PART OF THE GAME

What started as a small localized golf tournament, the Carlsberg Golf Classic has now blossomed into a reputable and dominant force in golf event with over forty golf clubs and 4,500 golfers participating in a year. 2007 is the 14th consecutive year of the event, which makes it one of the longest running amateur golf event in the country. The 2007 season saw an overwhelming participation level with close to 4,650 players and with the Grand Finals held at Kelab Golf Sultan Abdul Aziz Shah on 8th December 2007. In the 2008 campaign, RM 60,000 was contributed by participants to help the less fortunate. The Carlsberg Golf Classic has collected almost RM650,000 since year 2000.

TUBORG

THE FUN STARTS HERE

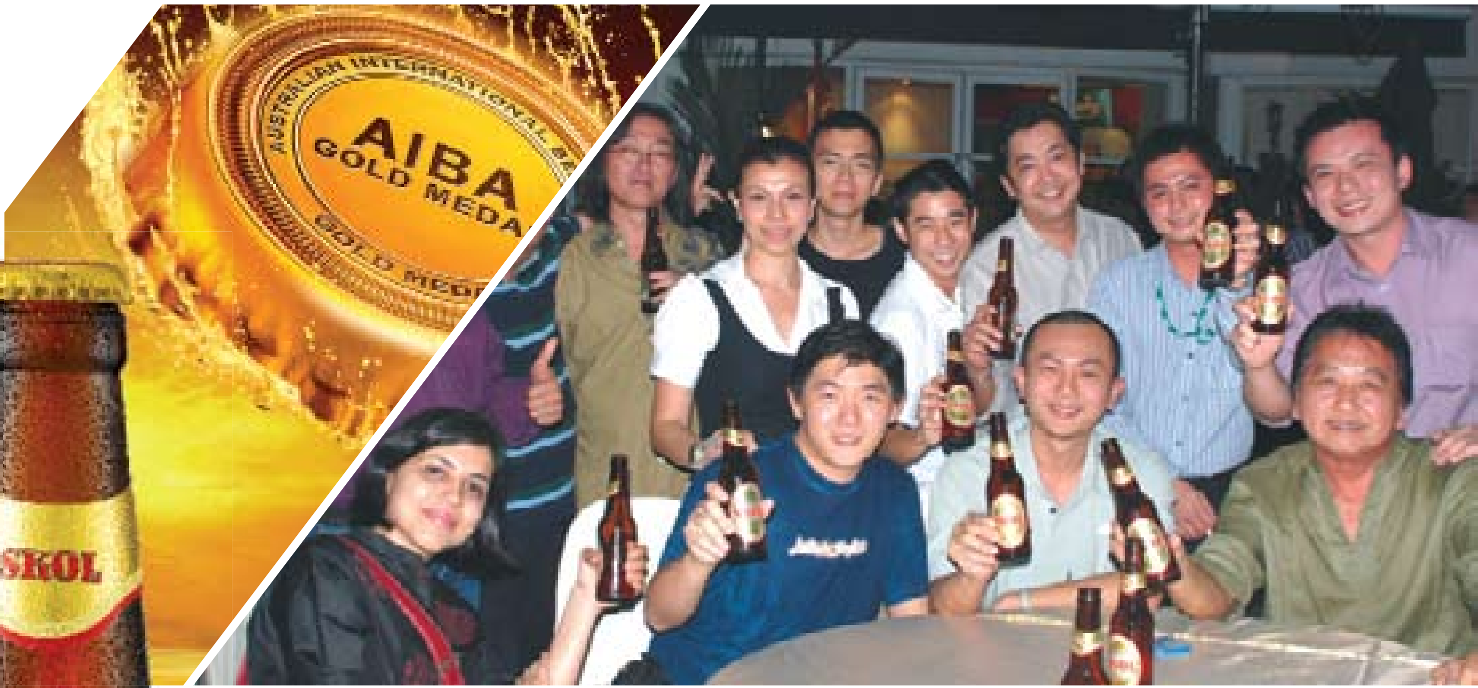
After taking the world by storm, TUBORG, one of the world's FASTEST growing premium beers is now in Malaysia. Introduced in November 2007 to a selected group of Malaysians at Mardi Gras, 1 Utama, TUBORG's presence in Malaysia will also bring new meaning to "Pop" culture and re-define the urban partyscape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

TUBORG

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

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

SKOL



WINNING THE WORLD OVER

SKOL has achieved a double digit growth for the past 3 consecutive years. Staying true to its spirit of selling more than 9 billion bottles worldwide in 2006 (Canedean Beer Service Global Consumption Report), SKOL has set another milestone by winning the “best Use of Newspapers” award from the Malaysian Specialist Association Media Awards (MSA) 2007.

The award given by MSA was in recognition of excellent ideas, inspiration and creative execution of SKOL beer’s media solution. In addition to the AIBA award, SKOL has won yet another international award in 2007 – the “Superior Taste Awards 2007” from the Brussels’ International Taste & Quality Institute (iTQi). iTQi is a leading independent Chef and Sommelier-based organisation that dedicates to judging, honouring and promotion superior tasting food and drinks around the world. Its rigorous evaluation process is conducted on a strictly blind basis, without packaging and any kind of identifications. SKOL beer was awarded based on iTQi’s “hedonic approach” which measures the intensity of pleasure during tasting.

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

ROYAL STOUT

HONEST TO GOODNESS STOUT

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

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

JOLLY SHANDY

ZESTY AND REFRESHING

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

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

CORPORATE SOCIAL RESPONSIBILITY

COMMITMENT TOWARDS CORPORATE SOCIAL RESPONSIBILITY

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

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

CORPORATE SOCIAL RESPONSIBILITY
ENVIRONMENT

ENVIRONMENT – MORE THAN BREWING BEER

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

Carlsberg Malaysia utilizes its resources in a sustainable manner; almost 80% of all solid waste generated is recycled. Production operations are run in an energy efficient manner where energy and electricity use is monitored and improvement projects are put in place to reduce consumption. Carbon dioxide - which is naturally produced in the fermentation process - is recovered for purification and reused in other areas of production and sales thus saving greenhouse gas emissions. Biogas, produced as a by-product of the Waste Water Treatment Plant is channeled to the dual fuel boiler as another way to cut emissions and prevent depletion of non-renewable resources.

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

Carlsberg Malaysia's Practices:

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

CORPORATE SOCIAL RESPONSIBILITY
WORKPLACE

WORKPLACE - REBUILDING WINNING CULTURE

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

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

- Transforming the physical environment in line with the aim of building a unified corporate identity; as seen in the new visuals symbolizing a modern corporate outlook synonymous with a professional and vibrant company.

- Raising the performance standards of individuals and driving for greater people effectiveness by changing the performance reward system to one of shared key corporate performance indicators that was cascaded to all executive employees. Effectively, all individual performance measures were linked to the Company key performance indicators to institute the principle of linked performance measures that will result in shared accountability across the organisation.

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

Continued efforts in Accelerating Human Capital Development

1. Continuance in the roll-out of the **Team Development Learning Centers** to map the skills inventory for employees in supply chain and the support services sector.

2. Implementing the **Employee Attitude Survey (EAS) 2007** to gauge our organisational climate and the findings from this survey will help the Company to develop action plans / initiatives to transform Carlsberg Malaysia into a workplace where all employees are proud to be associated with.

3. Leveraging on IT-SAP system to upgrade employee database and facilitate real-time information accessibility and retrieval.

CORPORATE SOCIAL RESPONSIBILITY
COMMUNITY

COMMUNITY – SHARING WITH SOCIETY

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

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

In 2007, the Carlsberg Nanyang Top Ten Charity Campaign conducted 17 roadshows around Peninsular Malaysia and raised RM19.0 million for the development of schools. The Top Ten Charity Campaign also celebrated its 20th Anniversary in 2007 and the celebration was made more special as the total funds raised by this campaign surpassed the RM300 million mark. This amount of funds raised over the 20 years had enabled more than 550 Chinese primary schools in Malaysia to implement their develop plans and improve their standards of facilities to promote education for children.

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

CORPORATE SOCIAL RESPONSIBILITY
COMMUNITY

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

MARKETPLACE

MARKETPLACE – HEADING TOWARDS ORGANISATION EXCELLENCE

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

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

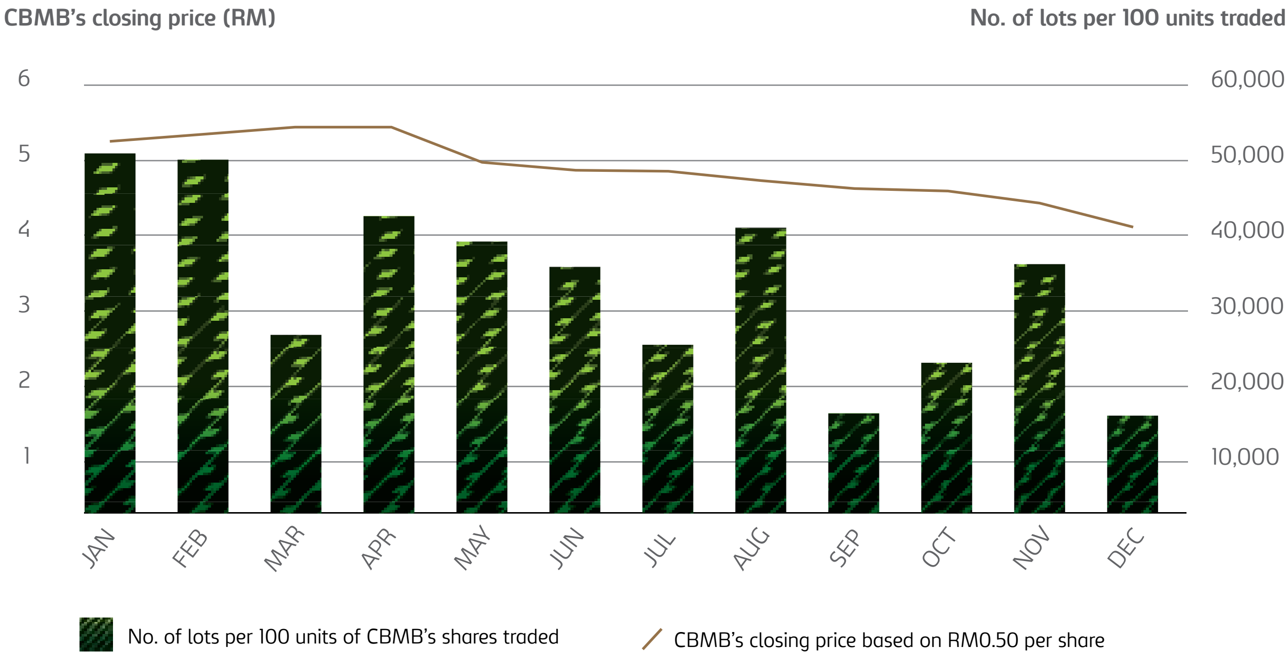
All employees of Carlsberg Malaysia are bound by a Code of Conduct which is part of the Employment Terms and Conditions. The Code of Conduct is an extension of the corporate governance principles and covers wide areas with guidelines on best practices for the employees including ethics inter alia.

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

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

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

CBMB'S SHARE PERFORMANCE



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

Five-Year Dividend Payout As % Of Profit After Tax

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

TEN YEAR FINANCIAL SUMMARY

INCOME STATEMENTS (RM - MILLION)

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

BALANCE SHEETS (RM - MILLION)

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

TEN YEAR FINANCIAL SUMMARY

FINANCIAL RATIOS

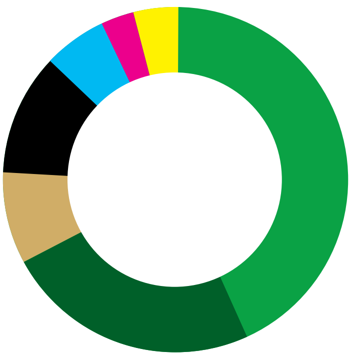
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Pre-Tax Earnings per share (RM)*#	0.50	0.46	0.50	0.53	0.42	0.35	0.37	0.37	0.36	**0.32**
Post-Tax Earnings per share (RM)*#	0.38	0.46	0.36	0.42	0.32	0.27	0.29	0.29	0.28	**0.26**
Net Dividend per ordinary share (RM)#	0.38	0.36	0.27	0.27	0.34	0.34	0.32	0.36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

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

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

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

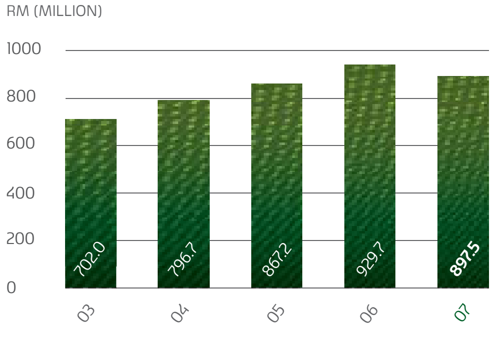
FINANCIAL HIGHLIGHTS



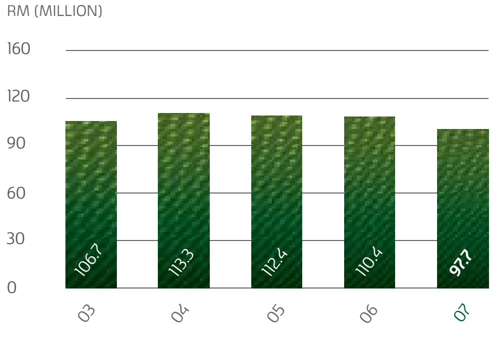
Analysis of 2007 Group Revenue	2006	2007
Excise Duties & Ad Valorem Tax	47.9%	**47.2%**
Sales, Distribution & Administration Costs	20.7%	**20.8%**
Profit after Tax	9.2%	**8.8%**
Raw Materials & Packaging Costs	12.0%	**13.2%**
Employees' Costs	5.1%	**5.3%**
Taxation	2.6%	**2.1%**
Depreciation	2.4%	**2.6%**

FINANCIAL HIGHLIGHTS

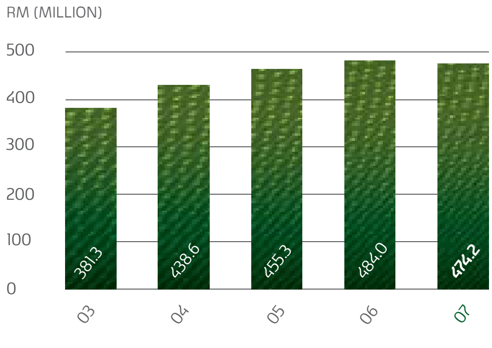
Revenue
Before Excise Duty



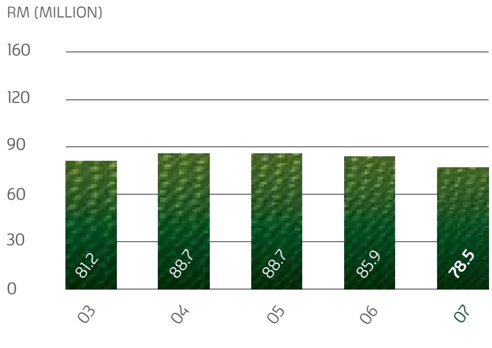
Profit
Before Tax



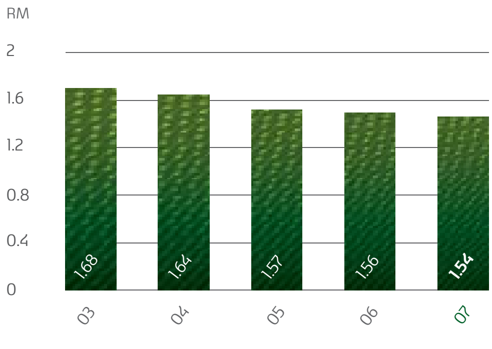
Revenue
After Excise Duty & Ad Valorem Tax



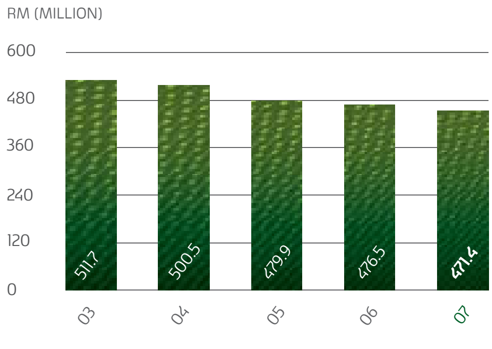
Profit
After Tax



Net Asset Backing Per Share

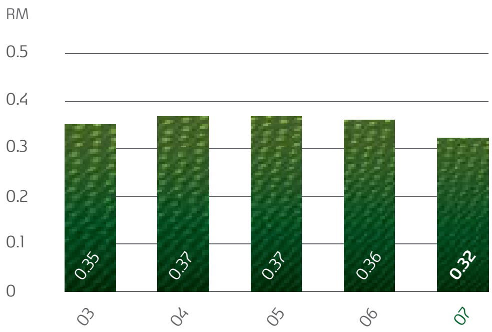


Shareholders' Fund

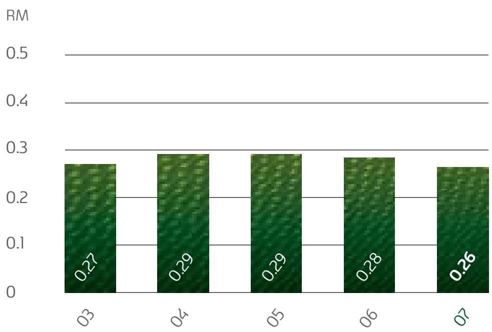


FINANCIAL HIGHLIGHTS

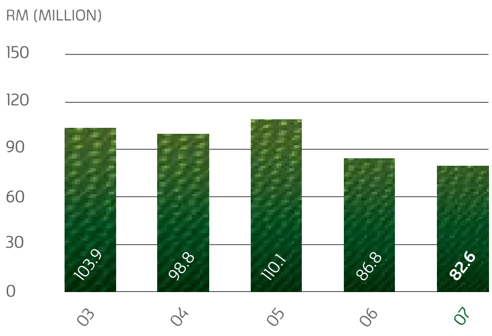
Earnings Per Share
Pre Tax



Earnings Per Share
Post Tax



Dividend Payout



DEVELOPMENT OF INVESTMENT IN CARLSBERG BREWERY MALAYSIA BERHAD SHARES

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

Assumption of issue of exact lots for illustrative purposes only

DIVIDEND PAYMENT HISTORY

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

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

STATEMENT OF CORPORATE GOVERNANCE

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

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

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

PROVISION OF THE CODE	DETAILS	REASONS
B.III	Disclosure of details of the remuneration of each Director	The Board has considered this Principle against the backdrop of compliance with a related disclosure required under the Listing Requirements of Bursa Securities, i.e. that of disclosure of an analysis of Directors' Remuneration by applicable bands of RM50,000 (refer to section B.III on Details of Remuneration of this Statement). 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.

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

A. DIRECTORS

I. The Board

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

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

STATEMENT OF CORPORATE GOVERNANCE

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

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

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

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

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

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

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

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

STATEMENT OF CORPORATE GOVERNANCE

3. **Remuneration Committee**

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

Members:

Tan Sri Datuk Asmat bin Kamaludin (Senior Independent Non-Executive Director) – Chairman
Dato' Lim Say Chong (Independent Non-Executive Director)
M.R. Gopala Krishnan C.R.K. Pillai (Independent Non-Executive Director - appointed 3 December 2007)
Dato' Jorgen Bornhoft (Non-Independent Non-Executive Director - resigned 10 October 2007)

Key responsibilities:

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

II. Board Balance

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

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

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

III. Supply of Information

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

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

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

STATEMENT OF CORPORATE GOVERNANCE

IV. Appointments to the Board

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

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

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

V. Re-election

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

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

VI. Directors' Training

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

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

B. DIRECTORS' REMUNERATION

I. Remuneration Policy

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

STATEMENT OF CORPORATE GOVERNANCE

II. Remuneration Procedure

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

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

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

III. Details of Remuneration

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

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

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

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

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

STATEMENT OF CORPORATE GOVERNANCE

C. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

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

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

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

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

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

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

D. ACCOUNTABILITY AND AUDIT

I. Financial Reporting

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

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

II. Internal Controls

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

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

III. Relationship with Auditors

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

STATEMENT ON INTERNAL CONTROL

RESPONSIBILITY

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

RISK MANAGEMENT FRAMEWORK

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

- **Structure**

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

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

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

- **Risk Assessment**

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

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

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

STATEMENT ON INTERNAL CONTROL

INTERNAL CONTROL SYSTEM

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

- **Control Environment**

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

- **Control Structure**

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

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

  »» **Management**

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

  »» **Internal Audit**

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

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

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

STATEMENT ON INTERNAL CONTROL

»» Audit Committee

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

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

»» Board

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

- **Reporting and Information**

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

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

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

- **Monitoring and Review**

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

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

REVIEW OF EFFECTIVENESS

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

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

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

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

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

AUDIT COMMITTEE REPORT

MEMBERSHIP AND MEETINGS

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

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

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

TERMS OF REFERENCE

- **Terms of membership**

1. The Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members all of whom being Non-Executive Directors with a majority of them being Independent Directors.

2. The members of the Audit Committee shall elect a Chairman from amongst their number 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 three (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
   - fulfills such other requirements as prescribed or approved by Bursa Securities.

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

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 three (3) years.

AUDIT COMMITTEE REPORT

- **Authority**

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

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

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

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

- **Functions**

The functions of the Audit Committee shall be :

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

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

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

AUDIT COMMITTEE REPORT

- **Meetings**

  1. Meetings shall be held not less than four (4) times a year.

  2. The quorum for each meeting shall be two Members of the Audit Committee.

  3. The Chief Financial Officer, the Head of Internal Audit and the external auditor shall normally attend meetings. Other Board members and employees may attend meetings only upon the invitation of the Audit Committee.

  4. At least twice a year, the Audit Committee shall meet with the external auditor without executive board members present. The external auditor may also request a meeting if they consider that one is necessary.

  5. The Company Secretary shall be the Secretary of the Audit Committee.

- **Reporting Procedures**

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

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

- **Internal Audit Function**

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

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

  1. ascertained the extent of compliance with established policies, procedures and statutory requirements;

  2. carried out investigations and special reviews;

  3. assessed the means of safeguarding assets and verified their existence;

  4. appraised the reliability and usefulness of the information developed within the Group for Management;

  5. appraised the policies, procedures and management controls of Carlsberg to ensure that the activities were properly managed and to promote effective controls at reasonable cost;

  6. identified opportunities to improve the operations of, and processes within the Group; and

  7. recommended improvements to the existing systems of controls to minimise wastage, extravagance and fraud and to enhance efficiencies by way of issuing audit reports to the appropriate level of management capable of achieving satisfactory results and ensured corrective actions were taken.

AUDIT COMMITTEE REPORT

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

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

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

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

RESPONSIBILITY STATEMENT BY BOARD OF DIRECTORS

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

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

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

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

FINANCIAL RESULTS 2007

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

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

PRINCIPAL ACTIVITIES

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

RESULTS

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

RESERVES AND PROVISIONS

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

DIVIDENDS

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

i) a final dividend of 7.5 sen per RM0.50 ordinary share less tax at 27% totalling RM16.7 million (5.5 sen net per ordinary share) in respect of the year ended 31 December 2006 on 18 May 2007;

ii) a special final dividend of 24.5 sen per RM0.50 ordinary share less tax at 27% totalling RM54.7 million (17.9 sen net per ordinary share) in respect of the year ended 31 December 2006 on 18 May 2007;

iii) an interim dividend of 5 sen per RM0.50 ordinary share less tax at 27% totalling RM11.2 million (3.7 sen net per ordinary share) in respect of the year ended 31 December 2007 on 8 October 2007.

The Directors now recommend the payment of the following dividends:

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

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007

DIRECTORS OF THE COMPANY

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

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

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

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

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

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

DIRECTORS' BENEFITS

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

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

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007

AUDITORS

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

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

DATO' CHIN VOON LOONG
DIRECTOR

SOREN HOLM JENSEN
MANAGING DIRECTOR

Kuala Lumpur
7 March 2008

STATEMENT BY DIRECTORS

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

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

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

DATO' CHIN VOON LOONG
DIRECTOR

SOREN HOLM JENSEN
MANAGING DIRECTOR

Kuala Lumpur
7 March 2008

STATUTORY DECLARATION

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

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

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

CHONG CHOON YENG

Before me,

RAMAN KUNYAPU
(No. W476)
Commissioner for Oaths

Kuala Lumpur
7 March 2008

REPORT OF THE AUDITORS

TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD

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

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

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

In our opinion:

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

    i) the state of affairs of the Group and of the Company as at 31 December 2007 and the results of their operations and cash flows for the year ended on that date; and

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

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

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

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

KPMG
Firm Number: AF 0758
Chartered Accountants

ADRIAN LEE LYE WANG
Partner
Approval Number: 2679/11/09(J)

Kuala Lumpur
7 March 2008

BALANCE SHEETS

AS AT 31 DECEMBER 2007

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

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

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

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

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

COMPANY	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 2006		154,039	(12,043)	7,367	4,747	193,863	347,973
Profit for the year		-	-	-	-	69,475	69,475
Dividends to shareholders	21	-	-	-	-	(86,832)	(86,832)
At 31 December 2006		154,039	(12,043)	7,367	4,747	176,506	330,616
Profit for the year		-	-	-	-	181,926	181,926
Dividends to shareholders	21	-	-	-	-	(82,583)	(82,583)
At 31 December 2007		**154,039**	**(12,043)**	**7,367**	**4,747**	**275,849**	**429,959**

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

(i) Cash and cash equivalents

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

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

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

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

- Note 11 - Receivables, deposits and prepayments

2. SIGNIFICANT ACCOUNTING POLICIES

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Associates

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

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

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

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

(iii) Jointly-controlled entities

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(iv) Transactions eliminated on consolidation

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

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

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

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

(c) Derivative financial instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

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

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

(ii) Subsequent costs

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

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

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

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

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

(e) Leased assets

(i) Finance lease

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leased assets (continued)

(ii) Operating lease

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

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

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

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

(f) Intangible assets

(i) Computer software

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

(ii) Subsequent expenditure

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

(iii) Amortisation

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

The estimated useful life of computer software is 3 years.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investments in equity securities

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

Subsequent to initial recognition:

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

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

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

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

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

(h) Inventories

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

(i) Receivables

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

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

Receivables are not held for the purpose of trading.

(j) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets

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

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

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

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

(l) Share capital

Repurchase of share capital

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Loans and borrowings

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

(n) Employee benefits

(i) Short term employee benefits

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

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

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

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

(ii) Termination benefits

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

(o) Payables

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

(p) Revenue recognition

(i) Goods sold

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

(ii) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Interest income and borrowing cost

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

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

(r) Tax expense

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

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

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

Deferred tax liability is recognised for all taxable temporary differences.

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

(s) Earnings per ordinary share

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

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

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

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

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

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

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

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

4. INTANGIBLE ASSETS

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

NOTES TO THE FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS (continued)

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

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

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 / Valuation				
At 1 January 2006 / 31 December 2006 / 1 January 2007		172	11,067	11,239
Addition		-	39	39
At 31 December 2007		**172**	**11,106**	**11,278**
Amortisation				
At 1 January 2006		44	2,231	2,275
Amortisation for the year	17	4	126	130
At 31 December 2006 / 1 January 2007		48	2,357	2,405
Amortisation for the year	17	4	127	131
At 31 December 2007		**52**	**2,484**	**2,536**
Carrying amounts				
At 1 January 2006		128	8,836	8,964
At 31 December 2006 / 1 January 2007		124	8,710	8,834
At 31 December 2007		**120**	**8,622**	**8,742**

NOTES TO THE FINANCIAL STATEMENTS

5. PREPAID LEASE PAYMENTS (continued)

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

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

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

6. INVESTMENTS IN SUBSIDIARIES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN AN ASSOCIATE

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

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

Summary financial information on associate:

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

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

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN A JOINTLY-CONTROLLED ENTITY

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

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

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

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

9. OTHER INVESTMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

9. OTHER INVESTMENTS (continued)

Details of disposed investments stated at cost are as follow:

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

10. INVENTORIES

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

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

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

11.1 Analysis of foreign currency exposure for significant receivables

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

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

11.2 Allowance for doubtful debts

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

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

11.3 Amount due from a subsidiary and related companies

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

11.4 Other receivables

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

12. CASH AND CASH EQUIVALENTS

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

NOTES TO THE FINANCIAL STATEMENTS

13. SHARE CAPITAL AND RESERVES

Share capital

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

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

Treasury shares

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

13. SHARE CAPITAL AND RESERVES (continued)

Reserves

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

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

Capital reserve

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

The details are as follows:

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

Exchange reserve

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

NOTES TO THE FINANCIAL STATEMENTS

13. SHARE CAPITAL AND RESERVES (continued)

Section 108 tax credit

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

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

14. DEFERRED TAX LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

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

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

NOTES TO THE FINANCIAL STATEMENTS

14. DEFERRED TAX LIABILITIES (continued)

Movement in temporary differences during the year

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

Unrecognised deferred tax assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

15. PAYABLES AND ACCRUALS

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

15.1 Analysis of foreign currency exposure for significant payables

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

16. LOANS AND BORROWINGS

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

Security

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

17. RESULTS FROM OPERATING ACTIVITIES

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

NOTES TO THE FINANCIAL STATEMENTS

17. RESULTS FROM OPERATING ACTIVITIES (continued)

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

18. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS

19. TAX EXPENSE

Major components of tax expense include:

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

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

NOTES TO THE FINANCIAL STATEMENTS

20. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

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

Profit attributable to ordinary shareholders

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

Weighted average number of ordinary shares

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

21. DIVIDENDS

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

NOTES TO THE FINANCIAL STATEMENTS

21. DIVIDENDS (continued)

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

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

22. SEGMENT REPORTING

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

23. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

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

Foreign currency risk

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

Credit risk

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

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

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

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

Liquidity risk

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

Interest rate risk

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

Effective interest rates

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

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

Effective interest rates (continued)

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

Fair values

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

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

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

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

23. FINANCIAL INSTRUMENTS (continued)

Estimation of fair values

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

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

24. OPERATING LEASES

Leases as lessee

Operating lease rentals are payable as follows:

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

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

25. CAPITAL COMMITMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

26. RELATED PARTIES

Identity of related parties

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

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

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

Other related party transactions

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

26. RELATED PARTIES (continued)

Other related party transactions (continued)

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

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

CARLSBERG MALAYSIA'S SALES OFFICES

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

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

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

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

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

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

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

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

CARLSBERG MALAYSIA'S SALES OFFICES

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

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

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

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

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

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

KUCHING
287, Section 9, 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 Krokop, 98009 Miri, Sarawak.
Tel : 085-417 821 / 427 821
Fax : 085-437 821

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

PARTICULARS OF GROUP PROPERTIES

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

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

ANALYSIS OF SHAREHOLDINGS

AS AT 29 FEBRUARY 2008

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

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

* Less than 5% of issued holdings

** 5% and above of issued holdings

THIRTY LARGEST SHAREHOLDERS

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

ANALYSIS OF SHAREHOLDINGS

THIRTY LARGEST SHAREHOLDERS (continued)

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

ANALYSIS OF SHAREHOLDINGS

SUBSTANTIAL SHAREHOLDER

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

DIRECTORS' INTERESTS

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

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

MATERIAL CONTRACTS

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

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

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

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

NOTICE OF 38TH ANNUAL GENERAL MEETING

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

AGENDA

Ordinary Business

1. To receive and adopt the Audited Accounts for the year ended 31 December 2007 together with the Directors' and Auditors' reports thereon. **Ordinary Resolution 1**

2. To declare a Final Dividend of RM0.075 per 50 sen share less Malaysian income tax and a Special Dividend of RM0.225 per 50 sen share less Malaysian income tax in respect of the year ended 31 December 2007. **Ordinary Resolution 2**

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

   (a) Tan Sri Datuk Asmat bin Kamaludin **Ordinary Resolution 3**

   (b) Mr Jesper Bjoern Madsen **Ordinary Resolution 4**

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

   (a) Mr Janne Petteri Juvonen **Ordinary Resolution 5**

   (b) Mr M.R. Gopala Krishnan C.R.K. Pillai **Ordinary Resolution 6**

5. To approve the payment of Directors fees of RM304,000 for the year ended 31 December 2007. **Ordinary Resolution 7**

6. To re-appoint Messrs KPMG as Auditors of the Company and to authorize the Directors to fix their remuneration. **Ordinary Resolution 8**

7. To transact any other Ordinary Business for which notice has been given.

Special Business

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

8. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **Ordinary Resolution 9**

   "**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."

NOTICE OF 38TH ANNUAL GENERAL MEETING

9. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY** **Ordinary Resolution 10**

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

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

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

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

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

NOTICE OF 38TH ANNUAL GENERAL MEETING

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

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

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

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

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

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

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

whichever is earlier; and

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

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

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

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

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

NOTICE OF 38TH ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND PAYMENT AND CLOSURE OF REGISTER

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

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

(a) Shares transferred into the depositor's securities account before 4.00 p.m. on 5 May 2008 in respect of transfers;

(b) Shares deposited into the depositor's securities account before 12.30 p.m. on 30 April 2008 (in respect of shares which are exempted from mandatory deposit);

(c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board
DATO' CHIN VOON LOONG

Shah Alam
26 March 2008

Notes

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

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

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

4. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 50 (9b) of the Articles of Association of the Company and paragraph 7.18 (2) of the Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 16 April 2008 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

NOTICE OF 38TH ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS

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

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

Ordinary Resolution 10 – Proposed Renewal of Share Buy Back Authority

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

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

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

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

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

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

STATEMENT ACCOMPANYING THE NOTICE OF 38TH ANNUAL GENERAL MEETING

1. Please refer to "Directors' Profile" on pages 3 to 9 of this Annual Report for details of Directors who are standing for re-election.

2. Board Meetings

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

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

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

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

FORM OF PROXY

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

NO. OF SHARES HELD	

I/We ______________________________ I.C/Passport/Company No. ______________

of ____

being a member of the abovenamed Company, hereby appoint ______________________________

I.C/Passport No. ______________ of ______________________________

or failing him ______________________________ I.C/Passport No. ______________

of ____

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

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

As witness my/our hand this ______________________________ day of ______________ 2008.

Signed by the said ____

In the presence of ____

Notes:

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

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

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