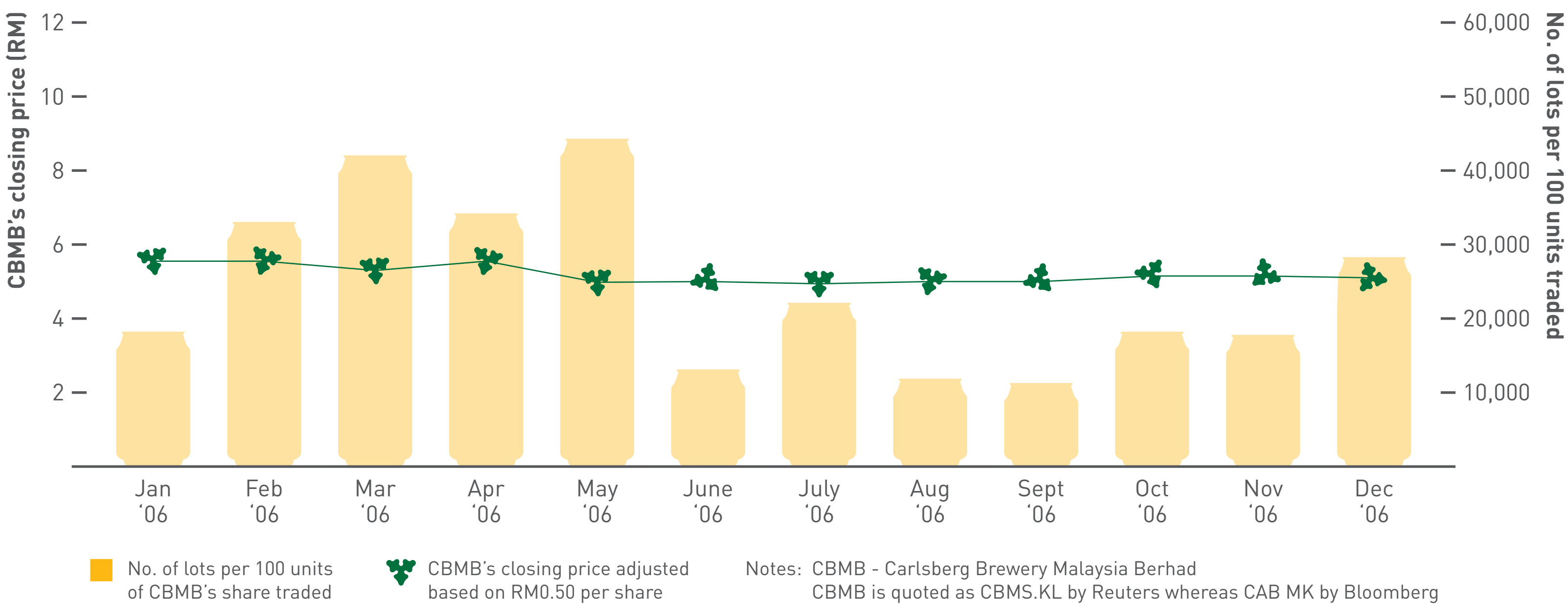
CBMB's share performance



five-year dividend payout as % of profit after tax

	2006 RM'000	**2005 RM'000**	**2004 RM'000**	**2003 RM'000**	**2002 RM'000**
Net Dividend Amount	**86,832**	110,069	98,756	103,859	103,604
Group Profit After Tax	**85,904**	88,676	88,714	81,155	95,402
Net Dividend Amount as % of Profit After Tax	**101.1%**	124.1%	111.3%	128.0%	108.6%

ten-year financial summary

INCOME STATEMENTS (RM -MILLION)

	1997 RESTATED	1998 RESTATED	1999 RESTATED	2000 RESTATED	2001 RESTATED	2002 RESTATED	2003 RESTATED	2004 RESTATED	2005 RESTATED	2006
Revenue	655.6	669.5	696.5	765.1	751.5	692.0	702.0	796.7	867.2	**929.7**
Profit Before Tax	160.0	151.9	137.9	152.2	161.7	126.7	106.7	113.3	112.4	**110.4**
Taxation	44.2	37.4	-	42.2	35.7	31.3	25.5	24.6	23.7	**24.5**
Profit After Tax	115.8	114.5	137.9	110.0	126.0	95.4	81.2	88.7	88.7	**85.9**
Transfer from Revenue Reserves	-	1.2	-	-	-	-	-	-	-	**-**
	115.8	115.7	137.9	110.0	126.0	95.4	81.2	88.7	88.7	**85.9**
Dividends	65.8	115.7	109.3	82.0	82.0	103.6	103.9	98.8	110.1	**86.8**
Retained Earnings	50.0	-	28.6	28.0	44.0	(8.2)	(22.7)	(10.1)	(21.4)	**(0.9)**

BALANCE SHEETS (RM -MILLION)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Issued and Paid-up Share Capital	153.0	153.0	153.0	153.0	153.0	153.7	154.0	154.0	154.0	**154.0**
Retained Earnings	210.3	209.1	237.7	265.8	380.8	378.4	355.7	345.7	324.2	**323.3**
Treasury Shares	-	-	(12.0)	(12.0)	(12.0)	(12.0)	(12.0)	(12.0)	(12.0)	**(12.0)**
General Reserves	5.8	5.8	5.8	5.8	5.8	-	-	-	-	**-**
Non-Distributable Reserves	10.5	13.0	11.9	11.4	9.3	11.4	14.0	12.8	13.7	**11.2**
Shareholders' Fund	379.6	380.9	396.4	424.0	536.9	531.5	511.7	500.5	479.9	**476.5**
Deferred Taxation	12.0	12.0	12.0	12.8	14.0	21.0	22.5	22.9	22.6	**22.4**
	391.6	392.9	408.4	436.8	550.9	552.5	534.2	523.4	502.5	**498.9**
Property, Plant and Equipment (Net Book Value)	157.8	176.4	200.9	195.5	211.6	200.8	185.5	176.7	169.6	**160.7**
Investment in Associated Company	11.0	14.1	13.3	13.4	8.3	13.6	15.0	15.6	18.0	**14.8**
Long Term Investment	-	1.7	1.7	1.7	1.7	1.7	1.7	1.7	-	**-**
Net Current Assets	222.8	200.7	192.5	226.2	329.3	336.4	332.0	329.4	314.9	**323.4**
	391.6	392.9	408.4	436.8	550.9	552.5	534.2	523.4	502.5	**498.9**

FINANCIAL RATIOS

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Pre-Tax Earnings per shares (RM)*#	0.53	0.50	0.46	0.50	0.53	0.42	0.35	0.37	0.37	**0.36**
Post-Tax Earnings per shares (RM)*#	0.38	0.38	0.46	0.36	0.42	0.32	0.27	0.29	0.29	**0.28**
Net Dividend per ordinary share (RM)#	0.22	0.38	0.36	0.27	0.27	0.34	0.34	0.32	0.36	**0.28**
Net Assets Backing per share (RM)*#	1.24	1.25	1.31	1.40	1.77	1.74	1.68	1.64	1.57	**1.56**
Dividend Cover, No. of Times (Based on post-tax earnings)	1.80	1.00	1.30	1.30	1.54	0.92	0.78	0.90	0.81	**0.99**
Return on Shareholders' Fund (%)	30.5	30.1	34.8	25.9	23.5	18.0	15.9	17.7	18.5	**18.0**
Current Ratio	2.2	1.9	2.0	2.2	3.8	4.3	5.6	5.5	4.6	**4.5**
Bursa Securities Price at 31 December (RM)#	6.25	5.45	5.85	5.50	5.40	5.35	5.50	5.30	5.35	**5.10**
Net Dividend Yield (%) ^	3.4	7.0	6.2	4.9	5.0	6.4	6.2	6.0	6.7	**5.6**

* For 1998 and prior, figures are calculated based on 153 million ordinary shares. 1999 figures are based on weighted average number of shares issued during the year while the figures for 1999 onwards are based on number of shares net of treasury shares.
\# For comparison purposes figures prior to 2005 are adjusted based on RM0.50 per share.
^ Net dividend yield is computed based on dividend paid out during the year divided by the share price at year end.

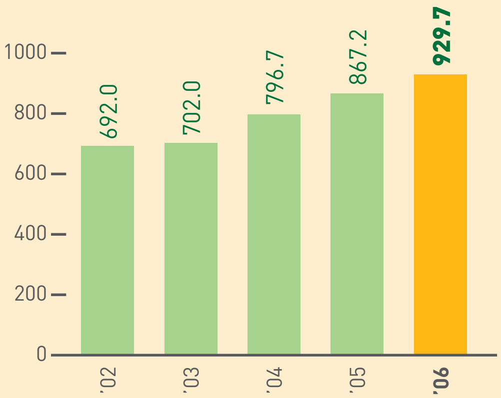
financial highlights

Analysis of 2006 Group Revenue	2005	2006
1. Excise Duties & Ad Valorem Tax	47.5%	**47.9%**
2. Sales, Distribution & Administration Costs	20.0%	**20.7%**
3. Profit after Tax	10.2%	**9.2%**
4. Raw Materials & Packaging Costs	11.9%	**12.0%**
5. Employees' Costs	4.9%	**5.1%**
6. Taxation	2.7%	**2.6%**
7. Depreciation	2.7%	**2.4%**

financial highlights

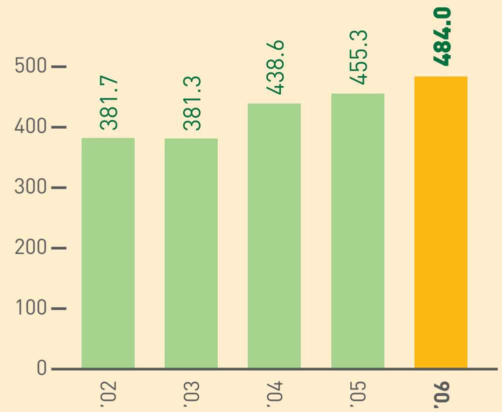
Revenue
Before Excise Duty

RM (Million)



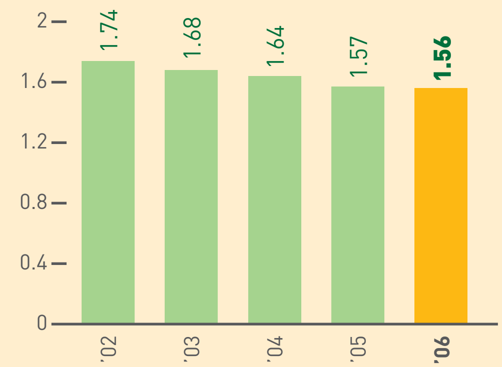
Revenue
After Excise Duty & Ad ValoremTax

RM (Million)



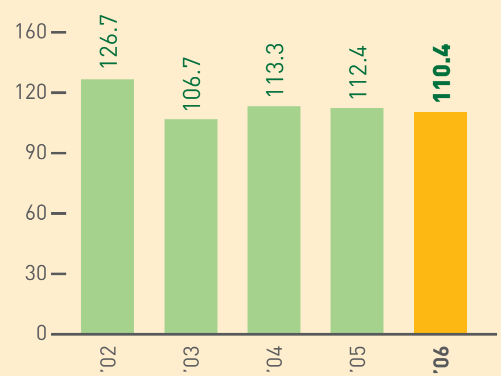
Net Asset Backing Per Share

RM



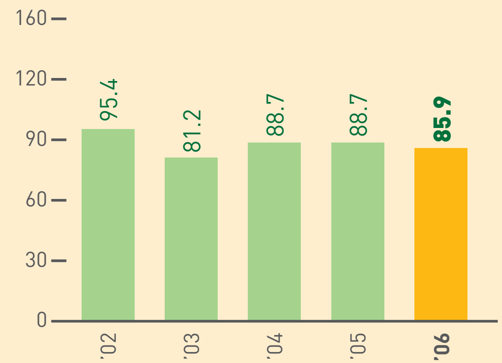
Profit
Before Tax

RM (Million)



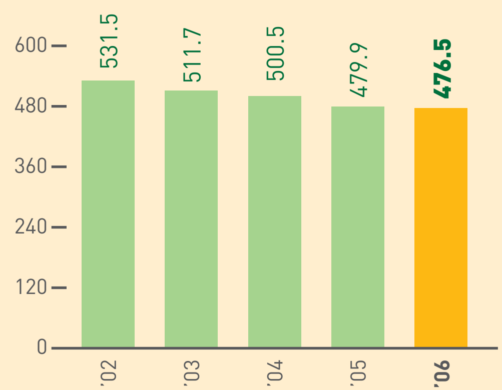
Profit
After Tax

RM (Million)



Shareholders' Fund

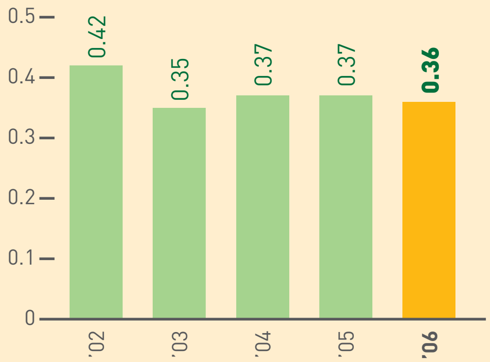
RM (Million)



Earnings Per Share

Pre-Tax

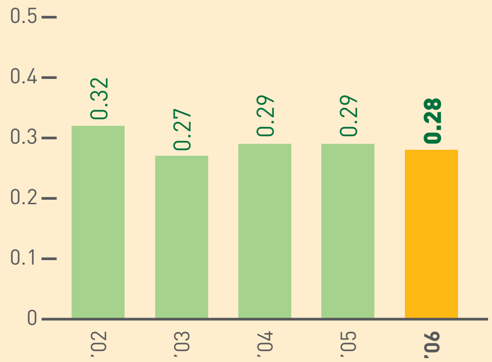
RM



Earnings Per Share

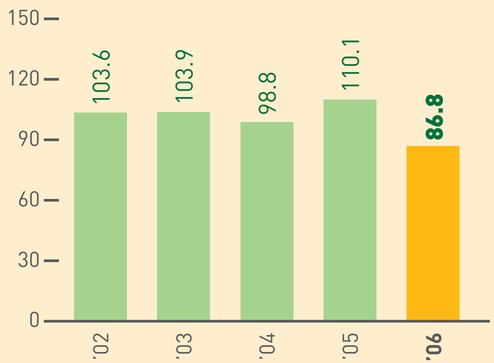
Post-Tax

RM



Dividend Payout

RM (Million)



development of investment in carlsberg brewery malaysia berhad shares

YEAR	PARTICULARS	NEW SHARES ISSUED TO A SHAREHOLDER #	CUMULATIVE NUMBER OF SHARES HELD BY A SHAREHOLDER	COST OF INVESTMENT
1971	Initial Subscription		1,000	RM1,000
1973	Rights issue : 1 for 2	500	1,500	RM500
1978	Bonus issue : 1 for 2	750	2,250	
1981	Bonus issue : 1 for 2	1,125	3,375	
1988	Bonus issue : 1 for 3	1,125	4,500	
1990	Bonus issue : 1 for 2	2,250	6,750	
1992	Bonus issue : 1 for 3	2,250	9,000	
1994	Bonus issue : 1 for 4	2,250	11,250	
1997	Bonus issue : 1 for 2	5,625	16,875	
2005	Share split : From RM1.00 to RM0.50	-	33,750	
			Current investment of a shareholder	Initial investment of a shareholder
Total number of shares held			33,750	RM1,500
Closing market price as at 31.12.2006			5.10	
Market value of shares held			172,125	RM1,500
Cumulative gross dividend received (1971 - 2006)			167,081	

Assumption of issue of exact lots for illustrative purposes only

dividend payment history

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

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

statement of corporate governance

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

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

COMPLIANCE STATEMENT

The Group has not complied with the Principle and Best Practice of the Code set out in the schedule below during the year. The reasons for non-compliance are specified accordingly.

PROVISION OF THE CODE	DETAILS	REASONS
B.III	Disclosure of details of the remuneration of each Director.	The Board has considered this Principle against the backdrop of compliance with a related disclosure required under the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), i.e. that of disclosure of an analysis of Directors' Remuneration by applicable bands of RM50,000 (refer to section B.III on Details of Remuneration of this Statement). The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' Remuneration are appropriately served by the 'band disclosure' made.
AA.VII	Nomination of a Senior Independent Non-Executive Director to whom concerns may be conveyed.	Given the current composition of the Board, in particular the strong independent element, the Board does not consider it necessary to nominate a recognised Senior Independent Non-Executive Director.

The statement in the ensuing paragraphs describes how the Group has applied the principles and best practices of the Code in 2006.

A. DIRECTORS

I. The Board

An effective Board leads and controls the Group whereby collective decision and/or close monitoring are conducted on issues relating to strategy, performance, resources, standards of conduct and financial matters.

During the year ended 31 December 2006, 4 Board Meetings were held. The following is the record of attendance of the Board Members:

DIRECTORS	NO. OF MEETINGS ATTENDED
Dato' Lim Say Chong	4/4
Tan Sri Datuk Asmat bin Kamaludin	4/4
Jesper Bjoern Madsen	4/4
Chin Voon Loong	4/4
Soren Ask Nielsen (appointed on 14 March 2006)	3/3
Dato'Jorgen Bornhoft (appointed on 24 April 2006)	3/3
Datuk (Dr.) Lim Ewe Jin (appointed on 24 April 2006)	3/3
Mogens Joenck (resigned on 10 February 2007)	4/4
Chan Hua Eng (retired on 19 April 2006)	1/1
Gen (R) Tan Sri Dato' Mohd Ghazali bin Dato' Mohd. Seth (retired on 19 April 2006)	1/1
Soren Holm Jensen (appointed on 5 March 2007)	N/A

The Board intends to meet at least 4 times a year, with additional meetings convened where necessary.

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

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

1. Audit Committee

The Audit Committee was established on 15 April 1994. Please refer to the Audit Committee Report on page 61.

2. Nomination Committee

The Nomination Committee was established on 1 October 2001. There were 2 meetings held during the year ended 31 December 2006.

Members

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

Key responsibilities

- Reviewing the Board composition and recommending new nominees to the Board as well as Board committees for the Directors' consideration.
- Assessing the effectiveness of the Board, Board Committees and each Director every year, taking into consideration the required mix of skills and experience and other requisite qualities including core competencies contributed by Non-Executive Directors.

3. Remuneration Committee

The Remuneration Committee, which was established on 18 August 2001, had 1 meeting during the year ended 31 December 2006.

Members

Tan Sri Datuk Asmat bin Kamaludin – Chairman *(Independent Non-Executive Director) (appointed 23 February 2007)*
Dato' Lim Say Chong *(Independent Non-Executive Director)*
Dato' Jorgen Bornhoft *(Non-Executive Director) (appointed 23 February 2007)*
Chan Hua Eng – Chairman *(Independent Non-Executive Director) (retired on 19 April 2006)*

Key responsibilities

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

II. Board Balance

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

In 2006, the Board had between 7 to 8 members, comprising 5 to 6 Non-Executive Directors and 2 Executive Directors. Out of these Directors, 3 to 4 were Independent Directors, which is in excess of the statutory requirement of one-third. Collectively, the Directors bring a wide range of business, legal, financial and technical experience relevant to the Group. The profile of each Director is summarised under pages 8 to 13.

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

III. Supply of Information

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

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

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

IV. Appointments to the Board

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

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

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

V. Re-election

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

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

VI. Training

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

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

B. DIRECTORS' REMUNERATION

I. Remuneration Policy

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

II. Remuneration Procedure

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

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

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

III. Details of Remuneration

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

	2006		2005	
	EXECUTIVE DIRECTORS RM'000	NON-EXECUTIVE DIRECTORS RM'000	EXECUTIVE DIRECTORS RM'000 RESTATED	NON-EXECUTIVE DIRECTORS RM'000
Fees	**65**	**240**	65	221
Gratuity	**-**	**-**	-	-
Retirement benefits-defined contribution plan	**191**	**-**	187	-
Benefits-in-kind	**131**	**-**	126	-
Other emoluments	**1,776**	**-**	1,484	-
	2,163	**240**	1,862	221

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

	NUMBER OF DIRECTORS			
	2006		2005	
RANGE OF REMUNERATION (RM)	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS	EXECUTIVE DIRECTORS RESTATED	NON-EXECUTIVE DIRECTORS
Less than 50,000	**-**	**8**	-	7
600,001-650,000	**-**	**-**	1	-
750,001-800,000	**1**	**-**	-	-
1,250,001-1,300,000	**-**	**-**	1	-
1,400,001-1,450,000	**1**	**-**	-	-
	2	**8**	2	7

C. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

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

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

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

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

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

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

D. ACCOUNTABILITY AND AUDIT

I. Financial Reporting

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

A statement by Directors of their responsibilities in preparing the financial statements is set out on page 66 of this Annual Report.

II. Internal Controls

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

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

III. Relationship with Auditors

The role of the Audit Committee in relation to the external auditors is described on pages 63 to 64.

RESPONSIBILITY

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

RISK MANAGEMENT FRAMEWORK

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

- ***Structure***

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

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

  In 2006, the RMWC met 4 times wherein discussions and reviews were conducted on key risks faced by the Group, their corresponding controls and action plans to be taken. The RMWC's feedback was reported to the Management and the Audit Committee on a regular basis.

- ***Risk Assessment***

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

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

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

statement on internal control

INTERNAL CONTROL SYSTEM

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

- ***Control Environment***

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

- ***Control Structure***

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

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

  ❑ **Management**

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

  ❑ **Internal Audit**

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

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

  The Audit Committee Report set out on pages 61 to 65 of this Annual Report contains further details on the principal responsibilities and activities of the Internal Audit Department in 2006.

- **Audit Committee**

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

  The Audit Committee Report set out on pages 61 to 65 of this Annual Report contains further details on the activities undertaken by the Audit Committee in 2006.

- **Board**

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

- ***Reporting and Information***

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

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

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

- ***Monitoring and Review***

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

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

statement on internal control

REVIEW OF EFFECTIVENESS

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

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

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

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

This statement is made in accordance with a resolution of the Board of Directors dated 23 February 2007.

MEMBERSHIP AND MEETINGS

The Audit Committee had 4 meetings during the year ended 31 December 2006. The members of the Audit Committee and the record of their attendance are as follows:

MEMBERSHIP	NO. OF MEETINGS ATTENDED
YBhg Tan Sri Datuk Asmat bin Kamaludin Chairman/Independent Non-Executive Director (Appointed on 21 April 2006)	3/3
Dato' Lim Say Chong (Member/Independent Non-Executive Director)	4/4
Chin Voon Loong (Member/Executive Director)	4/4
YBhg. Datuk (Dr.) Lim Ewe Jin Member/Independent Non-Executive Director (Appointed on 22 May 2006)	2/2
Chan Hua Eng Chairman/Independent Non-Executive Director (Retired on 19 April 2006)	1/1
Gen. (R) Tan Sri Dato' Mohd Ghazali bin Dato' Mohd. Seth Member/Independent Non-Executive Director (Retired on 19 April 2006)	1/1

The Managing Director, Heads of Department for Finance and Internal Audit attended the meetings for the purpose of briefing the Audit Committee on the activities involving their areas of responsibilities. The Audit Committee was also briefed by the external auditor on the findings of their audit.

TERMS OF REFERENCE

- **Terms of membership**

    1. The Audit Committee shall be appointed by the Board from amongst its members and shall consist of not less than 3 members with the majority being Independent Directors.

    2. The members of the Audit Committee shall elect a Chairman from amongst its members who shall be an Independent Non-Executive Director.

    3. At least 1 member of the Audit Committee must be or have the following:

        - a member of the Malaysian Institute of Accountants; or
        - at least 3 years' working experience and have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 or be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
        - a degree/masters/doctorate in accounting or finance with at least 3 years' post qualification experience in accounting or finance; or
        - at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

    4. In the event of any vacancy in the Audit Committee, the Board shall within 3 months of that event, appoint such new members to make up the minimum number of 3 members.

    5. No alternate director can be appointed as a new member of the Audit Committee.

    6. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once in every 3 years.

- **Authority**

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

    1. To investigate any matter within its terms of reference. It shall have full and unrestricted access to any information pertaining to the Group, both the internal and external auditors and to all employees of the Group. It shall have the resources required to perform its duties.

    2. To obtain external legal or other professional advice and secure the attendance of outsiders with relevant experience to attend, if necessary.

    3. To promptly report to the Bursa Malaysia Securities Berhad ("Bursa Securities"), any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Bursa Securities Listing Requirements.

- **Functions**

The functions of the Audit Committee shall be:

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

2. to recommend and consider the nomination and appointment of a person or persons as external auditors, the audit fees and any questions of resignation or dismissal; and

3. to consider any other functions as may be agreed to by the Audit Committee and the Board of Directors.

- **Meetings**

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

- **Reporting Procedures**

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

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION AND THE AUDIT COMMITTEE DURING THE YEAR ENDED 31 DECEMBER 2006

- **Internal Audit Function**

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

  In attaining such objectives, the following activities were carried out by the Internal Audit Department in 2006;

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

- **Summary of Activities of the Audit Committee**

  During the year ended 31 December 2006, the Audit Committee performed its duties as set out in its terms of reference.

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

  - Reviewed the external auditors' scope of work and audit plans for the year.
  - Reviewed the results of the external audit, the audit report and the management letter, including Management's response.
  - Considered and recommended to the Board for approval of the audit fees payable.
  - Considered the independence and objectivity of the external auditors. There were no non-audit fees paid to the external auditors in 2006.
  - Reviewed the Internal Audit Department's resource requirements, programmes and plan for the year under review and the annual assessment of the Department's performance.
  - Reviewed the internal audit reports, recommendations and Management's response. Discussed actions taken with Management to improve the internal controls system based on internal audit findings.
  - Reviewed the Risk Management Framework and reports summarising the findings from work performed on the identification and assessment of enterprise-wide key risks.
  - Reviewed the annual report and audited financial statements of the Company and the Group prior to the submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards approved by MASB.
  - Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval. The review and discussions were conducted with the Chief Financial Officer.
  - Reviewed the Group's compliance with the Listing Requirements of Bursa Securities, MASB and other relevant legal and regulatory requirements.
  - Reviewed pertinent issues of the Group which had a significant impact on the results of the Group which included enhancement and further investment in existing products, cost rationalisation measures and human resource development.
  - Reviewed the significant related party transactions entered into by the Group.
  - Reviewed the extent of the Group's compliance with the provision set out under the Malaysian Code on Corporate Governance for the purpose of the Corporate Governance Statement pursuant to the Listing Requirements of the Bursa Securities.

responsibility statement by 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, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad.

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

In preparing the financial statements for the financial year ended 31 December 2006, the Directors have applied appropriate and relevant accounting policies consistently and in accordance with applicable accounting standards and made judgments and estimates that are reasonable and fair.

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

financial results 2006

directors' report
for the year ended 31 December 2006

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2006.

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

RESULTS

	GROUP RM'000	COMPANY RM'000
Net profit for the year	85,904	69,475

RESERVES AND PROVISIONS
There were no material transfers to or from reserves and provisions during the year except as disclosed in the financial statements.

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

i) a final dividend of 7.5 sen per RM0.50 ordinary share less tax at 28% totalling RM16.5 million (5.4 sen net per ordinary share) in respect of the year ended 31 December 2005 on 18 May 2006;

ii) a special final dividend of 17.5 sen per RM0.50 ordinary share less tax at 28% totalling RM38.5 million (12.6 sen net per ordinary share) in respect of the year ended 31 December 2005 on 18 May 2006;

iii) a special tax exempt dividend of 5 sen per RM0.50 ordinary share totalling RM15.3 million in respect of the year ended 31 December 2005 on 18 May 2006;

iv) an interim dividend of 5 sen per RM0.50 ordinary share less tax at 28% totalling RM11.0 million (3.6 sen net per ordinary share) in respect of the year ended 31 December 2006 on 9 October 2006; and

v) a special interim dividend of 2.5 sen per RM0.50 ordinary share less tax at 28% totalling RM5.5 million (1.8 sen net per ordinary share) in respect of the year ended 31 December 2006 on 9 October 2006.

The Directors now recommend the payment of the following dividends:

i) a final dividend of 7.5 sen per RM0.50 ordinary share less tax at 27% totalling RM16.7 million (5.5 sen net per ordinary share) in respect of the year ended 31 December 2006; and

ii) a special final dividend of 24.5 sen per RM0.50 ordinary share less tax at 27% totalling RM54.7 million (17.9 sen net per ordinary share) in respect of the year ended 31 December 2006.

DIRECTORS OF THE COMPANY

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

Dato' Lim Say Chong
Tan Sri Datuk Asmat bin Kamaludin
Jesper Bjoern Madsen
Chin Voon Loong
Soren Ask Nielsen
Dato' Jorgen Bornhoft (appointed on 24.4.2006)
Datuk (Dr.) Lim Ewe Jin (appointed on 24.4.2006)
Mogens Joenck (resigned on 10.2.2007)
Chan Hua Eng (retired on 19.4.2006)
Gen. (R) Tan Sri Dato' Mohd. Ghazali bin Dato' Mohd. Seth (retired on 19.4.2006)
Soren Holm Jensen (appointed on 5.3.2007)

The holdings and deemed holdings in the ordinary shares of the Company and its related corporations of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	NUMBER OF ORDINARY SHARES			
	AT 1.1.2006	ACQUIRED	DISPOSED	AT 31.12.2006
Direct interest in the Company				
Jesper Bjoern Madsen	9,000	-	-	9,000
Chin Voon Loong	14,000	-	-	14,000
Indirect interest in the Company				
Dato' Lim Say Chong	56,000	-	-	56,000

None of the other Directors holding office at 31 December 2006 had any interest in the ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

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

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and adequate provisions made for doubtful debts, and

ii) all current assets have been stated at the lower of cost and net realisable value.

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

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the Group and in the Company's financial statements misleading, or

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

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2006 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

On 30 October 2006, the Company entered into a Shareholders' Agreement with Wiseline Limited to acquire 50% equity interest in Carlsberg Distributors Taiwan Limited ("CDTL"), a company incorporated in Taiwan, for a total consideration of RM0.7 million. As a result, CDTL is now a 50% jointly-controlled entity of the Group.

AUDITORS

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

Signed in accordance with a resolution of the Directors:

CHIN VOON LOONG
DIRECTOR

DATO' LIM SAY CHONG
CHAIRMAN

Kuala Lumpur
5 March 2007

statement by directors

pursuant to section 169(15) of the companies act, 1965

In the opinion of the Directors, the financial statements set out on pages 74 to 121 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2006 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

CHIN VOON LOONG
DIRECTOR

DATO' LIM SAY CHONG
CHAIRMAN

Kuala Lumpur
5 March 2007

statutory declaration

pursuant to section 169(16) of the companies act, 1965

I, **Tom Sand-Kristensen**, 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 74 to 121 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 5 March 2007

TOM SAND-KRISTENSEN
Before me,

P. THURIRAJOO
AMN, PJK
(No. W438)
Commissioner for Oaths

Kuala Lumpur
5 March 2007

report of the auditors
to the members of carlsberg brewery malaysia berhad

We have audited the financial statements set out on pages 74 to 121. The preparation of the financial statements is the responsibility of the Company's Directors.

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

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

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:

   i) the state of affairs of the Group and of the Company as at 31 December 2006 and the results of their operations and cash flows for the year ended on that date; and

   ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries have been properly kept in accordance with the provisions of the said Act.

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

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

KPMG
Firm Number: AF 0758
Chartered Accountants

ADRIAN LEE LYE WANG
Partner
Approval Number: 2679/11/07(J)

Kuala Lumpur
5 March 2007

balance sheets
as at 31 December 2006

		GROUP		COMPANY	
	NOTE	2006 RM'000	2005 RM'000 RESTATED	2006 RM'000	2005 RM'000 RESTATED
Assets					
Property, plant and equipment	3	**148,862**	157,855	**132,252**	141,162
Intangible assets	4	**3,082**	2,746	**2,722**	2,094
Prepaid lease payments	5	**8,704**	8,834	**8,047**	8,165
Investment in subsidiaries	6	**-**	-	**1,909**	1,909
Investment in an associate	7	**14,843**	18,011	**10,940**	10,940
Investment in a jointly-controlled entity	8	**-**	-	**2,943**	-
Deferred tax assets	9	**-**	170	**-**	-
Total non-current assets		**175,491**	187,616	**158,813**	164,270
Prepaid lease payments	5	**130**	130	**118**	118
Other investments	10	**26,018**	24,745	**26,018**	24,745
Inventories	11	**39,957**	52,677	**24,198**	26,899
Receivables, deposits and prepayments	12	**148,814**	123,676	**29,958**	33,776
Cash and cash equivalents	13	**201,226**	200,908	**165,776**	172,504
Current tax assets		**756**	-	**-**	-
Total current assets		**416,901**	402,136	**246,068**	258,042
Total assets		**592,392**	589,752	**404,881**	422,312
Equity					
Share capital	14	**154,039**	154,039	**154,039**	154,039
Treasury shares	14	**(12,043)**	(12,043)	**(12,043)**	(12,043)
Reserves	15	**334,520**	337,927	**188,620**	205,977
Total Equity		**476,516**	479,923	**330,616**	347,973
Liabilities					
Deferred tax liabilities	9	**22,395**	22,555	**21,677**	22,555
Total non-current liability		**22,395**	22,555	**21,677**	22,555
Payables and accruals	16	**93,443**	77,488	**52,550**	47,898
Current tax liabilities		**38**	9,786	**38**	3,886
Total current liabilities		**93,481**	87,274	**52,588**	51,784
Total liabilities		**115,876**	109,829	**74,265**	74,339
Total equity and liabilities		**592,392**	589,752	**404,881**	422,312

The notes on pages 80 to 121 are an integral part of these financial statements.

	NOTE	GROUP 2006 RM'000	GROUP 2005 RM'000 RESTATED	COMPANY 2006 RM'000	COMPANY 2005 RM'000 RESTATED
Revenue		**929,744**	867,230	**615,025**	593,564
Cost of sales		**(621,674)**	(576,169)	**(596,775)**	(568,471)
Gross profit		**308,070**	291,061	**18,250**	25,093
Other operating income		**3,723**	2,647	**5,435**	2,793
Sales and distribution costs		**(181,330)**	(163,999)	**-**	-
Administrative expenses		**(23,614)**	(23,725)	**(15,696)**	(14,246)
Other operating expenses		**(3,521)**	(2,787)	**(3,494)**	(2,787)
Operating profit	17	**103,328**	103,197	**4,495**	10,853
Interest income		**6,426**	6,219	**5,788**	5,590
Dividend from a subsidiary		**-**	-	**79,200**	79,200
Share of profit after tax of equity accounted associate		**669**	2,964	**-**	-
Profit before taxation		**110,423**	112,380	**89,483**	95,643
Tax expense	19	**(24,519)**	(23,704)	**(20,008)**	(26,701)
Profit after taxation		**85,904**	88,676	**69,475**	68,942
Basic earnings per ordinary share (sen)	20	**28.1**	29.0		

The notes on pages 80 to 121 are an integral part of these financial statements.

statement of changes in equity

for the year ended 31 December 2006

GROUP	NOTE	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	EXCHANGE RESERVE RM'000	CAPITAL RESERVE RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000
At 1 January 2005		154,039	(12,043)	7,367	(3,224)	8,678	345,652	500,469
Exchange differences on translation of the financial statements of foreign entities *		-	-	-	847	-	-	847
Net profit for the year		-	-	-	-	-	88,676	88,676
Dividends	21	-	-	-	-	-	(110,069)	(110,069)
At 31 December 2005		154,039	(12,043)	7,367	(2,377)	8,678	324,259	479,923
Exchange differences on translation of the financial statements of foreign entities *		-	-	-	(2,479)	-	-	(2,479)
Net profit for the year		-	-	-	-	-	85,904	85,904
Dividends	21	-	-	-	-	-	(86,832)	(86,832)
At 31 December 2006		**154,039**	**(12,043)**	**7,367**	**(4,856)**	**8,678**	**323,331**	**476,516**

* Net gain / (loss) recognised directly in equity

COMPANY	NOTE	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	CAPITAL RESERVE RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000
At 1 January 2005		154,039	(12,043)	7,367	4,747	234,990	389,100
Net profit for the year		-	-	-	-	68,942	68,942
Dividends	21	-	-	-	-	(110,069)	(110,069)
At 31 December 2005		154,039	(12,043)	7,367	4,747	193,863	347,973
Net profit for the year		-	-	-	-	69,475	69,475
Dividends	21	-	-	-	-	(86,832)	(86,832)
At 31 December 2006		**154,039**	**(12,043)**	**7,367**	**4,747**	**176,506**	**330,616**

The notes on pages 80 to 121 are an integral part of these financial statements.

cash flow statements

for the year ended 31 December 2006

		GROUP		COMPANY	
	NOTE	2006 RM'000	2005 RM'000 RESTATED	2006 RM'000	2005 RM'000 RESTATED
Cash flows from operating activities					
Profit before taxation		**110,423**	112,380	**89,483**	95,643
Adjustments for:					
Amortisation of intangible assets	4	**1,569**	730	**1,230**	408
Amortisation of prepaid lease payments	5	**130**	130	**118**	118
Depreciation of property, plant and equipment	3	**20,709**	22,936	**15,352**	17,148
Dividend income		**-**	(75)	**(80,484)**	(80,667)
Gain on disposal of quoted investments		**-**	(583)	**-**	(583)
Gain on disposal of property, plant and equipment		**(2,470)**	(2,264)	**(2,117)**	(226)
Intangible assets written off		**1**	-	**-**	-
Property, plant and equipment written off	3	**19**	20	**18**	9
Interest income		**(6,426)**	(6,219)	**(5,788)**	(5,590)
Share of profit after tax of equity accounted associate		**(669)**	(2,964)	**-**	-
Gain on unit trust funds		**(1,273)**	-	**(1,273)**	-
Operating profit before working capital changes		**122,013**	124,091	**16,539**	26,260
Changes in working capital:					
Inventories		**12,996**	(9,893)	**2,701**	(6,790)
Receivables, deposits and prepayments		**(24,890)**	(6,371)	**3,818**	18,443
Payables and accruals		**12,696**	14,727	**4,652**	2,162
Cash generated from operations		**122,815**	122,554	**27,710**	40,075
Income taxes paid		**(35,013)**	(24,887)	**(2,558)**	(7,586)
Net cash generated from operating activities		**87,802**	97,667	**25,152**	32,489
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		**3,327**	2,502	**2,692**	236
Proceeds from disposal of quoted investments		**-**	2,316	**-**	2,316
Acquisition of property, plant and equipment		**(12,280)**	(14,322)	**(6,974)**	(5,943)
Acquisition of intangible assets		**(1,870)**	(2,577)	**(1,858)**	(2,502)
Acquisition of a jointly-controlled entity	8	**2,387**	-	**(758)**	-
Dividends received from - subsidiary		**-**	-	**57,024**	57,024
- associate		**1,284**	1,392	**1,284**	1,392
- others		**-**	75	**-**	75
Interest income		**6,426**	6,219	**5,788**	5,590
Purchase of unit trust funds		**-**	(24,745)	**-**	(24,745)
Subscription of shares in a jointly-controlled entity	8	**-**	-	**(2,185)**	-
Transfer of property, plant and equipment from a subsidiary		**-**	-	**(61)**	(142)
Net cash (used in)/generated from investing activities		**(726)**	(29,140)	**54,952**	33,301

		GROUP		COMPANY	
	NOTE	2006 RM'000	2005 RM'000 RESTATED	2006 RM'000	2005 RM'000 RESTATED
Cash flows from financing activity					
Dividends paid		**(86,832)**	(110,069)	**(86,832)**	(110,069)
Net cash used in financing activity		**(86,832)**	(110,069)	**(86,832)**	(110,069)
Exchange difference on translation of the financial statements of a jointly-controlled entity		**74**	-	**-**	-
Net increase/(decrease) in cash and cash equivalents		**318**	(41,542)	**(6,728)**	(44,279)
Cash and cash equivalents at beginning of year		**200,908**	242,450	**172,504**	216,783
Cash and cash equivalents at end of year	(i)	**201,226**	200,908	**165,776**	172,504

(i) Cash and cash equivalents

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

		GROUP		COMPANY	
	NOTE	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Deposits placed with licensed banks		**159,600**	171,180	**159,600**	171,180
Cash and bank balances		**41,626**	29,728	**6,176**	1,324
Cash and cash equivalents	13	**201,226**	200,908	**165,776**	172,504

The notes on pages 80 to 121 are an integral part of these financial statements.

notes to the financial statements

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

Registered office and principal place of business
No. 55, Persiaran Selangor,
Section 15, 40200 Shah Alam
Selangor Darul Ehsan, Malaysia.

The consolidated financial statements as at and for the year ended 31 December 2006 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in an associate and a jointly-controlled entity. The financial statements of the Company as at and for the year ended 31 December 2006 do not include other entities.

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

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

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The MASB has issued a number of new and revised Financial Reporting Standards (FRSs) that are effective for accounting periods beginning on or after 1 January 2006 which are available for early adoption. In this set of financial statements, the Group has chosen to early adopt FRS 117, *Leases* and FRS 124, *Related Party Disclosures* which are effective for annual periods beginning on or after 1 October 2006. The MASB has also issued FRS 139, *Financial Instruments: Recognition and Measurement* but for which the MASB has yet to announce the effective date of this standard. The Group has not adopted FRS 139 and by virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed.

On 15 August 2006, the MASB issued FRS 6, *Exploration for and Evaluation of Mineral Resources* which will be effective for annual periods beginning on or after 1 January 2007 and which is not applicable to the Group. Hence, no further disclosure is warranted.

The effects of adopting the new / revised FRSs in 2006 are set out in note 27.

The financial statements were approved by the Board of Directors on 5 March 2007.

1. BASIS OF PREPARATION (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 12 - Receivables, deposits and prepayments.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Certain comparative amounts have been reclassified to conform to the current year's presentation (see note 27).

(a) Basis of consolidation

(i) Subsidiaries

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(ii) Associates

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

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

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

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

(iii) Jointly-controlled entities

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

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

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

(iv) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

The assets and liabilities of operations in functional currencies other than Ringgit Malaysia are translated to Ringgit Malaysia at exchange rates at the balance sheet date. The income and expenses of these foreign operations are translated to Ringgit Malaysia at exchange rates at the dates of the transactions.

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

(c) Derivative financial instruments

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

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

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

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

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

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

The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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

• Buildings	40 - 50 years
• Plant and machinery	5 - 20 years
• Motor vehicles	5 years
• Furniture and office equipment	3 - 5 years

The depreciable amount is determined after deducting the residual value.

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

(e) Leased assets

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

Other leases are operating leases and the leased assets are not recognised on the Group's balance sheet.

Accounting policy note on Leasehold land / Prepaid lease payments

Leasehold land that normally has an indefinite economic life and title which is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

The Group had previously classified a lease of land as finance lease and had recognised the amount of prepaid lease payments as property within its property, plant and equipment. On early adoption of FRS 117, *Leases*, the Group treats such a lease as an operating lease, with the unamortised carrying amount classified as prepaid lease payments in accordance with the transitional provisions in FRS 117.67A.

Revalued leasehold land

The Group had previously revalued its leasehold land and has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provisions in FRS 117.67A. Such prepaid lease payments are amortised over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible assets

(i) Computer software

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

(ii) Amortisation

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

The estimated useful life of computer software is 3 years.

(g) Investments in equity securities

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

Subsequent to initial recognition:

- Investments in non-current equity securities other than investments in subsidiaries, associates and jointly-controlled entities, are stated at cost less allowance for diminution in value,

- All current investments are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments.

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

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

a) the recognition of an asset on the day it is received by the entity, and

b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(h) Inventories

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Receivables

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

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

Receivables are not held for the purpose of trading.

(j) Cash and cash equivalents

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

(k) Impairment of assets

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

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Payables

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

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has 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.

(n) Share capital

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

(o) Revenue

(i) Goods sold

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

(ii) Dividend income

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

(p) Lease payments

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Employee benefits

(i) Short term employee benefits

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

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

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

The Group's contribution to the Employees Provident Fund and Carlsberg Brewery Malaysia Retirement Plan are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

(ii) Termination benefits

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

(r) Interest income

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Tax expense

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

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

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

Deferred tax liability is recognised for all taxable temporary differences.

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

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(t) Earnings per ordinary share

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

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	NOTE	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
Cost / Valuation								
At 1 January 2005		20,794	53,598	309,586	22,371	40,374	513	447,236
Additions		-	23	2,370	5,909	5,174	3,348	16,824
Disposals		-	-	(7)	(4,978)	(55)	-	(5,040)
Written off		-	-	(65)	-	(2,970)	-	(3,035)
Transfers	4	-	-	430	-	714	(3,646)	(2,502)
At 31 December 2005 / 1 January 2006		20,794	53,621	312,314	23,302	43,237	215	453,483
Additions		-	370	2,257	3,736	2,334	3,902	12,599
Disposals		-	-	(4,670)	(3,005)	(138)	-	(7,813)
Written off		-	-	(64)	-	(868)	-	(932)
Transfers	4	-	90	3,022	-	383	(3,814)	(319)
Acquisition of a jointly-controlled entity	8	-	157	-	-	220	-	377
At 31 December 2006		**20,794**	**54,238**	**312,859**	**24,033**	**45,168**	**303**	**457,395**

3. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP	NOTE	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
Depreciation								
At 1 January 2005		-	15,846	216,188	13,548	34,927	-	280,509
Depreciation for the year	17	-	1,074	14,089	4,098	3,675	-	22,936
Disposals		-	-	(1)	(4,770)	(31)	-	(4,802)
Written off		-	-	(64)	-	(2,951)	-	(3,015)
At 31 December 2005 / 1 January 2006		-	16,920	230,212	12,876	35,620	-	295,628
Depreciation for the year	17	-	1,102	12,405	3,883	3,319	-	20,709
Disposals		-	-	(4,120)	(2,737)	(99)	-	(6,956)
Written off		-	-	(46)	-	(867)	-	(913)
Acquisition of a jointly-controlled entity	8	-	23	-	-	42	-	65
At 31 December 2006		**-**	**18,045**	**238,451**	**14,022**	**38,015**	**-**	**308,533**
Carrying amounts								
At 1 January 2005, restated		20,794	37,752	93,398	8,823	5,447	513	166,727
At 31 December 2005 / 1 January 2006, restated		20,794	36,701	82,102	10,426	7,617	215	157,855
At 31 December 2006		**20,794**	**36,193**	**74,408**	**10,011**	**7,153**	**303**	**148,862**

3. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	NOTE	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
Cost / Valuation								
At 1 January 2005		20,465	50,214	309,587	3,166	15,287	513	399,232
Additions		-	18	2,370	1,141	1,568	3,348	8,445
Disposals		-	-	(7)	(540)	(24)	-	(571)
Written off		-	-	(65)	-	(2,171)	-	(2,236)
Transfers	4	-	-	430	-	714	(3,646)	(2,502)
Transfers from a subsidiary		-	-	-	297	-	-	297
At 31 December 2005 / 1 January 2006		20,465	50,232	312,315	4,064	15,374	215	402,665
Additions		-	120	2,257	278	736	3,902	7,293
Disposals		-	-	(4,670)	(428)	(73)	-	(5,171)
Written off		-	-	(64)	-	(42)	-	(106)
Transfers	4	-	90	3,022	-	383	(3,814)	(319)
Transfers from a subsidiary		-	-	-	102	-	-	102
At 31 December 2006		**20,465**	**50,442**	**312,860**	**4,016**	**16,378**	**303**	**404,464**

3. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	NOTE	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
Depreciation								
At 1 January 2005		-	15,089	216,188	2,062	13,649	-	246,988
Depreciation for the year	17	-	1,005	14,090	627	1,426	-	17,148
Disposals		-	-	(1)	(540)	(20)	-	(561)
Written off		-	-	(64)	-	(2,163)	-	(2,227)
Transfer from a subsidiary		-	-	-	155	-	-	155
At 31 December 2005 / 1 January 2006		-	16,094	230,213	2,304	12,892	-	261,503
Depreciation for the year	17	-	1,017	12,405	646	1,284	-	15,352
Disposals		-	-	(4,120)	(428)	(48)	-	(4,596)
Written off		-	-	(46)	-	(42)	-	(88)
Transfer from a subsidiary		-	-	-	41	-	-	41
At 31 December 2006		**-**	**17,111**	**238,452**	**2,563**	**14,086**	**-**	**272,212**
Carrying amounts								
At 1 January 2005, restated		20,465	35,125	93,399	1,104	1,638	513	152,244
At 31 December 2005 / 1 January 2006, restated		20,465	34,138	82,102	1,760	2,482	215	141,162
At 31 December 2006		**20,465**	**33,331**	**74,408**	**1,453**	**2,292**	**303**	**132,252**

Certain buildings of the Group and of the Company were revalued in 1981 by independent professional qualified valuers using an open market value method. These assets have continued to be stated on the basis of their 1981 valuations, as allowed by the transitional provision in FRS 116 2004.

Had the buildings been carried out under the cost model, their carrying amount would have been RM34,704,000 (2005 – RM35,152,000) in respect of the Group and RM31,842,000 (2005 – RM32,589,000) in respect of the Company.

4. INTANGIBLE ASSETS

GROUP	NOTE	COMPUTER SOFTWARE RM'000
Cost		
At 1 January 2005		-
Effect of adopting FRS 138		925
At 1 January 2005, restated		925
Acquisitions		75
Transfers from assets in-progress	3	2,502
At 31 December 2005		3,502
Acquisitions		1,551
Transfers from assets in-progress	3	319
Written off		(1)
Acquisition of a jointly-controlled entity	8	36
At 31 December 2006		**5,407**
Amortisation		
At 1 January 2005		-
Effect of adopting FRS 138		26
At 1 January 2005, restated		26
Amortisation for the year	17	730
At 31 December 2005 / 1 January 2006		756
Amortisation for the year	17	1,569
At 31 December 2006		**2,325**
Carrying amounts		
At 1 January 2005, restated		899
At 31 December 2005 / 1 January 2006		2,746
At 31 December 2006		**3,082**

4. INTANGIBLE ASSETS (continued)

COMPANY	NOTE	COMPUTER SOFTWARE RM'000
Cost		
At 1 January 2005		-
Effect of adopting FRS 138		-
At 1 January 2005, restated		-
Transfers from assets in-progress	3	2,502
At 31 December 2005		2,502
Acquisitions		1,539
Transfers from assets in-progress	3	319
At 31 December 2006		**4,360**
Amortisation		
At 1 January 2005		-
Effect of adopting FRS 138		-
At 1 January 2005, restated		-
Amortisation for the year	17	408
At 31 December 2005 / 1 January 2006		408
Amortisation for the year	17	1,230
At 31 December 2006		**1,638**
Carrying amounts		
At 1 January 2005, restated		-
At 31 December 2005 / 1 January 2006		2,094
At 31 December 2006		**2,722**

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

5. **PREPAID LEASE PAYMENTS**

GROUP	NOTE	LEASEHOLD LAND UNEXPIRED PERIOD LESS THAN 50 YEARS RM'000	LEASEHOLD LAND UNEXPIRED PERIOD MORE THAN 50 YEARS RM'000	TOTAL RM'000
Cost				
At 1 January 2005		-	-	-
Effect of adopting FRS 117		172	11,067	11,239
At 1 January 2005, restated		172	11,067	11,239
At 1 January 2005 / 31 December 2005		172	11,067	11,239
At 1 January 2006 / 31 December 2006		**172**	**11,067**	**11,239**
Amortisation				
At 1 January 2005		-	-	-
Effect of adopting FRS 117		40	2,105	2,145
At 1 January 2005, restated		40	2,105	2,145
Amortisation for the year	17	4	126	130
At 31 December 2005 / 1 January 2006		44	2,231	2,275
Amortisation for the year	17	4	126	130
At 31 December 2006		**48**	**2,357**	**2,405**
Carrying amounts				
At 1 January 2005, restated		132	8,962	9,094
At 31 December 2005 / 1 January 2006		128	8,836	8,964
At 31 December 2006		**124**	**8,710**	**8,834**

5. PREPAID LEASE PAYMENTS (continued)

GROUP	LEASEHOLD LAND UNEXPIRED PERIOD LESS THAN 50 YEARS RM'000	LEASEHOLD LAND UNEXPIRED PERIOD MORE THAN 50 YEARS RM'000	TOTAL RM'000
For disclosure purposes			
At 31 December 2005			
Non-current	124	8,710	8,834
Current	4	126	130
	128	8,836	8,964
At 31 December 2006			
Non-current	**120**	**8,584**	**8,704**
Current	**4**	**126**	**130**
	124	**8,710**	**8,834**

5. PREPAID LEASE PAYMENTS (continued)

COMPANY	NOTE	LEASEHOLD LAND UNEXPIRED PERIOD MORE THAN 50 YEARS RM'000
Cost		
At 1 January 2005		-
Effect of adopting FRS 117		10,399
At 1 January 2005, restated		10,399
At 1 January 2005 / 31 December 2005		10,399
At 1 January 2006 / 31 December 2006		**10,399**
Amortisation		
At 1 January 2005		-
Effect of adopting FRS 117		1,998
At 1 January 2005, restated		1,998
Amortisation for the year	17	118
At 31 December 2005 / 1 January 2006		2,116
Amortisation for the year	17	118
At 31 December 2006		**2,234**
Carrying amounts		
At 1 January 2005, restated		8,401
At 31 December 2005 / 1 January 2006		8,283
At 31 December 2006		**8,165**

5. PREPAID LEASE PAYMENTS (continued)

	2006 RM'000	2005 RM'000
For disclosure purposes		
At 31 December		
Non-current	**8,047**	8,165
Current	**118**	118
	8,165	8,283

The leasehold land of the Group and of the Company were revalued in 1981 by independent professional qualified valuers using an open market value method. These assets have continued to be stated on the basis of their 1981 valuations, as allowed by the transitional provision in FRS 116 2004.

Had the leasehold land been carried out under the cost model, their carrying amount would have been RM6,123,000 (2005 – RM6,217,000) in respect of the Group and RM5,454,000 (2005 – RM5,536,000) in respect of the Company.

6. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2006 RM'000	2005 RM'000
Unquoted shares - at cost	**1,909**	1,909

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

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST 2006	2005
Carlsberg Marketing Sdn. Bhd.	Marketing and distribution of beer, stout, shandy and non-alcoholic beverages	Malaysia	**100%**	100%
Euro Distributors Sdn. Bhd.	Dormant	Malaysia	**100%**	100%

7. INVESTMENT IN AN ASSOCIATE

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Quoted shares outside Malaysia	**10,940**	10,940	**10,940**	10,940
Share of post-acquisition reserves	**3,903**	7,071	**-**	-
	14,843	18,011	**10,940**	10,940
Represented by:				
Group's share of net assets other than goodwill	**14,710**	17,878	**-**	-
Goodwill on acquisition	**133**	133	**-**	-
	14,843	18,011	**-**	-
Market value				
Quoted shares outside Malaysia	**24,642**	31,959	**24,642**	31,959

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST 2006	2005
The Lion Brewery Ceylon Limited	Manufacturing, marketing and distribution of beer, stout, shandy and non-alcoholic beverages	Sri Lanka	**24.6%**	24.6%

Summary financial information on associate:

	2006 RM'000	2005 RM'000
Revenue	**128,361**	127,281
Profit	**2,718**	12,055
Total assets	**98,577**	91,910
Total liabilities	**34,341**	12,701

In conjunction with the investment undertaken in The Lion Brewery Ceylon Limited, the Directors entered into a call option with the principal licensor, Carlsberg A/S, a company incorporated in Denmark, allowing Carlsberg A/S to acquire the Company's interest in the associated company, should certain events occur. The purchase consideration is to be based on an agreed formula and in any event to be 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.

8. INVESTMENT IN A JOINTLY-CONTROLLED ENTITY

On 30 October 2006, the Group acquired 3,000,000 ordinary shares at NTD10.00 each in Carlsberg Distributors Taiwan Limited ("CDTL") for a purchase consideration of RM758,000 satisfied in cash.

Details of the jointly-controlled entity are as follows:

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST 2006	PROPORTION OF OWNERSHIP INTEREST 2005
Carlsberg Distributors Taiwan Limited	Packaging, marketing, and distribution of beer, stout, shandy and non-alcoholic beverages	Taiwan	50%	-

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	NOTE	RM'000
Plant and equipment	3	312
Intangible assets	4	36
Inventories		276
Receivables, deposits and prepayments		248
Cash and cash equivalents		3,145
Current assets		4,017
Payables and accruals		(3,259)
Net assets		758
Consideration paid, satisfied in cash		758
Cash acquired		(3,145)
Net cash inflow		(2,387)

Subsequently, the Group has further subscribed to the additional shares issued by CDTL of 2,000,000 ordinary shares of NTD10.00 each for a consideration of RM2,185,000 satisfied in cash.

8. INVESTMENT IN A JOINTLY-CONTROLLED ENTITY (continued)

The acquisition of CDTL has the following effect on the Group's operating results, assets and liabilities as at 31 December 2006.

	2006 RM'000
Long-term assets	321
Current assets	3,473
Current liabilities	(1,716)
Net assets acquired / Group's share of net assets	2,078
Income	694
Expenses	(1,633)
Decrease in the Group's net profit at the end of financial year	939

9. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	ASSETS		LIABILITIES		NET	
GROUP	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Property, plant and equipment						
- capital allowance	-	-	(22,818)	(23,504)	(22,818)	(23,517)
- revaluation	-	-	(1,148)	(1,148)	(1,148)	(1,148)
Provisions	1,571	2,267	-	-	1,571	2,280
Tax assets / (liabilities)	1,571	2,267	(23,966)	(24,652)	(22,395)	(22,385)
Set off of tax	(1,571)	(2,097)	1,571	2,097	-	-
Net tax assets / (liabilities)	-	170	(22,395)	(22,555)	(22,395)	(22,385)

9. DEFERRED TAX ASSETS AND LIABILITIES (continued)

	ASSETS		LIABILITIES		NET	
COMPANY	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Property, plant and equipment						
- capital allowance	-	-	(21,346)	(21,872)	(21,346)	(21,872)
- revaluation	-	-	(1,148)	(1,148)	(1,148)	(1,148)
Provisions	817	465	-	-	817	465
Tax assets / (liabilities)	817	465	(22,494)	(23,020)	(21,677)	(22,555)
Set off of tax	(817)	(465)	817	465	-	-
Net tax assets / (liabilities)	-	-	(21,677)	(22,555)	(21,677)	(22,555)

Movement in temporary differences during the year

GROUP	AT 1.1.2005 RM'000	RECOGNISED IN INCOME STATEMENT (NOTE 19) RM'000	AT 31.12.2005 RM'000	RECOGNISED IN INCOME STATEMENT (NOTE 19) RM'000	AT 31.12.2006 RM'000
Property, plant and equipment	(23,902)	(763)	(24,665)	699	(23,966)
Provisions	960	1,320	2,280	(709)	1,571
	(22,942)	557	(22,385)	(10)	(22,395)
COMPANY					
Property, plant and equipment	(22,349)	(671)	(23,020)	320	(22,700)
Provisions	519	(54)	465	558	1,023
	(21,830)	(725)	(22,555)	878	(21,677)

10. OTHER INVESTMENTS

	GROUP AND COMPANY	
	2006 RM'000	**2005 RM'000**
Current		
Unit trust funds	**26,018**	24,745
Market value		
Quoted unit trust in Malaysia	**26,018**	24,745

11. INVENTORIES

	GROUP		COMPANY	
	2006 RM'000	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**
At cost:				
Finished goods	**20,246**	33,594	**4,615**	7,874
Work-in-progress	**4,621**	2,843	**4,620**	2,843
Raw, packaging and other materials	**7,122**	9,565	**6,995**	9,507
Spare parts for machinery	**7,968**	6,675	**7,968**	6,675
	39,957	52,677	**24,198**	26,899

In 2006, inventories recognised as cost of sales amounted to RM609,223,000 and RM138,759,000 (2005 – RM636,674,000 and RM126,761,000) in respect of the Group and of the Company. In 2006, the inventories written off amounted to RM1,241,000 and RM214,000 (2005 – RM2,347,000 and RM123,000) in respect of the Group and of the Company. The write-off is included in cost of sales.

12. RECEIVABLES, DEPOSITS AND PREPAYMENTS

		GROUP		COMPANY	
	NOTE	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade					
Trade receivables		**121,631**	100,028	**-**	-
Allowance for doubtful debts	a	**(8,697)**	(6,291)	**-**	-
		112,934	93,737	**-**	-
Amount due from a subsidiary	b	**-**	-	**18,583**	18,656
Amounts due from related companies	b	**17,661**	9,864	**131**	-
		130,595	103,601	**18,714**	18,656
Non-trade					
Other receivables	c	**9,400**	9,678	**4,651**	4,519
Deposits		**6,561**	10,300	**6,543**	10,523
Prepayments		**2,258**	97	**50**	78
		18,219	20,075	**11,244**	15,120
		148,814	123,676	**29,958**	33,776

Note a
Included in allowance for doubtful debts of the Group is an additional allowance made for the year amounting to RM4,639,000 (2005 – RM2,414,000) being offset against bad debts written off for the year amounting to RM2,233,000 (2005 – RM1,782,000).

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

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

Note c
Included in other receivables of the Group and of the Company is an amount of RM158,616 (2005 - RM179,877) in respect of a housing loan granted to a Director of the Company in accordance with the Housing Loan Scheme applicable to executive staff.

13. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Deposits placed with licensed banks	**159,600**	171,180	**159,600**	171,180
Cash and bank balances	**41,626**	29,728	**6,176**	1,324
	201,226	200,908	**165,776**	172,504

14. SHARE CAPITAL

	GROUP AND COMPANY			
	AMOUNT 2006 RM'000	NUMBER OF SHARES 2006 '000	AMOUNT 2005 RM'000	NUMBER OF SHARES 2005 '000
Authorised:				
Ordinary shares of RM0.50 each	**300,000**	**600,000**	300,000	600,000
Issued and fully paid:				
Ordinary shares of RM0.50 each	**154,039**	**308,078**	154,039	308,078
Treasury shares	**(12,043)**	**(2,330)**	(12,043)	(2,330)

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

Treasury shares

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

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

No further shares were repurchased during the financial year ended 31 December 2006, and none of the previously repurchased shares were reissued, distributed as share dividends, resold or cancelled.

15. RESERVES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Non-distributable reserves:				
Retained earnings	**12,043**	12,043	**12,043**	12,043
Share premium	**7,367**	7,367	**7,367**	7,367
Other reserves:				
Capital reserve	**8,678**	8,678	**4,747**	4,747
Exchange reserve	**(4,856)**	(2,377)	**-**	-
	23,232	25,711	**24,157**	24,157
Distributable reserves:				
Retained earnings	**311,288**	312,216	**164,463**	181,820
	334,520	337,927	**188,620**	205,977

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

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

The details are as follows:

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Balance as at 1 January				
Revaluation reserve	**4,747**	4,747	**4,747**	4,747
Capitalisation upon bonus issue by subsidiary	**3,931**	3,931	**-**	-
	8,678	8,678	**4,747**	4,747

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

Section 108 tax credit
Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its distributable reserves as at 31 December 2006 if paid out as dividends.

16. PAYABLES AND ACCRUALS

	NOTE	GROUP 2006 RM'000	GROUP 2005 RM'000 RESTATED	COMPANY 2006 RM'000	COMPANY 2005 RM'000 RESTATED
Trade					
Trade payables		**71,076**	58,086	**39,655**	29,928
Amount due to holding company	a	**1,558**	1,962	**1,400**	2,053
Amounts due to related companies	a	**104**	427	**24**	767
		72,738	60,475	**41,079**	32,748
Non-trade					
Other payables		**4,648**	8,415	**2,340**	6,683
Accrued expenses		**16,057**	8,598	**9,131**	8,467
		20,705	17,013	**11,471**	15,150
		93,443	77,488	**52,550**	47,898

Note a
Amounts due to holding company and related companies are unsecured, interest free and are repayable on demand.

17. OPERATING PROFIT

		GROUP		COMPANY	
	NOTE	2006 RM'000	2005 RM'000 RESTATED	2006 RM'000	2005 RM'000 RESTATED
Operating profit is arrived at after charging:					
Allowance for doubtful debts	12	**4,639**	2,414	**-**	-
Amortisation of intangible assets	4	**1,569**	730	**1,230**	408
Amortisation of prepaid lease payments	5	**130**	130	**118**	118
Auditors' remuneration					
- Audit services		**83**	80	**55**	55
Depreciation of property, plant and equipment	3	**20,709**	22,936	**15,352**	17,148
Intangible assets written off	4	**1**	-	**-**	-
Property, plant and equipment written off	3	**19**	20	**18**	9
Inventories written off	11	**1,241**	2,347	**214**	123
Personnel expenses (including key management personnel):					
- Contributions to defined contribution plan		**467**	460	**267**	260
- Contributions to Employees Provident Fund		**4,083**	3,958	**1,905**	1,990
- Wages, salaries and others		**45,619**	38,376	**23,473**	21,227
Rental of land and buildings		**1,843**	1,540	**293**	291
and after crediting:					
Bad debts recovered		**572**	735	**-**	-
Dividend income from					
- subsidiary company (unquoted)		**-**	-	**79,200**	79,200
- associated company (unquoted)		**-**	-	**1,284**	1,392
- quoted shares in Malaysia		**-**	75	**-**	75
Gain on disposal of property, plant and equipment		**2,470**	2,264	**2,117**	226
Gain on disposal of investment		**-**	583	**-**	583
Rental income from					
- subsidiary company		**-**	-	**780**	780

18. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000 RESTATED	2006 RM'000	2005 RM'000 RESTATED
Directors				
- Fees	**305**	286	**305**	286
- Remuneration	**1,328**	1,279	**1,328**	1,279
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	**579**	331	**579**	331
	2,212	1,896	**2,212**	1,896
- Post-employment benefits	**191**	187	**191**	187
	2,403	2,083	**2,403**	2,083
Other key management personnel:				
- Short term employee benefits	**2,796**	2,293	**2,067**	1,891
- Post-employment benefits	**74**	208	**69**	205
	2,870	2,501	**2,136**	2,096
	5,273	4,584	**4,539**	4,179

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

19. TAX EXPENSE

Major components of tax expense include:

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Current tax expense				
Malaysian - current year	27,136	26,409	25,193	26,537
- overprovision in prior years	(2,627)	(2,148)	(4,307)	(562)
Total current tax recognised in the income statement	24,509	24,261	20,886	25,975
Deferred tax expense				
Origination and reversal of temporary differences	182	(557)	(540)	726
Overprovision in prior years	(172)	-	(338)	-
Total deferred tax recognised in the income statement	10	(557)	(878)	726
Total tax expense	24,519	23,704	20,008	26,701

Reconciliation of effective tax expense

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Profit before tax	110,423	112,380	89,483	95,643
Tax at Malaysian tax rate of 28%	30,918	31,466	25,055	26,780
Non-taxable income	(676)	(1,546)	(762)	(448)
Non-deductible expenses	1,510	540	416	377
Double deduction on permitted expenses	(4,533)	(5,023)	-	-
Tax incentives	(196)	(241)	(196)	(241)
Other items	295	656	140	795
	27,318	25,852	24,653	27,263
Overprovision in prior years	(2,799)	(2,148)	(4,645)	(562)
Tax expense	24,519	23,704	20,008	26,701

20. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share as at 31 December 2006 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

Profit attributable to ordinary shareholders

	GROUP	
	2006 RM'000	**2005 RM'000**
Net profit for the year	**85,904**	88,676

Weighted average number of ordinary shares

	GROUP	
	2006 '000	**2005 '000**
Issued ordinary shares as at 1 January / 31 December	**308,078**	308,078
Effect of treasury shares held	**(2,330)**	(2,330)
	305,748	305,748

	GROUP	
	2006	**2005**
Basic earnings per ordinary share (sen)	**28.1**	29.0

21. DIVIDENDS

	SEN PER SHARE (NET OF TAX)	TOTAL AMOUNT RM'000	DATE OF PAYMENT
2006			
Interim 2006 ordinary	**3.6**	**11,007**	**9 October 2006**
Interim 2006 ordinary – special	**1.8**	**5,503**	**9 October 2006**
Final 2005 ordinary	**5.4**	**16,510**	**18 May 2006**
Final 2005 ordinary – special	**12.6**	**38,524**	**18 May 2006**
Final 2005 ordinary – special tax exempt	**5.0**	**15,288**	**18 May 2006**
Total amount		**86,832**	
2005			
Interim 2005 ordinary	3.6	11,007	7 October 2005
Interim 2005 ordinary – special	1.8	5,503	7 October 2005
Final 2004 ordinary	10.8	16,510	18 May 2005
Final 2004 ordinary – special	50.4	77,049	18 May 2005
Total amount		110,069	

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

	GROUP	
	SEN PER SHARE (NET OF TAX)	TOTAL AMOUNT RM'000
Final ordinary	**5.5**	**16,740**
Final ordinary - special	**17.9**	**54,683**
		71,423

22. SEGMENT REPORTING

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

23. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

Exposure to currency, credit, liquidity and interest rate risks arise in the normal course of the Group's business. The Group has written risk management policies and guidelines which set out their overall business strategies, their tolerance to risk and their general risk management philosophy. Such written policies are approved by the Board of Directors to ensure that the Group's policy guidelines are adhered to.

Foreign currency risk

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

The Group hedges at least 80% of its overseas trade receivables denominated in US Dollars and Singapore Dollars. At beginning of the year, the Group hedged 80% of its estimated foreign currency exposure in respect of budgeted export sales for 2006 for 12 months. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the balance sheet date. However, the Group has re-evaluated the hedging on foreign revenue and has decided not to enter into any forward contracts for the time being. The Group will continue to monitor the rates development closely and will hedge accordingly. The purchases denominated in US Dollars and Euro is not hedged as it is immaterial to the Group.

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

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

Credit risk

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

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group is represented by the carrying amount of each financial asset in the balance sheet.

23. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

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

Interest rate risk

The Group's short term deposits are placed at fixed rates investments which management endeavours to obtain the best rate available in the market.

Effective interest rates

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

	2006			2005		
GROUP	**EFFECTIVE INTEREST RATE %**	**TOTAL RM'000**	**WITHIN 1 YEAR RM'000**	**EFFECTIVE INTEREST RATE %**	**TOTAL RM'000**	**WITHIN 1 YEAR RM'000**
Financial asset						
Fixed deposits with licensed banks	**3.41**	**159,600**	**159,600**	2.78	171,180	171,180
COMPANY						
Financial asset						
Fixed deposits with licensed banks	**3.43**	**159,600**	**159,600**	2.77	171,180	171,180

23. FINANCIAL INSTRUMENTS (continued)

Fair values

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

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

GROUP	2006 CARRYING AMOUNT RM'000	2006 FAIR VALUE RM'000	2005 CARRYING AMOUNT RM'000	2005 FAIR VALUE RM'000
Financial asset				
Unit trust funds	**26,018**	**26,018**	24,745	24,745
COMPANY				
Financial asset				
Unit trust funds	**26,018**	**26,018**	24,745	24,745

Estimation of fair values

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

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

Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate. Those quotes are back tested using pricing models or discounted cash flow techniques.

24. OPERATING LEASES

Leases as lessee

Operating lease rentals are payable as follows:

	GROUP		COMPANY	
	2006 RM'000	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**
Less than one year	**278**	413	**156**	270
Between one and five years	**129**	223	**60**	15
	407	636	**216**	285

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

25. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2006 RM'000	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**
Capital expenditure commitments				
Property, plant and equipment				
Authorised but not contracted for	**28,572**	30,547	**15,367**	17,842
Contracted but not provided for and payable:				
Within one year	**9,347**	5,544	**8,362**	4,752
	37,919	36,091	**23,729**	22,594

26. RELATED PARTIES

Identity of related parties

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

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

Transactions with key management personnel
Key management personnel compensation
Key management personnel compensation is disclosed in note 18.

Other related party transactions

	TRANSACTION VALUE YEAR ENDED 31 DECEMBER		BALANCE OUTSTANDING AS AT 31 DECEMBER	
GROUP	**2006 RM'000**	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**
Carlsberg Breweries A/S			**(520)**	(1,962)
Purchases of materials and products	**463**	738		
Reimbursement of expenses	**3,657**	5,957		
Royalties payable	**15,339**	14,313		
Carlsberg Singapore Pte. Ltd.			**17,435**	9,857
Sale of goods and services	**61,055**	61,380		
Reimbursement of expenses	**16,614**	15,502		
Carlsberg Brewery (Guangdong) Ltd.			**(80)**	(420)
Purchases of materials and products	**1,825**	3,377		
Carlsberg Distributors Taiwan Ltd.			**236**	-
Sale of goods and services	**189**	-		
The Lion Brewery Ceylon Ltd.			**112**	-
Sale of goods and services	**652**	495		

26. RELATED PARTIES (continued)

COMPANY	TRANSACTION VALUE YEAR ENDED 31 DECEMBER 2006 RM'000	2005 RM'000
Carlsberg Marketing Sdn. Bhd.		
Sale of goods and services	**642,458**	748,709
Transfer of property, plant and equipment at net book value	**(61)**	(142)
Management fee received	**3,600**	3,600
Rental income	**780**	780
Dividend income		
- final taxable dividend	**79,200**	79,200
Carlsberg Breweries A/S		
Purchases of materials and products	**374**	613
Reimbursement of expenses	**3,321**	2,325
Royalties payable	**8,592**	8,025

All outstanding balances with these related parties are priced on willing buyer willing seller basis and are to be settled within the normal trade terms. None of the balances is secured.

27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation requirements of FRS 101 and also as a result of adoption of FRS 117, *Leases* and FRS 138, *Intangible Assets*.

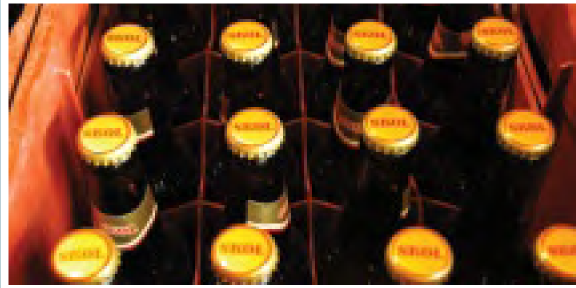
		GROUP		COMPANY	
	NOTE	AS RESTATED RM'000	AS PREVIOUSLY STATED RM'000	AS RESTATED RM'000	AS PREVIOUSLY STATED RM'000
Balance sheets					
Non-current assets					
Property, plant and equipment	3	**157,855**	169,565	**141,162**	151,539
Prepaid lease payments	5	**8,834**	-	**8,165**	-
Intangible assets	4	**2,746**	-	**2,094**	-
Current assets					
Prepaid lease payments	5	**130**	-	**118**	-
Income statements					
Revenue		**867,230**	1,083,683	**593,564**	663,387
Cost of sales		**(576,169)**	(792,622)	**(568,471)**	(638,294)
Cash flow statements					
Cash flow from operating activities					
Amortisation of intangible assets		**730**	-	**408**	-
Amortisation of prepaid lease payment		**130**	-	**118**	-
Depreciation of property, plant and equipment		**22,936**	23,796	**17,148**	17,674
Gain on disposal of property, plant and equipment		**(2,264)**	(2,244)	**(226)**	(217)
Property, plant and equipment written off		**20**	-	**9**	-
Cash flow from investing activities					
Acquisition of property, plant and equipment		**(14,322)**	(16,899)	**(5,943)**	(8,445)
Acquisition of intangible assets		**(2,577)**	-	**(2,502)**	-

Leasehold land amounting to RM8,964,000 and RM8,283,000 of the Group and of the Company respectively in 2005 were reclassified from property, plant and equipment to prepaid lease payments to comply with the requirements of FRS 117, *Leases*.

Computer software amounting to RM2,746,000 and RM2,094,000 of the Group and of the Company respectively in 2005 was reclassified from property, plant and equipment to intangible assets to comply with the requirements of FRS 138, *Intangible Assets*.

Revenue was restated to be net of certain expenses in cost of sales to conform to the current year's presentation.


Carlsberg
SCANIA



carlsberg sales offices and depots in malaysia

KEDAH
c/o Chuan Leong Trading (Kedah) Sdn Bhd
No. 30, Pengkalan Kapal,
05000 Alor Setar, Kedah.
Tel : 04-731 6858
Fax: 04-730 0087

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

PENANG
No. 27, Jalan Gottlieb, 10350 Penang.
Tel : 04-226 9430 / 04-226 9436
Fax: 04-226 9471

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SIBU
c/o Ee Chung Han Co. Sdn Bhd
Lot 1248-1249 Lorong Sukun 18,
Off Jalan Teng Kung Suk,
Upper Lanang, 96700 SIBU.
Tel : 0874-213 892
Fax: 0874-213 892

particulars of group properties

The Properties included in land and buildings as at 31 December 2006 (Note 3 to the Financial Statements) and their net book values are indicated below

ADDRESS	DESCRIPTION	AREA (ACRES)	DATE OF ACQUISITION OR REVALUATION	LAND TENURE	APPROX. AGE OF BUILDINGS (YEARS)	NET BOOK VALUE RM'000
55, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan.	Brewery and Offices	20.00	31/3/81 (revaluation)	Leasehold expiring 23.2.2070	36	32,186
25, Jalan Kilang Dua, Kawasan MIEL, Jelapang, 30100 Ipoh, Perak Darul Ridzuan.	Office and Warehouse	0.33	4/10/90 (acquisition)	Leasehold expiring 15.9.2072	29	348
10, Pinggiran Tunku, Bukit Tunku, 50480 Kuala Lumpur, Wilayah Persekutuan.	Residential - Bungalow	0.64	1/4/91 (acquisition)	Freehold	35	1,909
83, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim.	Office and Warehouse	0.34	20/5/91 (acquisition)	Freehold	14	692
Plot 42, Off Lot 2817, Jalan Jelawat, Bandar Seberang Jaya, 13700 Prai, Butterworth.	Office and Warehouse	0.75	15/3/92 (acquisition)	Leasehold expiring 18.8.2073	14	1,522
Lot 6, No. 34 Towering Industrial Estate, Mile 4½, Jalan Penampang, 88300 Kota Kinabalu, Sabah.	Office and Warehouse	0.06	28/3/95 (acquisition)	Leasehold expiring 31.12.2037	27	351
394, Taman AST, Jalan Labu, 70200 Seremban, Negeri Sembilan Darul Khusus.	Office and Warehouse	0.04	23/12/96 (acquisition)	Freehold	12	356
Lot 22, Jalan Pengapit 15/19, 40200 Shah Alam, Selangor Darul Ehsan.	Factory and Office	1.81	12/3/96 (acquisition)	Leasehold expiring 23.2.2082	16	9,176

ADDRESS	DESCRIPTION	AREA (ACRES)	DATE OF ACQUISITION OR REVALUATION	LAND TENURE	APPROX. AGE OF BUILDINGS (YEARS)	NET BOOK VALUE RM'000
25, Jalan IM 14/3, Kawasan Perindustrian Ringan, Indera Mahkota, 25200 Kuantan, Pahang Darul Makmur.	Office and Warehouse	0.05	17/12/97 (acquisition)	Leasehold expiring 29.3.2097	9	204
No. EMR 3099, Lot No. 9 & No. EMR 3100, Lot No. 10, No. GM 76, Lot No. 35 & No. GM 77, Lot No. 36, In The Village of Batu Tiga / Mukim of Damansara, District of Petaling, Selangor Darul Ehsan.	Land	6.41	24/7/98 (acquisition)	Freehold	-	15,953
Lot 1071, Mukim Damansara, District of Petaling, Selangor Darul Ehsan.	Land	1.3	18/9/2003 (acquisition)	Freehold	-	2,999
						65,696

analysis of shareholdings
as at 28 February 2007

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

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
Less than 100	447	4.50	4,335	0.00
100 - 1,000	2,926	29.48	2,314,074	0.76
1,001 - 10,000	4,988	50.27	19,498,991	6.38
10,001 - 100,000	1,364	13.74	41,352,236	13.52
100,001 - 15,287,399*	198	2.00	86,645,864	28.34
15,287,400 and above**	1	0.01	155,932,500	51.00
TOTAL	9,924	100.00	305,748,000	100.00

* Less than 5% of issued holdings
** 5% and above of issued holdings

thirty largest shareholders

	NAME	NO. OF SHARES	% OF SHARES
1.	UOBM Nominees (Asing) Sdn Bhd Carlsberg Breweries A/S	155,932,500	51.00
2.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	9,085,320	2.97
3.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 2)	4,382,000	1.43
4.	HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd For Winscope Developments Ltd	3,103,000	1.01

	NAME	NO. OF SHARES	% OF SHARES
5.	Cartaban Nominees (Asing) Sdn Bhd State Street London Fund XCP2 For Aberdeen Asian Income Fund Limited	2,986,500	0.98
6	Gan Thian Chin	2,564,800	0.84
7.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt And For Prudential Assurance Malaysia Berhad	2,326,200	0.76
8.	UOBM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Yoke Fong @ Wong Nyok Fing (6110553745-T232)	2,200,000	0.72
9.	Citigroup Nominees (Asing) Sdn Bhd Exempt And For American International Assurance Company Limited	2,187,500	0.72
10.	Pertubuhan Keselamatan Sosial	2,058,000	0.67
11.	Citigroup Nominees (Asing) Sdn Bhd UBS AG For Artradis Barracuda Fund	2,016,900	0.66
12.	Citigroup Nominees (Asing) Sdn Bhd Exempt And For Mellon Bank (Mellon)	2,007,000	0.66
13.	Asia Life (M) Berhad As Beneficial Owner (PF)	1,676,400	0.55
14.	AMSEC Nominees (Asing) Sdn Bhd Fraser Securities Pte Ltd For Mrs Theresa Foo Nee Cheng, Theresa (26/36003)	1,549,500	0.51
15.	Tai Tak Estates Sdn Bhd	1,500,000	0.49
16.	HSBC Nominees (Asing) Sdn Bhd TNTC For The Highclere International Investors Smaller Companies Fund	1,356,400	0.44
17.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Non Par 1)	1,200,000	0.39

	NAME	NO. OF SHARES	% OF SHARES
18.	HSBC Nominees (Asing) Sdn Bhd HSBC-FS For Aberdeen Malaysia Equity Fund	1,199,600	0.39
19.	Mak Tian Meng	1,142,880	0.37
20.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Mak Tian Meng (BSR)	1,000,000	0.33
21.	HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd For Kwong Soon Engineering Co Pte Ltd	967,500	0.32
22.	Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Small Cap Series	943,100	0.31
23.	Ho Sim Guan	940,000	0.31
24.	UOBM Nominees (Asing) Sdn Bhd Chung Khiaw Bank Nominees (Pte) Ltd For Ko Choon Huat	910,000	0.30
25.	AMMB Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for HLG Dividend Fund (HLGDF)	800,000	0.26
26.	Cartaban Nominees (Asing) Sdn Bhd Investors Bank And Trust Company For Global Equity Fund (Marathon GBL FD)	696,800	0.23
27.	Citigroup Nominees (Tempatan) Sdn Bhd Manulife Insurance (Malaysia) Berhad (OL PAR)	694,000	0.23
28.	HSBC Nominees (Asing) Sdn Bhd Exempt And For JPMorgan Chase Bank, National Association (U.S.A.)	660,000	0.22
29.	HLG Nominee (Tempatan) Sdn Bhd HLG Asset Management Sdn Bhd For Pertubuhan Keselamatan Sosial (2050)	658,000	0.22
30.	HSBC Nominees (Asing) Sdn Bhd Exempt And For JPMorgan Chase Bank, National Association (Australia)	652,400	0.21
	TOTAL	209,396,300	68.49

substantial shareholder

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

directors' interests

NAME	DIRECT		INDIRECT	
	NO. OF SHARES	% OF SHARES	NO. OF SHARES	% OF SHARES
1. Dato' Lim Say Chong	-	-	56,000[a]	0.02
2. Jesper Bjoern Madsen	9,000	-	-	-
3. Chin Voon Loong	14,000	-	-	-

a. Deemed interest by virtue of shares held by his children.

material contracts

The particulars of material contracts of the Group with its related parties, subsisting as at 31 December 2006 or entered into since the end of the previous financial year, are as follows:-

1. An agreement between Carlsberg Brewery Malaysia Berhad (**"CBMB"**), Carlsberg Asia Pte Ltd (**"CAPL"**) and Carlsberg Singapore Pte Ltd (**"CSPL"**), a wholly-owned subsidiary of CAPL, dated 2 January 2003 for the production and supply of products manufactured by CBMB to CSPL for sale and distribution in the Republic of Singapore. CAPL is a wholly-owned subsidiary of Carlsberg Breweries A/S which in turn is the holding company of CBMB.

2. An agreement between CBMB, CAPL and CSPL dated 1 October 2005 for the production and supply of additional Carlsberg products manufactured by CBMB to CSPL for sale and distribution in the Republic of Singapore.

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

There are no material contracts of the Group with the Directors of CBMB subsisting as at 31 December 2006 or entered into since the end of the previous financial year.

NOTICE IS HEREBY GIVEN that the Thirty-Seventh Annual General Meeting of the Company will be held at Ballroom Selangor 2 & 3, Sheraton Subang Hotel & Towers, Jln SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Tuesday, 17 April 2007 at 11.00 a.m. for the following purposes:

AGENDA

Ordinary Business

1. To receive and adopt the Audited Accounts for the year ended 31 December 2006 together with the Directors' and Auditors' reports thereon. **Ordinary Resolution 1**

2. To declare a Final Dividend of RM0.075 per 50 sen share less Malaysian income tax and a Special Dividend of RM0.245 per 50 sen share less Malaysian income in respect of the year ended 31 December 2006. **Ordinary Resolution 2**

3. To re-elect the following Directors who retire pursuant to Article 92(a) of the Articles of Association of the Company:

   (a) Dato' Lim Say Chong **Ordinary Resolution 3**

   (b) Mr Chin Voon Loong **Ordinary Resolution 4**

4. To re-elect the following Directors who retire pursuant to Article 92(e) of the Articles of Association of the Company:

   (a) Dato' Jorgen Bornhoft **Ordinary Resolution 5**

   (b). Datuk (Dr.) Lim Ewe Jin **Ordinary Resolution 6**

   (c). Mr Soren Holm Jensen **Ordinary Resolution 7**

5. To approve the increase of Directors' fees from RM286,020 to RM305,000 for the year ended 31 December 2006. **Ordinary Resolution 8**

6. To re-appoint Messrs KPMG as Auditors of the Company and to authorize the Directors to fix their remuneration. **Ordinary Resolution 9**

7. To transact any other ordinary business for which notice has been given.

Special Business

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

8. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **Ordinary Resolution 10**

   "**THAT** subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this Resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being;

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

9. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY** **Ordinary Resolution 11**

"**THAT**, subject to compliance with Section 67A of the Companies Act 1965, the Requirements of Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authority, approval be and is hereby given to the Company to utilise not more than RM171.83 million being the combined total of the audited distributable retained earnings and share premium reserves of the Company as at 31 December 2006 which stood at RM164.46 million and RM7.37million respectively, to purchase on Bursa Securities up to 28,477,800 ordinary shares of RM0.50 each of the Company which together with the 2,330,000 ordinary shares of RM0.50 each already purchased earlier and retained as treasury shares, represents 10% of the enlarged issued and paid-up share capital of 308,078,000 ordinary shares of RM0.50 each **AND THAT** upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to:

(a) cancel ALL or PART of the shares so purchased and/or to retain ALL or PART of the shares in treasury ("the treasury shares");

(b) distribute the treasury shares as dividends to the Company's shareholders for the time being and/or to resell the treasury shares on Bursa Securities; AND/OR

(c) cancel the shares so purchased or cancel the treasury shares and transfer the amount by which the Company's issued capital is diminished to the capital redemption reserve and subsequently apply the capital redemption reserve to pay up unissued shares of the Company to be issued to the Company's shareholders as fully paid bonus shares,

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

10. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")** **Ordinary Resolution 12**

"**THAT** approval be and is hereby given to the Company and its subsidiaries to enter into and give effect to specified recurrent transactions of a revenue or trading nature and with specified classes of the related parties as stated in Clause 3.3 of the Circular to Shareholders dated 26 March 2007 which are necessary for the Group's day to day operations subject to the following:

(a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public where applicable and are not to the detriment of the minority shareholders;

(b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and such approval shall continue to be in force until:

(i) the conclusion of the first AGM of the Company following the forthcoming AGM at which such Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by resolution passed at an AGM whereby the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 143(1) of the Malaysian Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier; and

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

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

"**THAT** the Proposed Amendments to the Articles of Association of the Company as set out in Appendix III of the Circular to Shareholders dated 26 March 2007 be and is hereby approved and adopted.

THAT the Directors and the Secretary of the Company be and are hereby authorized to carry out all the necessary formalities in effecting the Proposed Amendments as set out in Appendix III of the Circular to Shareholders dated 26 March 2007.

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

NOTICE OF DIVIDEND PAYMENT AND CLOSURE OF REGISTER

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Thirty-Seventh Annual General Meeting to be held on Tuesday, 17 April 2007 the Final Dividend of RM0.075 per share less Malaysian income tax and a Special Dividend of RM0.245 per share less Malaysian income tax in respect of the year ended 31 December 2006 will be payable on 18 May 2007 to members appearing in the Register of Members and Record of Depositors at the close of business on 7 May 2007.

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

(a) Shares transferred into the depositor's securities account before 4.00 p.m. on 7 May 2007 in respect of transfers;
(b) Shares deposited into the depositor's securities account before 12.30 p.m. on 3 May 2007 (in respect of shares which are exempted from mandatory deposit);
(c) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board
CHIN VOON LOONG

Shah Alam
26 March 2007

Notes

1. A member entitled to attend and vote at the meeting may appoint **ONE** person as his proxy to attend and vote in his stead. A proxy need not be a member of the Company.

2. Where the Proxy Form is executed by a corporation, it must be either under its Seal or under the hand of an officer or attorney duly authorised.

3. The Proxy Form must be deposited at the Registered Office at No. 55 Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor, not less than 48 hours before the time set for the meeting.

4. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 50 (9b) of the Articles of Association of the Company and Section 7.18 (2) of the Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 11 April 2007 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 10 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

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

Ordinary Resolution 11 – Proposed Renewal of Share Buy Back Authority

The detailed text on Ordinary Resolution 11 on the Proposed Renewal of Share Buy Back Authority is included in the Circular to Shareholders dated 26 March 2007 which is enclosed together with the Annual Report.

Ordinary Resolution 12 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate)

The detailed text on Ordinary Resolution 12 on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is included in the Circular to Shareholders dated 26 March 2007 which is enclosed together with the Annual Report.

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

The Special Resolution 1 proposed, if passed, will render the Articles of Association of the Company to be consistent with the new provisions under Chapter 7 of the Listing Requirements of Bursa Malaysia Securities Berhad and any prevailing laws, rules, regulations, orders, guidelines or requirements of the relevant authorities.

For further information on the Proposed Amendments to the Articles of Association of the Company, please refer to the Circular to Shareholders dated 26 March 2007, enclosed together with the Company's Annual Report 2006.

statement accompanying the notice of 37th annual general meeting

1. Please refer to "Directors' Profile" on pages 8 to 13 of this Annual Report for details of Directors who are standing for re-election.

2. Board Meetings

   A total of four Board meetings were held in the year ended 31 December 2006 at Carlsberg Brewery Malaysia Berhad, Shah Alam

DATE	TIME
22 February 2006	3.00 p.m.
22 May 2006	1.50 p.m.
22 August 2006	2.00 p.m.
23 November 2006	3.30 p.m.

Details of Directors' attendance at Board Meetings held in the year ended 31 December 2006 are as follows:

DIRECTORS	NO. OF MEETINGS ATTENDED
Dato' Lim Say Chong	4/4
Tan Sri Datuk Asmat bin Kamaludin	4/4
Jesper Bjoern Madsen	4/4
Chin Voon Loong	4/4
Soren Ask Nielsen (appointed on 14 March 2006)	3/3
Dato' Jorgen Bornhoft (appointed on 24 April 2006)	3/3
Datuk (Dr.) Lim Ewe Jin (appointed on 24 April 2006)	3/3
Mogens Joenck (resigned on 10 February 2007)	4/4
Chan Hua Eng (retired on 19 April 2006)	1/1
Gen (R) Tan Sri Dato' Mohd Ghazali bin Dato' Mohd Seth (retired on 19 April 2006)	1/1
Soren Holm Jensen (appointed on 5 March 2007)	N/A

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

Form of Proxy

NO. OF SHARES HELD	

I/We, ____

of ____

being a member of the abovenamed Company, hereby appoint ____

of ____

or failing him ____

of ____

as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Seventh Annual General Meeting of the Company to be held at Ballroom Selangor 2 & 3, Sheraton Subang Hotel & Towers, Jln SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Tuesday, 17 April 2007 at 11.00 a.m., and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below (if no indication is given, the proxy will vote as he thinks fit or abstain from voting):

		FOR	AGAINST
Ordinary Resolution 1	Adoption of the Directors' and Auditors' Reports and Audited Accounts for the year ended 31 December 2006.		
Ordinary Resolution 2	Declaration of Final and Special Dividends.		
Ordinary Resolution 3	Re-election of Dato' Lim Say Chong as Director.		
Ordinary Resolution 4	Re-election of Mr Chin Voon Loong as Director.		
Ordinary Resolution 5	Re-election of Dato' Jorgen Bornhoft as Director.		
Ordinary Resolution 6	Re-election of Datuk (Dr.) Lim Ewe Jin as Director.		
Ordinary Resolution 7	Re-election of Mr Soren Holm Jensen as Director.		
Ordinary Resolution 8	Approval of Directors' fees of RM305,000 for the year ended 31 December 2006.		
Ordinary Resolution 9	Re-appointment of KPMG as auditors and to authorize the Directors to fix their remuneration.		
Ordinary Resolution 10	Authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
Ordinary Resolution 11	Proposed renewal of Share Buy-Back authority.		
Ordinary Resolution 12	Proposed shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature.		
Special Resolution 1	Proposed amendments to Articles of Association of the Company		

As witness my/our hand this ____________________ day of ____________________2007.

Signed by the said ____

In the presence of ____

Notes:

1. *A member entitled to attend and vote at the meeting may appoint **ONE** person as his proxy to attend and vote in his stead. A proxy need not be a member of the Company.*
2. *Where the Proxy Form is executed by a corporation, it must be either under its Seal or under the hand of an officer or attorney duly authorised.*
3. *The Proxy Form must be deposited at the Registered Office at No. 55 Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor, not less than 48 hours before the time set for the meeting.*
4. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd., to make available to the Company pursuant to Article 50 (9b) of the Articles of Association of the Company and Section 7.18 (2) of the Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 11 April 2007 and a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.*

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stamp
here

THE COMPANY SECRETARY
CARLSBERG BREWERY MALAYSIA BERHAD
No. 55, Persiaran Selangor
Section 15
40200 Shah Alam
Selangor Darul Ehsan

second fold


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Carlsberg Brewery Malaysia Berhad (9210-K)

No 55, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia.
www.carlsberg.com.my