liabilities	**(20,838)**	(18,135)
Net assets	**18,808**	26,229
Accumulated non-controlling interests	**8,224**	11,870
Year ended 31 December		
Revenue	**129,255**	129,606
Profit for the financial year	**19,102**	19,599
Total comprehensive income	**19,102**	19,599
Profit allocated to non-controlling interests	**9,360**	9,603
Dividend paid to non-controlling interests	**13,006**	11,181
Cash flow generated from operating activities	**23,465**	18,216
Cash flow used in investing activities	**(766)**	(4,124)
Cash flow used in financing activities	**(28,116)**	(22,989)
Net changes in cash and cash equivalents	**(5,417)**	(8,897)

14 INVESTMENT IN AN ASSOCIATE

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Quoted shares, outside Malaysia	**25,164**	25,164	**25,164**	25,164
Share of post-acquisition reserves	**59,556**	47,806	**-**	-
	84,720	72,970	**25,164**	25,164
Market value Quoted shares, outside Malaysia	**272,329**	258,618	**272,329**	258,618

NOTES TO THE FINANCIAL STATEMENTS

14 INVESTMENT IN AN ASSOCIATE (CONTINUED)

The fair value of investment in an associate falls under Level 1 in the fair value level hierarchy.

Name of company	Principal activities	Principal place of business/ country of incorporation	Effective ownership interest 2019 %	Effective ownership interest 2018 %
Lion Brewery (Ceylon) PLC	Manufacturing, marketing and distribution of beer, stout, cider, shandy and non-alcoholic beverages	Sri Lanka	**25**	25

Summary financial information on associate:

	2019 RM'000	2018 RM'000
As at 31 December		
Non-current assets	**463,513**	480,845
Current assets	**332,516**	314,380
Non-current liabilities	**(177,677)**	(235,557)
Current liabilities	**(279,472)**	(267,788)
Net assets	**338,880**	291,880
Year ended 31 December		
Revenue	**1,099,393**	1,029,614
Interest income	**26,109**	22,578
Interest expense	**(39,040)**	(49,861)
Tax expense	**(46,447)**	(61,156)
Profit for the financial year	**65,166**	83,819
Total comprehensive income	**65,166**	83,819
Dividends received from associate	**3,996**	1,772

14 INVESTMENT IN AN ASSOCIATE (CONTINUED)

Reconciliation to carrying amount:

	2019 RM'000	2018 RM'000
Net assets as at 1 January	**291,880**	257,236
Profit for the financial year	**65,166**	83,819
Dividend paid	**(15,984)**	(7,087)
Exchange differences	**(2,182)**	(42,088)
Net assets as at 31 December	**338,880**	291,880
Group share at 25%	**84,720**	72,970
Carrying amount	**84,720**	72,970

In conjunction with the investment undertaken in Lion Brewery (Ceylon) PLC, the Company had written a call option with the principal licensor, Carlsberg A/S, its ultimate holding 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 and hence, the option's fair value is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

15 DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Group						
Property, plant and equipment	**-**	-	**(26,604)**	(22,852)	**(26,604)**	(22,852)
Right-of-use assets	**-**	-	**(1,266)**	-	**(1,266)**	-
Trade and other receivables	**-**	-	**(9,172)**	-	**(9,172)**	-
Trade and other payables	**10,740**	9,864	**-**	-	**10,740**	9,864
Lease liabilities	**1,304**	-	**-**	-	**1,304**	-
Others	**287**	767	**(203)**	(203)	**84**	564
Tax assets/(liabilities)	**12,331**	10,631	**(37,245)**	(23,055)	**(24,914)**	(12,424)
Offsetting	**(11,827)**	(7,278)	**11,827**	7,278	**-**	-
Net tax assets/(liabilities)	**504**	3,353	**(25,418)**	(15,777)	**(24,914)**	(12,424)
Company						
Property, plant and equipment	**-**	-	**(23,561)**	(20,604)	**(23,561)**	(20,604)
Trade and other payables	**5,123**	4,952	**-**	-	**5,123**	4,952
Others	**287**	767	**(203)**	(205)	**84**	562
Tax assets/(liabilities)	**5,410**	5,719	**(23,764)**	(20,809)	**(18,354)**	(15,090)
Offsetting	**(5,410)**	(5,719)	**5,410**	5,719	**-**	-
Net tax liabilities	**-**	-	**(18,354)**	(15,090)	**(18,354)**	(15,090)

NOTES TO THE FINANCIAL STATEMENTS

15 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movement in temporary differences during the financial year:

	At 1.1.2018 RM'000	Credited to profit or loss (Note 8) RM'000	Credited to other comprehensive income (Note 8) RM'000	Foreign exchange differences RM'000	At 31.12.2018 RM'000	Adoption of MFRS 16 RM'000	(Charged)/ credited to profit or loss (Note 8) RM'000	Charged to other comprehensive income (Note 8) RM'000	Foreign exchange differences RM'000	At 31.12.2019 RM'000
Group										
Property, plant and equipment	(22,907)	53	-	2	(22,852)	-	(3,742)	-	(10)	(26,604)
Right-of-use assets	-	-	-	-	-	(1,586)	319	-	1	(1,266)
Trade and other receivables	-	-	-	-	-	-	(9,172)	-	-	(9,172)
Trade and other payables	7,777	2,087	-	-	9,864	-	871	-	5	10,740
Lease liabilities	-	-	-	-	-	1,586	(281)	-	(1)	1,304
Others	(1,438)	781	1,221	-	564	-	(2)	(478)	-	84
	(16,568)	2,921	1,221	2	(12,424)	-	(12,007)	(478)	(5)	(24,914)
Company										
Property, plant and equipment	(21,441)	837	-	-	(20,604)	-	(2,957)	-	-	(23,561)
Trade and other payables	3,796	1,156	-	-	4,952	-	171	-	-	5,123
Others	(1,438)	779	1,221	-	562	-	-	(478)	-	84
	(19,083)	2,772	1,221	-	(15,090)	-	(2,786)	(478)	-	(18,354)

NOTES TO THE FINANCIAL STATEMENTS

16 INVENTORIES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Finished goods	42,113	79,600	17,161	15,643
Work-in-progress	4,164	2,322	4,164	2,322
Raw, packaging and other materials	10,045	8,674	9,971	8,608
Spare parts for machinery	10,547	6,127	10,397	5,992
	66,869	96,723	41,693	32,565
Recognised in profit or loss:				
Allowance for inventories written down	925	300	925	300
Finished goods written off	1,536	737	230	29
Inventories recognised as Cost of Sales	249,652	237,567	193,555	177,615

17 RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current					
Trade					
Trade receivables from contracts with customers	25.4	144,341	122,434	-	-
Less: Loss allowance	25.4	(215)	(632)	-	-
	17.1	144,126	121,802	-	-
Prepayment	17.3	61,018	65,145	9,162	16,886
Amount due from related companies	17.2	5,353	9,438	5,353	9,432
Amount due from a subsidiary	17.2	-	-	3,521	18,238
		210,497	196,385	18,036	44,556

NOTES TO THE FINANCIAL STATEMENTS

17 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-trade					
Amount due from a subsidiary	17.2	-	-	740	266
Amount due from an associate	17.2	-	7	-	7
Amount due from related companies	17.2	62	571	62	571
Other receivables	17.4	6,036	9,503	2,056	3,155
Deposits		636	733	40	187
Prepayments		54	434	-	240
		6,788	11,248	2,898	4,426
		217,285	207,633	20,934	48,982

17.1 Trade receivables from contracts with customers

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 60 days and therefore are all classified as current.

The Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The amount netted within trade receivables of the Group are trade offer accruals amounting to RM131,522,000 (2018: RM89,603,000).

Included in trade receivables is a portfolio of receivables which are subject to factoring arrangement. Under this arrangement, the Group will transfer the relevant trade receivables to a bank in exchange for cash with no recourse to Group subsequent to the transfer. The Group considers the hold to collect and sell business model remains appropriate for these receivables and hence continues to measure these financial assets at fair value through OCI as disclosed in Note 25.1.

17.2 Amounts due from subsidiaries, associate and related companies

The trade balances have a credit term of 30 days (2018: 30 days).

The non-trade balances are unsecured, interest free and repayable on demand.

17.3 Prepayments

Prepayments comprise excise duties and upfront cash payments in relation to listing fees provided to the sales outlets. The listing fees are amortised over the duration of the contracts entered with these outlets. The amortised upfront listing fee payments are recognised as a discount to revenue.

Refer to Note 25.7 for disclosure of fair value information.

17 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

17.4 Other receivables

Other receivables mainly comprise loan to staff and receivables from sale of motor vehicles of the Group and the Company. Collateral is not normally obtained.

18 CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash at bank	**78,460**	96,483	**19,305**	18,525
Cash held on hand	**157**	129	**8**	12
	78,617	96,612	**19,313**	18,537

19 SHARE CAPITAL

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Issued:				
- 305,748,000 ordinary shares with no par value				
At beginning of financial year	**149,363**	149,363	**149,363**	149,363
At end of financial year	**149,363**	149,363	**149,363**	149,363

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 regards to the Company's residual assets.

19 SHARE CAPITAL (CONTINUED)

Reserves

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other reserves:					
Capital reserve	19.1	**3,931**	3,931	**-**	-
Exchange reserve	19.2	**(312)**	174	**-**	-
Share option reserve	19.3	**2,624**	707	**1,890**	542
Cash flow hedge reserve	19.4	**(911)**	(2,427)	**(911)**	(2,427)
		5,332	2,385	**979**	(1,885)
Distributable reserves:					
Retained earnings		**(6,211)**	17,379	**246,989**	247,353
		(879)	19,764	**247,968**	245,468

19.1 Capital reserve

The capital reserve comprises reserve capitalised by a subsidiary for bonus issue of shares in prior years.

19.2 Exchange reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

19.3 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options granted by the ultimate holding company. The grant date fair value of the share options granted to these employees is recognised as an employee expense in profit or loss and a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. Any recharge by Carlsberg A/S in excess of the initial capital contribution initially recognised in the equity is treated as a capital distribution and would be recorded directly in equity.

19.4 Cash flow hedge reserve

During the financial year, the Group and the Company have applied cash flow hedge. The cash flow hedges comprise aluminium hedges where the hedged item is aluminium cans that will be used by the Company. Aluminium swaps are used to hedge the risk of volatile aluminium prices associated with the purchase of cans.

The fair value changes of effective cash flow hedge on aluminium hedge contracts are recognised in other comprehensive income and attributed to this reserve.

Included in the amount due to immediate holding company (trade) is fair value loss on cash flow hedge of RM873,000 (2018: fair value gain of RM3,063,000).

20 PAYABLES AND ACCRUALS

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current					
Provisions		**329**	329	**-**	-
Current					
Trade					
Trade payables	20.1	**225,065**	221,085	**112,116**	112,706
Amount due to ultimate holding company		**-**	449	**-**	-
Amount due to immediate holding company	20.2	**5,690**	6,703	**1,465**	3,967
Amount due to related companies	20.2	**11,477**	10,001	**150**	3,068
		242,232	238,238	**113,731**	119,741
Non-trade					
Other payables	20.4	**20,852**	27,363	**4,482**	13,426
Dividend payable		**51,977**	48,920	**51,977**	48,920
Accrued expenses		**48,876**	48,392	**13,122**	15,324
Amount due to ultimate holding company	20.3	**2,364**	3,649	**2,364**	3,649
Amount due to immediate holding company	20.3	**1,000**	1,488	**854**	1,303
Amount due to related companies	20.3	**12,480**	11,100	**8,706**	6,377
		137,549	140,912	**81,505**	88,999
		379,781	379,150	**195,236**	208,740
		380,110	379,479	**195,236**	208,740

20.1 Trade payables are with a credit term range from 0 day to 130 days (2018: 0 day to 130 days).

Note 25.5 and Note 25.7 set out disclosures of liquidity risk and fair value information respectively.

20.2 Amounts due to immediate holding company and related companies

Amounts due to immediate holding company and related companies are unsecured, interest free and subjected to credit terms of 90 days (2018: 90 days).

20.3 Amounts due to ultimate holding company, immediate holding company and related companies

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

NOTES TO THE FINANCIAL STATEMENTS

20 PAYABLES AND ACCRUALS (CONTINUED)

20.4 These amounts comprise liabilities of goods and services provided to the Group and the Company. The amounts are unsecured and are usually paid within 30 days of recognition.

21 LOANS AND BORROWINGS

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Current - unsecured				
Revolving credits	**75,000**	75,000	**75,000**	75,000

The revolving credits of the Group are subjected to interests ranging from 3.45% to 3.47% (2018: 3.73% to 3.93%) per annum.

Note 25.5 and Note 25.7 set out disclosures of liquidity risk and fair value information respectively.

22 KEY MANAGEMENT PERSONNEL COMPENSATION

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Directors:				
- Fees	**307**	331	**307**	331
- Remuneration	**2,851**	3,304	**2,851**	3,304
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	**829**	962	**829**	962
	3,987	4,597	**3,987**	4,597
- Share-based payments	**999**	936	**999**	936
	4,986	5,533	**4,986**	5,533
Other key management personnel:				
- Short-term employee benefits	**14,351**	14,878	**3,747**	5,096
- Share-based payments	**1,033**	909	**464**	909
	15,384	15,787	**4,211**	6,005
	20,370	21,320	**9,197**	11,538

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

23 DIVIDENDS

Dividends declared by the Company are:

	Sen per ordinary share	Total amount RM'000	Date of payment
2019			
Fourth interim 2018	**16.6**	**50,754**	**8 April 2019**
Final and special 2018	**31.7**	**96,922**	**31 May 2019**
First interim 2019	**21.5**	**65,736**	**31 July 2019**
Second interim 2019	**16.1**	**49,225**	**31 October 2019**
Third interim 2019	**17.0**	**51,977**	**22 January 2020**
Total amount		**314,614**	
2018			
Final and special 2017	77.0	235,426	18 May 2018
First interim 2018	20.0	61,150	3 July 2018
Second interim 2018	15.7	48,002	17 October 2018
Third interim 2018	16.0	48,920	30 January 2019
Total amount		393,498	

Subsequent to financial year, the Board of Directors declared on 21 February 2020 a fourth single tier interim dividend of 17.0 sen per ordinary share in respect of the financial year ended 31 December 2019, which will be payable on 10 April 2020.

The Board of Directors has also recommended for shareholders' approval at the forthcoming Annual General Meeting a final single tier dividend of 23.6 sen per ordinary share and a special single tier dividend of 4.8 sen per ordinary share in respect of the financial year ended 31 December 2019.

	Sen per ordinary share	Total amount RM'000
For the financial year ended 31 December 2019		
Fourth interim 2019	**17.0**	**51,977**
Final	**23.6**	**72,157**
Special	**4.8**	**14,676**
		138,810

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS

The Group has three operating segments, which are the Group's geographical segments. The strategic business units offer similar products but are managed separately because they require different marketing strategies due to the geographical locations. For each of the strategic business unit, the Group's Managing Director (the chief operating decision maker) reviews internal management reports at least on a quarterly basis.

The following summary describes the operations in each of the Group's operating segments:

- Malaysia — Includes manufacturing, marketing and distribution of both alcoholic and non-alcoholic beverages by entities in Malaysia.
- Singapore — Includes marketing and distribution of both alcoholic and non-alcoholic beverages by entities in Singapore.
- Other — Includes manufacturing, marketing and distribution of both alcoholic and non-alcoholic beverages in geographical locations other than Malaysia and Singapore.

Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

Segment assets, liabilities and capital expenditures

Segment assets, liabilities and capital expenditures information is neither included in the internal management reports nor provided regularly to the Group's Managing Director who is considered the Group's chief operating decision maker. Hence no such disclosures are provided below.

	Malaysia RM'000	Singapore RM'000	Other RM'000	Total RM'000
2019				
Segment profit	**274,558**	**100,522**	**-**	**375,080**
Included in the measure of segment profit are:				
Revenue from external customers	**1,638,501**	**618,080**	**-**	**2,256,581**
Inter-segment revenue	**72,988**	**-**	**-**	**72,988**
Depreciation and amortisation	**37,928**	**4,195**	**-**	**42,123**
Not included in the measure of segment profit but provided to Group's Managing Director:				
Finance costs	**(10,145)**	**(380)**	**-**	**(10,525)**
Finance income	**1,605**	**-**	**-**	**1,605**
Income tax expense	**(64,273)**	**(17,580)**	**-**	**(81,853)**
Share of profit of equity - accounted associate, net of tax	**-**	**-**	**16,292**	**16,292**

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONTINUED)

	Malaysia RM'000	Singapore RM'000	Other RM'000	Total RM'000
2018				
Segment profit	254,649	92,859	-	347,508
Included in the measure of segment profit are:				
Revenue from external customers	1,413,246	569,096	-	1,982,342
Inter-segment revenue	69,645	-	-	69,645
Depreciation and amortisation	39,147	1,687	-	40,834
Not included in the measure of segment profit but provided to Group's Managing Director:				
Finance costs	(7,977)	(102)	-	(8,079)
Finance income	1,408	-	-	1,408
Income tax expense	(59,758)	(14,745)	-	(74,503)
Share of profit of equity - accounted associate, net of tax	-	-	20,955	20,955

Reconciliation of segment profit or loss

	2019 RM'000	2018 RM'000
Profit		
Total segment profit	**375,080**	347,508
Inter-segment elimination	**(215)**	(532)
Finance costs	**(10,525)**	(8,079)
Finance income	**1,605**	1,408
Share of profit of equity - accounted associate, net of tax	**16,292**	20,955
Consolidated profit before taxation	**382,237**	361,260

24 OPERATING SEGMENTS (CONTINUED)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Non-current assets are based on the geographical location of the assets.

	Revenue		Non-current assets*	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Geographical location				
Malaysia	**1,581,691**	1,353,466	**296,012**	258,647
Singapore	**619,548**	569,508	**17,926**	10,529
Other countries	**55,342**	59,368	**-**	-
	2,256,581	1,982,342	**313,938**	269,176

* Non-current assets comprise of property, plant and equipment, intangible assets, ROU assets and investment in associate.

Major customers

The Group does not transact with a single external customer amounting to 10% or more of the Group's total revenue.

25 FINANCIAL INSTRUMENTS

25.1 Financial instruments by categories

The table below provides an analysis of financial instruments categorised as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Financial assets at FVOCI				
Receivables	**14,456**	-	**-**	-
Financial assets at amortised cost				
Receivables and deposits	**141,757**	142,054	**11,772**	31,856
Cash and cash equivalents	**78,617**	96,612	**19,313**	18,537
	220,374	238,666	**31,085**	50,393
Financial liabilities at amortised cost				
Loans and borrowings	**(75,000)**	(75,000)	**(75,000)**	(75,000)
Payables and accruals	**(380,110)**	(379,479)	**(195,236)**	(208,740)
Lease liabilities	**(7,669)**	-	**-**	-
	(462,779)	(454,479)	**(270,236)**	(283,740)

25 FINANCIAL INSTRUMENTS (CONTINUED)

25.2 Net gains and losses arising from financial instruments

Net gains/(losses) arising from financial instruments comprises finance income/(expense), unrealised foreign exchange gains/(losses) and impairment losses.

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Financial assets at FVOCI and amortised cost	**4,460**	5,911	**(125)**	219
Financial liabilities at amortised cost	**(9,491)**	(8,524)	**(5,018)**	(2,862)

25.3 Financial risk management

The Group and the Company have exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

25.4 Credit risk

Trade receivables using simplified approach

(a) The exposure of credit risk for trade receivables, net of loss allowance, as at the end of the reporting period by geographic region was:

	Group	
	2019 RM'000	**2018 RM'000**
Malaysia	**80,333**	71,151
Singapore	**63,487**	50,043
Others	**306**	608
	144,126	121,802

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONTINUED)

25.4 Credit risk (continued)

Trade receivables using simplified approach (continued)

(b) Reconciliation on loss allowance

The loss allowance for trade receivables as at 31 December 2019 reconciles to the opening loss allowance for that provision as follows:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
At 1 January	**(632)**	(1,356)	**-**	-
Loss allowance recognised	**-**	(171)	**-**	(27)
Loss allowance reversed	**417**	-	**-**	-
Loss allowance written off	**-**	895	**-**	27
At 31 December	**(215)**	(632)	**-**	-

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

(c) Maximum exposure to credit risk

The grouping of trade receivables for ECL assessment is as below:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Assessed individually	**4,553**	-	**-**	-
Assessed collectively	**139,788**	122,434	**-**	-
Total trade receivables	**144,341**	122,434	**-**	-

25 FINANCIAL INSTRUMENTS (CONTINUED)

25.4 Credit risk (continued)

Trade receivables using simplified approach (continued)

(c) Maximum exposure to credit risk (continued)

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised:

Group	Current	1 - 30 days past due	More than 30 days past due	More than 60 days past due	Total
2019					
Expected loss rate	-	-	-	31%	
RM'000					
Gross carrying amount - Trade receivables (assessed collectively)	131,117	6,869	1,098	704	139,788
Loss allowance	-	-	-	(215)	(215)
	131,117	6,869	1,098	489	139,573
Gross carrying amount - Trade receivables (assessed individually)	354	2	752	3,445	4,553
Carrying amount (net of loss allowance)	131,471	6,871	1,850	3,934	144,126

The ageing of trade receivables as at the end of the reporting period was:

Group	Current	1 - 30 days past due	More than 30 days past due	More than 60 days past due	Total
2018					
Expected loss rate	-	-	-	90%	
RM'000					
Gross carrying amount - Trade receivables (assessed collectively)	113,807	6,849	1,076	702	122,434
Loss allowance	-	-	-	(632)	(632)
Carrying amount (net of loss allowance)	113,807	6,849	1,076	70	121,802

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONTINUED)

25.4 Credit risk (continued)

Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Group has transactions with related companies. The Group monitors the collectability of the amounts owing from related companies regularly.

The Company has transactions with subsidiaries and related companies. The Company monitors the collectability of the amounts owing from subsidiaries and related companies regularly.

Exposure to credit risk

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Credit quality

As at the end of the reporting period, there was no indication that the amounts due from subsidiaries and related companies are not recoverable. The amounts due from subsidiaries and related companies have been outstanding for less than a year.

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's short term deposits are placed as fixed rate investments and daily short term deposits and upon which management endeavours to obtain the best rate available in the market.

Cash and cash equivalents are placed only with licensed financial institutions.

Exposure to credit risk

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Credit quality

Counterparties with external credit rating:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
AAA	48,547	60,095	19,201	18,453
AA2	118	88	104	72
A1	29,795	36,300	-	-
	78,460	96,483	19,305	18,525

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONTINUED)

25.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000
Group						
2019						
Payables and accruals	**380,110**	**-**	**380,110**	**379,781**	**-**	**329**
Loans and borrowings	**75,000**	**3.45-3.47**	**75,175**	**75,175**	**-**	**-**
Lease liabilities	**7,669**	**4.05**	**8,349**	**2,092**	**2,095**	**4,162**
	462,779		**463,634**	**457,048**	**2,095**	**4,491**
2018						
Payables and accruals	379,479	-	379,479	379,150	-	329
Loans and borrowings	75,000	3.73-3.93	75,189	75,189	-	-
	454,479		454,668	454,339	-	329

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONTINUED)

25.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000
Company				
2019				
Payables and accruals	**195,236**	**-**	**195,236**	**195,236**
Loans and borrowings	**75,000**	**3.45-3.47**	**75,175**	**75,175**
	270,236		**270,411**	**270,411**
2018				
Payables and accruals	208,740	-	208,740	208,740
Loans and borrowings	75,000	3.73-3.93	75,189	75,189
	283,740		283,929	283,929

25.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's and the Company's financial position or cash flows.

25.6.1 Currency risk

The Group and the Company are 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 U.S. Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR"), Danish Krone ("DKK") and Japanese Yen ("JPY").

Risk management objectives, policies and processes for managing the risk

The Group and the Company did not hedge any foreign trade receivables and trade payables denominated in foreign currency during the year. In respect of other monetary assets and liabilities held in currencies other than RM and SGD, the Group ensures that the net exposure is kept to an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONTINUED)

25.6 Market risk (continued)

25.6.1 Currency risk (continued)

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the functional currency of any entity in the Group and the Company) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in				
	USD RM'000	SGD RM'000	EUR RM'000	DKK RM'000	JPY RM'000
Group					
2019					
Trade receivables	**3,299**	**-**	**-**	**-**	**-**
Cash and cash equivalents	**8,224**	**1,782**	**-**	**-**	**-**
Trade payables	**(16,187)**	**-**	**(4,268)**	**-**	**(1,431)**
Intercompany balances	**(7,272)**	**-**	**(190)**	**(527)**	**-**
Net exposure	**(11,936)**	**1,782**	**(4,458)**	**(527)**	**(1,431)**
2018					
Trade receivables	2,396	-	-	-	-
Cash and cash equivalents	3,417	331	-	-	-
Trade payables	(9,536)	-	(1,648)	-	-
Intercompany balances	(10,390)	-	(2,342)	(3,915)	-
Net exposure	(14,113)	331	(3,990)	(3,915)	-

25 FINANCIAL INSTRUMENTS (CONTINUED)

25.6 Market risk (continued)

25.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

	Denominated in			
	USD RM'000	SGD RM'000	EUR RM'000	DKK RM'000
Company				
2019				
Cash and cash equivalents	**6,280**	**50**	**-**	**-**
Trade payables	**(14,983)**	**-**	**(2,092)**	**-**
Intercompany balances	**5,203**	**-**	**-**	**(873)**
Net exposure	**(3,500)**	**50**	**(2,092)**	**(873)**
2018				
Cash and cash equivalents	71	157	-	-
Trade payables	(9,601)	-	(1,648)	-
Intercompany balances	1,828	266	(1,466)	(3,639)
Net exposure	(7,702)	423	(3,114)	(3,639)

Currency risk sensitivity analysis

Foreign currency risk arises primarily for transactions denominated in USD, SGD, EUR, DKK and JPY. The exposure to currency risk for transaction other than USD, SGD, EUR, DKK and JPY is not material and hence, sensitivity analysis is not presented.

A 2% (2018: 10%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
USD	**239**	1,411	**70**	770
SGD	**(36)**	(33)	**(1)**	(42)
EUR	**89**	399	**42**	311
DKK	**11**	392	**17**	364
JPY	**29**	-	**-**	-
	332	2,169	**128**	1,403

25 FINANCIAL INSTRUMENTS (CONTINUED)

25.6 Market risk (continued)

25.6.2 Interest rate risk

The Group's and the Company's borrowings are not exposed to a risk of change in their fair values due to changes in interest rates. The Group's and the Company's borrowings are exposed to a risk of change in cash flows due to changes in interest rate. Receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's borrowings are short term in nature. As such, the Group and the Company does not engage in any hedging activities to manage interest rate fluctuations.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Floating rate instruments				
Revolving credits	**(75,000)**	(75,000)	**(75,000)**	(75,000)

Interest rate risk sensitivity analysis

The exposure to interest rate risk arising from floating rate instruments is not material, and hence, sensitivity analysis is not presented.

25.7 Fair value of financial instruments

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

26 CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of total equity, less amounts accumulated in equity related to cash flow hedges.

The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with regulatory requirements. The ratio is calculated as total debt divided by total capital. Total debt is calculated as sum of total borrowings (including "current and non-current loan and borrowing" and "lease liabilities" as shown in the statement of financial position). Total capital is calculated as sum of total equity and total debt.

The gearing ratio as at 31 December 2019 and 2018 are as follows:

	Group	
	2019 RM'000	**2018 RM'000**
Total debt	**82,669**	75,000
Total equity	**156,708**	180,997
Total capital	**239,377**	255,997
Gearing ratio	**35%**	29%

The gearing ratio increases from 29% to 35% following the adoption of MFRS 16 "Leases". Both debt and gross assets increased following the recognition of right-of-use lease assets and lease liabilities on 1 January 2019. See Note 4 for further information.

27 OPERATING LEASES

The Group leases offices and warehouse under non-cancellable operating leases expiring within six months to five years with an option to renew the leases after the date of expiration.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short term and low-value leases, see Notes 4 and 12 for further information.

Non-cancellable operating lease rentals are payable as follows:

	Group 2018 RM'000	**Company 2018 RM'000**
Less than one year	3,455	189
Between one and five years	10,776	-
	14,231	189

28 CAPITAL COMMITMENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Capital expenditure commitments				
Plant and equipment				
Authorised and contracted for	**4,998**	1,399	**4,393**	1,031

29 CONTINGENT LIABILITIES

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

(i) Excise duty amounting to RM35,698,219.81 for the period from 1 July 2011 to 14 January 2014;

(ii) Sales tax amounting to RM13,763,381.02 and penalty amounting to RM6,881,690.56 for the period from 1 July 2011 to 14 January 2014.

On 13 February 2020, the Company received a letter dated 3 February 2020 from the State Customs confirming that the bill of demand for sales tax amounting to RM13,763,381.02 and the penalty amounting to RM6,881,690.56 for period of 1 July 2011 to 14 January 2014 had been cancelled.

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

NOTES TO THE FINANCIAL STATEMENTS

30 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 or the Company 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 or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has related party relationship with the ultimate holding company and its related corporations, its subsidiaries (see Note 13), an associate (see Note 14), Directors and key management personnel. The relationship of related parties are identified as below:

Name of company	Country of incorporation	Classes of Related parties
Carlsberg A/S	Denmark	Ultimate holding company
Carlsberg Breweries A/S	Denmark	Immediate holding company
Carlsberg Marketing Sdn. Bhd.	Malaysia	Subsidiary
Carlsberg Singapore Pte. Ltd.	Singapore	Subsidiary
Euro Distributors Sdn. Bhd.	Malaysia	Subsidiary
MayBev Pte. Ltd.	Singapore	Subsidiary
Lion Brewery (Ceylon) PLC	Sri Lanka	Associate
Carlsberg Hong Kong Ltd.	Hong Kong	Fellow subsidiary
Carlsberg Supply Company AG	Switzerland	Fellow subsidiary
Carlsberg Business Solutions	Denmark	Fellow subsidiary
Brasseries Kronenbourg SAS	France	Fellow subsidiary
CB Distribution Co. Ltd.	Thailand	Fellow subsidiary
Carlsberg Croatia D.O.O.	Croatia	Fellow subsidiary
Carlsberg Brewery Hong Kong Ltd.	Hong Kong	Fellow subsidiary
Carlsberg Supply Co. Asia Ltd.	Hong Kong	Fellow subsidiary
Kronenbourg Supply Company	France	Fellow subsidiary
Carlsberg Vietnam Breweries Limited	Vietnam	Fellow subsidiary
Lao Brewery Co. Ltd.	Laos	Fellow subsidiary
Carlsberg Brewery (Guangdong) Ltd.	China	Fellow subsidiary
Carlsberg Italia S.p.A	Italy	Fellow subsidiary
Cambrew Limited	Cambodia	Fellow subsidiary
Carlsberg Taiwan Trading Company Ltd.	Taiwan	Associate company of immediate holding company

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

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

30 RELATED PARTIES (CONTINUED)

Details of the related party transactions (other than key management personnel remuneration disclosed in Note 22 to the financial statements) with the Group and the Company are as follows:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Ultimate holding company				
Reimbursement for share option granted to employees	**115**	960	**115**	844
Sale of goods	**-**	(28)	**-**	-
Immediate holding company				
Purchases of materials and products	**332**	412	**332**	412
Purchases of services	**7,290**	6,311	**5,023**	4,910
Royalties	**36,961**	39,550	**6,793**	7,856
Net settlements in respect of gain from hedging contracts	**(3,560)**	(1,041)	**(3,560)**	(1,041)
Related companies				
Management fees	**7,714**	6,738	**3,752**	2,534
Purchases of materials and products	**20,382**	31,326	**690**	6,613
Purchases of services	**5,693**	4,109	**2,702**	2,362
Sale of goods and services	**(52,039)**	(56,506)	**(52,039)**	(19,076)

	Company	
	2019 RM'000	**2018 RM'000**
Subsidiaries		
Sale of goods and services	**1,121,780**	1,012,871
Sale of computer software	**157**	-
Management fee received	**19,162**	12,227
Rental income	**780**	780
Dividend income	**298,319**	226,004
Associate		
Dividend income	**3,996**	1,772

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

Outstanding balances are disclosed accordingly in Notes 17 and 20.

31 RECLASSIFICATION

The Group reclassified an account in the comparative to conform with the current year's presentation. This only impact the presentation of the Group's statement of comprehensive income with no impact to other statements.

Impact to the Statement of Comprehensive Income

	Before reclassification RM'000	**Reclassification RM'000**	**After reclassification RM'000**
For the financial year 31 December 2018			
Other income			
Reversal of loss allowance on receivables	-	4,243	4,243
Sales and distribution expenses			
Reversal of loss allowance on receivables	4,243	(4,243)	-

As result of initiative to standardise the financial statements mapping, reversal of loss allowance on receivables has been reclassed from sales and distribution expenses to other income.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Stefano Clini and Chew Hoy Ping, two of the Directors of Carlsberg Brewery Malaysia Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 110 to 195 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2019 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 12 March 2020.

STEFANO CLINI
MANAGING DIRECTOR

CHEW HOY PING
DIRECTOR

Selangor Darul Ehsan

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Lim Chee Keat, 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 110 to 195 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

LIM CHEE KEAT
(MIA No. 14827)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 12 March 2020.

Before me:

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD
(INCORPORATED IN MALAYSIA)
(REGISTRATION NO. 196901000792 (9210-K))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Carlsberg Brewery Malaysia Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 110 to 195.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD
(INCORPORATED IN MALAYSIA)
(REGISTRATION NO. 196901000792 (9210-K))

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD
(INCORPORATED IN MALAYSIA)
(REGISTRATION NO. 196901000792 (9210-K))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Accruals for trade discounts and volume rebates As previously reported, consideration payable to a customer is accounted for as a reduction of revenue from contracts with customers under MFRS 15. Consideration payable to a customer includes trade offers which consist primarily of trade discounts and volume rebates. We focused on this area as trade discounts and volume rebates are significant to the Group. In addition, the calculation of trade discounts and volume rebates is complex as it involved the use of critical accounting estimates and assumptions made by management in determining the accruals trade discounts and volume rebates is calculated based on estimated sales volume to be achieved by each customer, multiplied with the contracted rate of each customer based on their respective trading agreements. This is a significant area for our audit as it requires us to exercise judgement in evaluating management's estimation of the amount of trade discount and volume rebates required. Refer to Note 3(n)(i) - Significant accounting policies on revenue recognition and measurement, and Note 5(i) - Use of estimates and judgements.	• We tested effectiveness of the relevant controls and reliability of information generated from the systems which the Group used in estimating the accruals; • We reviewed the reconciliation performed by management between the trade discounts and volume rebates balance payable per the sales system to the accruals made in the Group's financials as at 31 December 2019. We test checked the material reconciliation items to supporting documentation and discussed this with management to ensure the appropriateness of these items; • We discussed the critical accounting estimates and assumptions used in the determination of the accruals with management and evaluated the reasonableness of the estimates and assumptions used; and • Developed an expectation of the current year accrual balance based on our understanding of key factors and relationship between revenue and trade discounts and volume rebates, which included consideration of historical data of actual trade discounts and volume rebates given by the Group against the accruals recorded by management. Based on the procedures performed, we noted the results of management's assessment and computation are not materially different with the outcome of our procedures.

There are no key audit matters to report for the Company.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and other sections of the 2019 Annual Report of Carlsberg Brewery Malaysia Berhad, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD
(INCORPORATED IN MALAYSIA)
(REGISTRATION NO. 196901000792 (9210-K))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 13 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

LEE TUCK HENG
02092/09/2020 J
Chartered Accountant

Kuala Lumpur
12 March 2020

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Oakland Commercial Square,
70300 Seremban, Negeri Sembilan.
Tel :06-603 7065/603 7056
Fax :06-603 7096

SHAH ALAM
Lot 22, Jalan Pengapit 15/19,
Seksyen 15,
40200 Shah Alam, Selangor.
Tel :03-5522 6688
Fax :03-5510 1135

SIBU
c/o Ee Chung Han Co. Sdn. Bhd.
Lot 1248-1249 Lorong Sukun 18,
Off Jalan Teng Kung Suk, Upper Lanang,
96007 Sibu, Sarawak.
Tel :084-213 389/213 398
Fax :084-213 323

SUNGAI PETANI
c/o Sri Nakota Sdn. Bhd.
No. 6525, Kawasan Perindustrian Ringan,
Taman Ria Jaya,
08000 Sungai Petani, Kedah.
Tel :04-441 3318
Fax :04-442 3318

TAWAU
TB 8277, Lot 14C,
Perdana Square,
Gr. Floor, Batu 3 1/2, Jalan Apas,
91000 Tawau, Sabah.
HP :019-813 6568

PARTICULARS OF GROUP PROPERTIES

The Properties included in land and buildings and rights-of-use assets as at 31 December 2019 and their net book values are indicated below:

Address	Area (Acres)	Existing Use	Land Tenure	Approx. Age of Building (Years)	Description	Net Book Value RM'000	Date of Acquisition Or Revaluation
55, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan.	20.00	Factory and Office	Leasehold expiring 23.2.2070	49	Land Building	3,512 25.957	31/3/81 (revaluation)
No. 34, Towering Industrial Estate, Mile 4 1/2, Jalan Penampang, 88300 Kota Kinabalu P.O. Box 13435, 88838 Kota Kinabalu, Sabah.	0.06	Office and Warehouse	Leasehold expiring 31.12.2037	40	Land Building	72 162	28/3/95 (acquisition)
Lot 22, Jalan Pengapit 15/19, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan.	1.81	Office and Warehouse	Leasehold expiring 23.2.2082	29	Land Building	3,115 4,878	12/03/96 (acquisition)
No. 25, Jalan IM14/3, Kawasan Perindustrian Ringan, Indera Mahkota, 25200 Kuantan, Pahang Darul Makmur.	0.05	Office and Warehouse	Leasehold expiring 29.3.2097	22	Land and Building	143	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, Mukim Damansara, District of Petaling, Selangor Darul Ehsan.	6.41	Factory	Freehold	-	Land	15,953	24/7/98 (acquisition)
Lot 1071, Mukim Damansara, District of Petaling, Selangor Darul Ehsan.	1.30	Factory	Freehold	-	Land	2,999	18/9/03 (acquisition)
						56,791	

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2020

Issued Share Capital : RM152,874,000 representing 305,748,000 ordinary shares
Class of Shares : Ordinary Shares
Voting Rights : One Vote Per Ordinary Share

Size Of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	945	7.381	7,911	0.003
100 - 1,000	5,987	46.759	3,481,274	1.139
1,001 - 10,000	4,422	34.536	16,694,919	5.460
10,001 - 100,000	1,241	9.692	38,827,008	12.699
100,001 - 15,287,399*	208	1.624	90,804,388	29.699
15,287,400 and above**	1	0.008	155,932,500	51.000
TOTAL	**12,804**	**100.00**	**305,748,000**	**100.00**

* *Less than 5% of issued shares*
** *5% and above of issued shares*

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	% of Shares
1	DB (MALAYSIA) NOMINEE (ASING) SDN BHD CARLSBERG BREWERIES A/S	155,932,500	51.000
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	7,179,820	2.348
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	5,405,600	1.768
4	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	2,863,481	0.937
5	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	2,514,200	0.822
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK TIAN MENG (7001418)	2,000,000	0.654
7	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	1,956,200	0.640
8	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,931,168	0.632
9	YEOH SAIK KHOO SENDIRIAN BERHAD	1,719,800	0.562
10	TAI TAK ESTATES SDN BHD	1,500,000	0.491
11	HSBC NOMINEES (ASING) SDN BHD JPMBL SA FOR JPMORGAN FUNDS	1,494,500	0.489
12	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND J724 FOR SPDR S&P EMERGING MARKETS ETF	1,327,077	0.434
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 2)	1,267,600	0.415

Analysis of Shareholdings
AS AT 30 APRIL 2020

No.	Name	No. of Shares	% of Shares
14	CARTABAN NOMINEES (ASING) SDN BHD GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)	1,244,200	0.407
15	HSBC NOMINEES (ASING) SDN BHD BANQUE DE LUXEMBOURG FOR BL-EMERGING MARKETS	1,200,000	0.392
16	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	1,109,300	0.363
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	1,106,000	0.362
18	HO HAN SENG	1,100,000	0.360
19	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR JPMORGAN GLOBAL EMERGING MARKETS INCOME TRUST PLC	1,051,100	0.344
20	DB (MALAYSIA) NOMINEE (ASING) SDN BHD BNYM SA/NV FOR PEOPLE'S BANK OF CHINA (SICL ASIA EM)	1,048,400	0.343
21	KEY DEVELOPMENT SDN.BERHAD	1,038,000	0.339
22	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	987,300	0.323
23	GAN TENG SIEW REALTY SDN.BERHAD	845,000	0.276
24	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	793,117	0.259
25	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	791,900	0.259
26	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR MSCI EQUITY INDEX FUND B - MALAYSIA	759,700	0.248
27	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	752,900	0.246
28	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK TIAN MENG (MY3136)	710,000	0.232
29	CHINCHOO INVESTMENT SDN. BERHAD	675,000	0.221
30	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A. INVESTMENT FUNDS FOR EMPLOYEE BENEFIT TRUSTS	642,300	0.210
	TOTAL	202,946,163	66.376

Analysis of Shareholdings
AS AT 30 APRIL 2020

SUBSTANTIAL SHAREHOLDER

		DIRECT INTEREST		INDIRECT INTEREST	
	NAME	NO. OF SHARES	% OF SHARES	NO. OF SHARES	% OF SHARES
1	CARLSBERG BREWERIES A/S	155,932,500	51.000	-	-

DIRECTORS' INTERESTS

		DIRECT		INDIRECT	
	NAME	NO. OF SHARES	% OF SHARES	NO. OF SHARES	% OF SHARES
1	DATUK TOH AH WAH	10,000	0.003	-	-
2	CHEW HOY PING	10,000	0.003	-	-
3	CHOW LEE PENG	-	-	-	-
4	GRAHAM JAMES FEWKES	-	-	-	-
5	ROLAND ARTHUR LAWRENCE	-	-	-	-
6	MICHELLE TANYA ACHUTHAN	-	-	-	-
7	STEFANO CLINI	-	-	-	-

Material Contracts

The particulars of material contracts of the Group with its related parties, subsisting as at 31 December 2019 or entered into since the end of the previous financial year 2018, are as follows:

1. A call option agreement between CBMB and Carlsberg A/S ("CAS") dated 18 November 1996, allowing CAS to acquire CBMB's interest in Lion Brewery Ceylon Limited, 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 ("CBAS"), which in turn is the holding company and major shareholder of CBMB.

LIST OF RECURRENT RELATED PARTY TRANSACTIONS

The breakdown of the aggregate value of the recurrent related party transactions entered into by the Group pursuant to the shareholders' mandate obtained during the **49th AGM held on 10 April 2019** is as follows:

Transacting Parties	Interested Related Parties	Nature of Transaction	(2)Actual Value Transacted (10 April 2019 – 8 April 2020) (RM' million)
CBAS and the Group	SC, GJF, RAL, CLP, and CBAS	Purchase of raw materials (hops, yeasts, aroma etc) and related services from CBAS	0.9
CBAS and the Group	SC, GJF, RAL, CLP, and CBAS	Royalties payable to CBAS for inter alia, the exclusive use of trademark licences and supply of technical and commercial assistance	36.9
CVBL and the Group	SC, GJF, RAL, CLP, and CBAS	Purchase of beverage products from CVBL	20.7
CHKL and the Group	SC, GJF, RAL, CLP, and CBAS	Sale and supply of goods to CHKL	0.0
CDTL and the Group	SC, GJF, RAL, CLP, and CBAS	Sale and supply of goods to CDTL and the Group	1.7
CBHKL and the Group	SC, GJF, RAL, CLP, and CBAS	Provision of administrative support services from CBHKL	9.9
CCDOO and the Group	SC, GJF, RAL, CLP, and CBAS	Purchase of beverage products from CCDOO	0.4
LAO and the Group	SC, GJF, RAL, CLP, and CBAS	Sale and supply of goods to LAO	2.6
CSCAG and the Group	SC, GJF, RAL, CLP, and CBAS	Sale and supply of goods to CSCAG	0.0
CSCAL and the Group	SC, GJF, RAL, CLP, and CBAS	Purchase of beverage products and provision of administrative support services from CSCAL	3.1
CSCAG and the Group	SC, GJF, RAL, CLP, and CBAS	Purchase of beverage products, materials (Advertising & Promotion items and services from CSCAG)	0.6
CBHKL and the Group	SC, GJF, RAL, CLP, and CBAS	Sale and supply of goods to CBHKL	43.0
CL and the Group	SC, GJF, RAL, CLP and CBAS	Sale and supply of goods to CL	0.4

Notes:

(1) The above actual value of the recurrent related party transactions is for the period 10 April 2019 to 8 April 2020.

(2) The nature of relationship with the above Related Parties is as follows as at 8 April 2020:

(i) CBAS is the holding company and Major Shareholder of the Company, holding an equity interest of 51.0% in the Company. The Company in turn holds 100% interest in CMSB, EDSB and CSPL.

(ii) GJF, RAL and CLP, who are Non-Executive Directors of the Company, are the Executive Vice-President, Asia of CBAS, Vice President Finance, Asia of CBAS and Vice President - Legal, Asia of CBAS respectively. SC is the Managing Director of the Company. All the four (4) Directors namely, GJF, RAL, CLP and SC are nominees/ representatives of CBAS and do not hold any shares in CBAS or the Company.

(iii) CBHKL, CHKL, CL, CSCAG, CSCAL, CVBL, CCDOO and LAO are subsidiaries of CBAS and do not hold any direct equity interest in the Company.

(iv) CBAS holds 49.6% equity interest in CDTL.

Abbreviations:

CBAS	-	Carlsberg Breweries A/S, an immediate holding company and a Major Shareholder of the Company
CBHKL	-	Carlsberg Brewery Hong Kong Ltd., a fellow subsidiary of CBAS
CCDOO	-	Carlsberg Croatia D.O.O, a fellow subsidiary of CBAS
CDTL	-	Carlsberg Distributors Taiwan Ltd, on associated company of CBAS
CHKL	-	Carlsberg Hong Kong Ltd., a fellow subsidiary of CBAS
CL	-	Cambrew Limited, a fellow subsidiary of CBAS
CLP	-	Chow Lee Peng
CMSB	-	Carlsberg Marketing Sdn. Bhd.
CSCAG	-	Carlsberg Supply Company AG, a fellow subsidiary of CBAS
CSCAL	-	Carlsberg Supply Co Asia Ltd., a fellow subsidiary of CBAS
CSPL	-	Carlsberg Singapore Pte. Ltd., a wholly-owned subsidiary of the Company
CTT	-	Carlsberg Taiwan Trading Ltd., a wholly-owned subsidiary of CDTL
CVBL	-	Carlsberg Vietnam Breweries Limited, a fellow subsidiary of CBAS
EDSB	-	Euro Distributors Sdn. Bhd.
GJF	-	Graham James Fewkes
Group	-	Company and its wholly-owned subsidiaries, namely Carlsberg Marketing Sdn. Bhd., Euro Distributors Sdn. Bhd. and Carlsberg Singapore Pte Ltd
LAO	-	Lao Brewery Co Ltd, a fellow subsidiary of CBAS
RAL	-	Roland Arthur Lawrence
SC	-	Stefano Clini

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CORPORATE **INFORMATION**

Directors

Datuk Toh Ah Wah
P.M.W
Independent Non-Executive Chairman

Stefano Clini
Managing Director

Graham James Fewkes
Non-Executive Director

Roland Arthur Lawrence
Non-Executive Director

Chew Hoy Ping
Independent Non-Executive Director

Michelle Tanya Achuthan
Independent Non-Executive Director

Chow Lee Peng
Non-Executive Director

Company Secretary

Koh Poi San
(L.S. No. 0009701)

Auditors

PricewaterhouseCoopers PLT(LLP0014401-LCA&AF1146)
Chartered Accountants
Level 10, 1 Sentral, Jalan Rakyat,
Kuala Lumpur Sentral,
50706 Kuala Lumpur.

Tel: +603 2173 1188
Fax:+603 2173 1288

Principal Bankers

Citibank Berhad

Public Bank Bhd

Deutsche Bank (Malaysia) Berhad

BNP Paribas Malaysia Berhad

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: MYCorpAffairs@carlsberg.asia
Website: www.carlsbergmalaysia.com.my

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd
Company No.: 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

Tel: +603 2783 9299
Fax: +603 2783 9222
Email: is.enquiry@my.tricorglobal.com

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

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