

Share the Joy

Relationships are created every single day. We bring individuals together and enrich their lives by adding a special touch that strengthens their bond. This is part of our passion and that's why we are a part of you.



Chairman's Statement



On behalf of the Board of Directors of Carlsberg Brewery Malaysia Berhad, I am pleased to present the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2004.

OVERVIEW

2004 had been a most challenging year for the Malaysian brewery industry.

Before recovery had taken place from the effects of the 10% increase in the excise duties for beer and stout imposed on 12 September 2003, the Government announced a further 26.3% and 23.0% increase in excise duties for beer and stout respectively on 10 September 2004. The resulting price increase has affected the growth of the local duty-paid beer and stout market in the last quarter of 2004. This was made worse by the lower increase in duties for hard liquor and wine, of only between 2.2% to 13.6%, increasing the relative affordability of these high alcohol content products.

The growing presence of low priced imported beer and smuggled beer continue to affect the growth of the duty paid local beer and stout markets.

The effect of the Government's action in implementing "tax stamps" for imported beer and hard liquor products to ensure that duties are paid for all imported alcoholic products commencing 1 April 2005 is yet to be known. Meanwhile, competitive activities within the beer and stout industry in Malaysia remained at a high level.

The Group, under such circumstances, continued to maintain its market leadership position in the beer market and sustained a

commendable market share in the stout market through strategic and innovative marketing and sales activities.

OPERATING RESULTS

Group revenue increased by 12.4% or RM108.8 million for the year under review to RM984.8 million. The increase in revenue was primarily due to the price increases after the September 2003 and September 2004 excise duty increases and the growth in export sales. Group profit before tax at RM113.3 million was higher than 2003 by 6.2% or RM6.7 million.

Earnings per share after tax for 2004 was 58.0 sen or 9.0% higher compared to 53.1 sen in 2003. In view of the high dividend payout in 2004, the Group's net tangible assets per share decreased by 2.4% to RM3.27 per share from RM3.35 per share. Shareholders' funds declined by 2.2% to RM500.5 million from RM511.7 million in 2003.

REVIEW OF OPERATIONS

During the year, the Group increased its marketing activities and trade promotions to further enhance the high brand equity of the Carlsberg Green Label brand as well as to address the intense competitive local beer and stout environment. As part of the Group's on-going strategy to strengthen its brand portfolio, the Group introduced its new beer brand, SKOL, in September 2004. The Group is confident that SKOL, the world's third largest selling beer brand, will be a successful complement to its existing brands in Malaysia.



The Group launched a major National marketing campaign for Carlsberg Green Label in the run-up to the Euro 2004 football event, for which Carlsberg had been the "Official Beer" since Euro 88. In connection with the international campaign, the Group also produced limited edition Carlsberg Green Label bottles and can packaging. On a global scale, Carlsberg Green Label has for the second consecutive year, maintained its position as the fastest growing international lager beer brand in the world.

During the year, the Group presented a new Danish Royal Stout bottle shape, with a contemporary, revitalised design and packaging. Special Brew's packaging was also enhanced with a gold, classy premium look, whilst preserving its strong original taste.

The Group's strong commitment to sports development continued throughout 2004 with major sponsorships in various sports. Major sponsorships undertaken during the year included the 2004 Carlsberg Malaysian Golf Open which was broadcasted to over 50 countries around the world and the Cobra Invitational Rugby.

In respect of community service and the promotion of local artistes, the Group continued to sponsor the Carlsberg-Nanyang Top Ten Charity Concert. This event which comprises a charity roadshow of concerts featuring local artistes, has been given the honour of being the longest charity road show in Malaysia. In its seventeenth year, the annual campaign has raised total funds to-date in excess of RM250 million. More than 500 primary and secondary schools as well as institutions of higher learning have benefited from this sponsorship. The Group also continued its support of the Indian community through its contribution to the Education, Welfare and Research Foundation of Malaysia.

The Group remains committed to the highest product quality, where its brewery continues to operate in accordance with the highest standards set by the Carlsberg Quality Group in

Denmark. The Group's brewery, after being assessed over the period from 1 January to 31 December 2004 was awarded a certificate by its Group's headquarters in Denmark, which ranked the Group's Carlsberg Green Label in bottles and cans amongst the best of more than 70 Carlsberg breweries in the world. The Group has further proven that the quality standards practised at the brewery meets independent International Standards by being awarded the ISO9001:2000 and HACCP certificates.

CORPORATE EXERCISES

Share split

The Board of Directors has proposed a share split of each ordinary share of RM1.00 each in Carlsberg Brewery Malaysia Berhad into 2 new ordinary shares of RM0.50 each.

Share buy-back

There was no further buyback of shares during the year under review. The 1,165,000 ordinary shares representing 0.76% of the issued and paid up share capital of the Company purchased in 1999 at an average price of RM10.34 per share, have been retained as treasury shares.

The Board of Directors have recommended to the shareholders to approve, amongst others, the proposed share split and the proposed renewal of the share buy-back programme. The details of these proposals are included in the Circular to shareholders.



OVERSEAS INVESTMENT

The Lion Brewery Ceylon Ltd (TLBCL) performed satisfactorily during the year under review. The Group's share of the income from TLBCL for the twelve months to 30 September 2004 amounting to RM3.3 million had been included in the financial statements for 2004.

BOARD COMMITTEES

The various Board Committees have met in 2004 and were effective in maintaining the Group's good corporate governance standards. Details of the roles and responsibilities of the Board Committees are set out in the Statement of Corporate Governance.

DIVIDENDS

The Company paid a gross interim dividend of 10 sen per share less Malaysian income tax and a gross special interim dividend of 5 sen per share less Malaysian income tax on 8 October 2004. The total interim dividend paid was RM16.5 million, which was RM5.5 million higher than the interim dividend paid in 2003.

The Board is recommending the payment of a final gross dividend of 15 sen per share less Malaysian income tax in respect of the 2004 financial year.

After reviewing the Group's funding requirements and strategic needs, the Board is also recommending the payment of a special gross dividend of 70 sen per share less Malaysian income tax.

Collectively with the interim dividends, the Company's total dividend payout for 2004 will be RM110.1 million or 18.0% higher than 2003.

The above dividends are subject to shareholders' approval. Upon approval, the final and special dividends will be paid on 18 May 2005.

OUTLOOK FOR 2005

The Government's substantial increase in excise duties and the resulting price increase by the industry would adversely affect the growth of the beer and stout market. The inequitable increase in duties for imported beer and hard liquor resulting in the narrowing of the price gap and affordability may result in higher consumption especially of hard liquor, which would pose even greater challenges to the domestic beer and stout market.

The growing availability of low priced imported beers and smuggled beer and stout products would also have a negative effect on the consumption of local duty-paid beer and stout unless the implementation of the "tax stamp" for imported alcoholic products initiative by the Government is enforced effectively.

The Group expects the competition to remain at high levels in the foreseeable future. The Group will focus its efforts and resources to continue its market leadership in the beer sector and increase its market share in the stout segment.

In the light of the above circumstances, the Group expects 2005 to be extremely challenging.

APPRECIATION

On behalf of the Board, I would like to welcome Mr Mogens Joenck who was appointed to the Board on 1 January 2005 as Managing Director, replacing myself, who resigned as Executive Chairman on 1 January 2005 and Mr Bjorn Sondenskov, who resigned as Managing Director on 1 July 2004. Mr Sondenskov and I remain as Non-Executive Director and Non-Executive Chairman of Carlsberg Brewery Malaysia Berhad respectively.

I wish to take this opportunity, on behalf of the Board and Management of Carlsberg Brewery Malaysia Berhad, to thank all the shareholders, wholesalers, customers and consumers for their continued confidence and support of the Group.

I also wish to express the Board's appreciation to the Management and all the employees of the Group for contributing to the performance of the Group through their dedication and commitment.

DATO' JORGEN BORNHOFT
Chairman

Shah Alam
28 March 2005



Share the Commitment

Our passion lies in producing the best products. That's why we continually raise our production standards through stringent quality control. This is our commitment and it makes us the people's choice.



Penyata Pengerusi



Bagi pihak Lembaga Pengarah Carlsberg Brewery Malaysia Berhad, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit bagi Kumpulan dan Syarikat untuk tahun kewangan berakhir 31 Disember 2004.

GAMBARAN KESELURUHAN

Tahun 2004 merupakan tahun yang paling mencabar bagi industri bir dan stout di Malaysia.

Sebelum industri ini pulih akibat kesan kenaikan duti eksais bir dan stout sebanyak 10 peratus yang telah dikuatkuasakan pada 12 September 2003, pihak Kerajaan telah mengumumkan kenaikan duti eksais sebanyak 26.3 peratus untuk bir dan 23 peratus untuk stout pada 10 September 2004. Kenaikan harga bir dan stout tersebut telah melembapkan pertumbuhan pasaran bir dan stout tempatan duti berbayar pada suku akhir tahun 2004. Keadaan ini diburukkan lagi oleh kenaikan duti yang lebih rendah bagi minuman keras dan wain, yang hanya di antara 2.2 peratus hingga 13.6 peratus, meningkatkan kemampuan pembelian produk-produk ber kandungan alkohol tinggi.

Di samping itu, pertambahan kehadiran bir import berharga murah dan bir seludup yang sedia ada terus menjejaskan pertumbuhan pasaran bir dan stout tempatan duti berbayar.

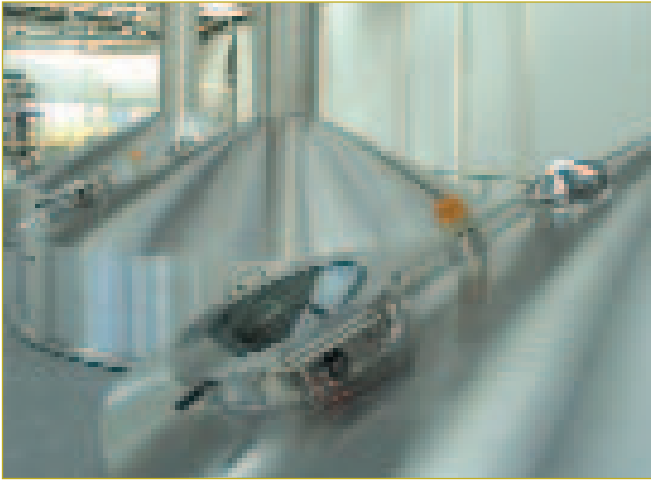
Kesan tindakan Kerajaan Malaysia dalam melaksanakan 'setem cukai' untuk produk bir dan minuman keras import bagi memastikan duti dibayar bagi semua produk beralkohol yang diimport bermula 1 April 2005 masih belum diketahui. Di samping itu, kegiatan persaingan di kalangan industri bir dan stout di Malaysia kekal pada tahap yang tinggi.

Namun begitu, di dalam keadaan ini, Kumpulan masih terus mengekalkan kedudukannya sebagai peneraju dalam pasaran bir dan mempertahankan agihan pasarannya yang dapat dibanggakan dalam pasaran stout melalui kegiatan pemasaran dan jualan yang strategik dan inovatif.

KEPUTUSAN OPERASI

Bagi tahun yang dikaji, perolehan Kumpulan adalah RM984.8 juta, iaitu meningkat sebanyak 12.4 peratus atau RM108.8 juta. Peningkatan perolehan sebahagian besarnya adalah disebabkan oleh kenaikan harga selepas kenaikan duti eksais pada September 2003 dan September 2004 serta pertumbuhan dalam jualan eksport. Keuntungan Kumpulan sebelum cukai adalah RM113.3 juta, iaitu meningkat sebanyak 6.2 peratus atau RM6.7 juta berbanding dengan tahun 2003.

Bagi tahun 2004, pendapatan sesaham selepas cukai adalah 58.0 sen atau 9.0 peratus lebih tinggi berbanding dengan 53.1 sen pada tahun 2003. Memandangkan pembayaran dividen yang tinggi pada tahun 2004, aset ketara bersih sesaham bagi Kumpulan menurun sebanyak 2.4 peratus kepada RM3.27 sesaham daripada RM3.35 sesaham. Dana pemegang saham berjumlah RM500.5 juta, menurun sebanyak 2.2 peratus daripada RM511.7 juta pada tahun 2003.



ULASAN OPERASI

Sepanjang tahun yang dikaji, Kumpulan telah meningkatkan kegiatan pemasaran dan promosi perdagangan untuk mempertingkatkan lagi ekuiti tinggi jenama Carlsberg Green Label dan juga menghadapi persaingan sengit persekitaran bir dan stout tempatan. Sebagai sebahagian daripada strategi berterusan Kumpulan untuk mengukuhkan rangkaian jenamanya, Kumpulan telah memperkenalkan bir barunya, SKOL pada September 2004. Kumpulan yakin SKOL, jenama bir yang ketiga laris jualannya di dunia akan berjaya dalam melengkapkan jenama-jenamanya yang sedia ada di Malaysia.

Kumpulan melancarkan satu kempen pemasaran Kebangsaan utama untuk Carlsberg Green Label sempena menyambut kedatangan acara bolasepak Euro 2004, di mana Carlsberg merupakan 'Bir Rasmi' acara tersebut sejak Euro 88. Sehubungan dengan kempen antarabangsa tersebut, Kumpulan turut mengeluarkan pembungkusan botol dan tin edisi terhad Carlsberg Green Label. Dari sudut global, Carlsberg Green Label, telah mempertahankan kedudukannya sebagai jenama bir lager antarabangsa yang terpentas pertumbuhannya di dunia untuk dua tahun berturut-turut.

Sepanjang tahun yang dikaji, Kumpulan juga memperkenalkan bentuk botol baru Danish Royal Stout, dengan rekabentuk dan pembungkusan yang kontemporari dan terkini. Pembungkusan Special Brew turut dipertingkatkan dengan warna keemasan, mencerminkan taraf tinggi dan premium, disamping mengekalkan rasa asalnya.

Komitmen gigih Kumpulan dalam pembangunan sukan diteruskan sepanjang 2004 melalui penajaan utama dalam pelbagai kegiatan sukan. Kegiatan penajaan utama yang dilaksanakan pada tahun berkenaan adalah Carlsberg Malaysia Golf Open 2004 yang telah disiarkan kepada lebih daripada 50 buah negara di seluruh dunia dan Cobra Invitational Rugby.

Dalam hal perkhidmatan komuniti and promosi artis-artis tempatan, Kumpulan terus menaja Persembahan Amal Carlsberg-Nanyang Top Ten. Acara ini adalah satu

persembahan amal oleh artis-artis tempatan, yang telah diberikan anugerah program amal yang paling lama dijalankan di Malaysia. Dalam tahun ketujuh-belasnya, kempen tahunan ini sehingga kini telah mengumpul jumlah dana melebihi RM250 juta. Lebih daripada 500 buah sekolah rendah dan menengah Cina serta institusi pengajian tinggi telah mendapat manfaat daripada tajaan ini. Kumpulan juga terus memberi sokongannya terhadap komuniti India melalui sumbangannya kepada Yayasan Pendidikan, Kebajikan dan Penyelidikan Malaysia.

Kumpulan mengekalkan komitmennya terhadap kualiti produk yang tertinggi, di mana kilang birnya terus beroperasi mengikut piawaian tertinggi yang telah ditetapkan oleh Kumpulan Kualiti Carlsberg di Denmark. Kilang Kumpulan, setelah dinilai dari tempoh 1 Januari hingga 31 Disember 2004, telah dianugerahkan satu sijil oleh ibu pejabat Carlsberg, yang meletakkan botol dan tin Carlsberg Green Label Kumpulan di antara yang terbaik di kalangan lebih daripada 70 buah kilang bir Carlsberg di dunia. Kumpulan selanjutnya membuktikan bahawa piawaian kualiti yang dipraktikkan di kilang bir memenuhi Piawaian Antarabangsa yang bebas apabila dianugerahkan sijil ISO9001:2000 dan sijil HACCP.

LANGKAH KORPORAT

Pembahagian saham

Lembaga Pengarah telah mencadangkan pembahagian saham bagi setiap saham biasa bernilai RM1.00 sesaham dalam Carlsberg Brewery Malaysia Berhad kepada 2 saham biasa baru bernilai RM0.50 sesaham.

Belian Balik Saham

Tiada belian balik saham yang seterusnya dilakukan sepanjang tahun yang dikaji. Sebanyak 1,165,000 saham biasa mewakili 0.76 peratus modal saham terbitan dan berbayar bagi Syarikat yang dibeli pada 1999 pada harga purata RM10.34 sesaham dipegang sebagai saham perbendaharaan.

Lembaga Pengarah telah mengesyorkan kepada para pemegang saham supaya meluluskan di antaranya cadangan pembahagian saham dan pembaharuan program belian balik saham. Butiran cadangan-cadangan tersebut telah dilampirkan dalam Pekeliling kepada pemegang saham.



PELABURAN LUAR NEGARA

The Lion Brewery Ceylon Ltd (TLBCL) mencatatkan prestasi yang memuaskan sepanjang tahun yang dikaji. Jumlah pendapatan Kumpulan daripada TLBCL untuk 12 bulan sehingga 30 September 2004 berjumlah RM3.3 juta telah dimasukkan ke dalam penyata-penyata kewangan untuk 2004.

JAWATANKUASA-JAWATANKUASA LEMBAGA

Semua Jawatankuasa Lembaga telah mengadakan mesyuarat dalam tahun 2004 dan berkesan dalam mengekalkan standard tadbir urus korporat Kumpulan yang baik. Butir-butir peranan dan tanggungjawab Jawatankuasa-jawatankuasa Lembaga telah dibentang dalam Penyata Tadbir Urus Korporat.

DIVIDEN

Syarikat telah membayar dividen kasar interim sebanyak 10 sen sesaham ditolak cukai pendapatan Malaysia dan dividen kasar istimewa interim sebanyak 5 sen sesaham ditolak cukai pendapatan Malaysia pada 8 Oktober 2004. Jumlah dividen interim yang dibayar adalah RM16.5 juta, iaitu meningkat sebanyak RM5.5 juta berbanding dividen interim yang telah dibayar pada 2003.

Lembaga Pengarah mengesyorkan pembayaran dividen kasar muktamad sebanyak 15 sen sesaham ditolak cukai pendapatan Malaysia bagi tahun kewangan 2004.

Selepas mengambil kira peruntukan dana Kumpulan untuk keperluan operasi dan strategik, Lembaga Pengarah turut mengesyorkan pembayaran dividen kasar istimewa sebanyak 70 sen sesaham ditolak cukai pendapatan Malaysia.

Secara kolektif termasuk dividen interim, jumlah dividen yang dibayar oleh Syarikat untuk 2004 adalah RM110.1 juta atau 18.0 peratus lebih tinggi daripada 2003.

Dividen-dividen di atas tertakluk kepada kelulusan para pemegang saham. Apabila diluluskan, dividen muktamad dan istimewa akan dibayar pada 18 Mei 2005.

TINJAUAN TAHUN 2005

Kenaikkan duti eksais yang tinggi yang sebelum ini tidak pernah dilakukan oleh Kerajaan dan disusuli oleh tindakan industri menaikkan harga akan memberi kesan negatif terhadap pertumbuhan pasaran bir dan stout. Kenaikan duti bir import dan minuman keras yang tidak saksama mengakibatkan jurang perbezaan harga semakin kecil dan kemampuan pembelian akan mengakibatkan pertambahan penggunaan terutamanya minuman keras, yang bakal memberikan persaingan lebih sengit kepada pasaran bir dan stout tempatan.

Kehadiran semakin banyaknya bir import yang berharga rendah dan produk bir dan stout seludup juga dijangka memberikan kesan negatif terhadap penggunaan bir dan stout tempatan duti berbayar melainkan usaha pelaksanaan 'setem cukai' untuk produk alkohol import oleh kerajaan dikuatkuasakan dengan berkesan.

Kumpulan menjangka persaingan akan kekal pada tahap tinggi untuk masa akan datang. Kumpulan akan terus menumpukan usaha dan sumber-sumbernya untuk meneruskan kedudukannya sebagai peneraju pasaran bir dan meningkatkan agihan pasarannya dalam segmen stout.

Memandangkan keadaan yang disebutkan di atas, Kumpulan menjangka tahun 2005 amat mencabar.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan selamat datang kepada Encik Mogens Joenck yang dilantik menyertai Lembaga Pengarah pada 1 Januari 2005 sebagai Pengarah Urusan, menggantikan saya, yang meletak jawatan sebagai Pengerusi Eksekutif pada 1 Januari 2005 dan Encik Bjorn Sondenskov, yang meletak jawatan sebagai Pengarah Urusan pada 1 Julai 2004. Saya akan terus kekal sebagai Pengerusi Bukan Eksekutif dan Encik Sondenskov sebagai Pengarah Bukan Eksekutif Carlsberg Brewery Malaysia Berhad.

Saya ingin mengambil kesempatan ini, bagi pihak Lembaga Pengarah dan Pengurusan Carlsberg Brewery Malaysia Berhad, mengucapkan terima kasih kepada para pemegang saham, pemborong, pelanggan dan pengguna atas keyakinan dan sokongan yang berterusan terhadap Kumpulan.

Saya juga ingin menyampaikan penghargaan pihak Lembaga Pengarah kepada Pengurusan dan semua kakitangan Kumpulan atas sumbangan mereka kepada prestasi Kumpulan melalui dedikasi dan komitmen yang diberikan.

DATO' JORGEN BORNHOFT

Pengerusi

Shah Alam
28 Mac 2005

