

# Corporate Social Responsibility

In 2008, a new step was taken to integrate corporate social responsibility (CSR) into all the Carlsberg Group's business operations in a more structured and systematic way and to formulate a common Group CSR strategy.

Being part of the Carlsberg Group, Carlsberg Malaysia has adhered to and adapted the Group's global CSR policies into the local context, simultaneously, complying with the CSR guidelines by Bursa Malaysia.

As the fastest growing beer company, the Carlsberg Group is aware of its responsibilities to society and the business environment where its global companies operate in. The Group recognizes that while its global businesses continue to grow, the Group and its companies must ensure that the growth is achieved in a responsible way and based on a sustainable approach.

## Rich Heritage and New Approach

Rooted in the golden words of Carlsberg's founder, J.C. Jacobsen, the Carlsberg Group of companies places the quality of its products well above any short term gains and is committed to operating its businesses in a manner that is environmentally sound and socially responsible. Applying the same principle, the Carlsberg Group took a new step to integrate corporate social responsibility into all its group of companies' business operations.

In addition, the Carlsberg Group had also signed up as a member of the UN Global Compact, and is now committed to supporting and advancing the ten principles setup by this organization.



Carlsberg founder, JC Jacobsen

## Global CSR Governance, Local CSR Structure

To ensure the effective development and implementation of the Group CSR strategy, a CSR governance structure, supported by the Group CSR Steering Committee and CSR unit had been set-up in 2008.

To complement the efforts by the Group, Carlsberg Malaysia has established a CSR Committee of local CSR champions comprising heads of various functions to drive the strategic establishment and development of the global CSR strategy locally.



## CSR Committee & CSR Champions

Pearl Lai	Mulkit Singh	Mona Quek	Dato' Chin Voon Loong	Ian Chew	Kwek Kian Lee	Trevor Teo
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### Local CSR Focus Area

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#### Environment

The Carlsberg Group with its headquarters in Copenhagen, Denmark has a Global Environmental Policy that advocates protection of the environment and continuous improvement in environmental performance. The environmental policy adopted by Carlsberg Malaysia is aligned with the Carlsberg Group Policy and also complies with the current local environmental legislative requirements.



#### Community

All companies in the Carlsberg Group are committed to operating its business in a manner that is socially responsible, making a positive contribution to the societies where it operates in. Sharing the same goal, Carlsberg Malaysia has through its unconditional support and long-term fund raising drives, been making significant contributions to the Malaysian society.



#### Workplace

The Carlsberg Group is committed to enhancing the skills of employees and developing strong winning behaviours that promote employees' commitment. Carlsberg Malaysia adopts a set of shared winning behaviours that guide the way the Company does business in the local environment.



#### Marketplace

The Carlsberg Group and Carlsberg Malaysia believe that in order to achieve sustainable business interests and to be able to respond to increasing demands from our stakeholders, all companies are required to implement responsible business conduct that protects the interest of its shareholders, suppliers, customers, consumers and the public at large.

## Environment



In 2008 Carlsberg Malaysia achieved certification to the ISO 14001 Environment Management System, reflecting the commitment shown by the Management in pursuing the set environmental goals in a systematic and structured manner.

### Continuous Improvement to Environment Conservation

Carlsberg Malaysia utilizes its resources in a sustainable manner; almost 80% of all the solid waste generated is recycled. Robust monitoring systems to measure non-renewable resources such as energy and electricity are in place. In 2008, improvement projects were initiated that reduced the consumption of electricity in production by 7% compared to 2007. Increasing the usage of recycled heat

energy, biogas and boiler efficiency, reduced energy consumption by 14% compared to 2007. The Company has further identified new environmental initiatives for 2009 that will reduce electricity and energy consumption as part of our drive to reduce our impact on the environment.

### More than just brewing beer

In 2008, effort was also focused in reducing waste generation and enhancing the efficiency of the waste water treatment plant. An investment of RM 0.5 million was made to upgrade the plant, simultaneously increasing biogas generation which is channeled to the dual fuel boiler to reduce depletion

of non renewable resources, natural gas or fossil fuel. Fermentation process will naturally generate CO<sub>2</sub> emission, which is recovered for purification and reused in production and sales thus saving greenhouse gas emission.

Water which is fast becoming a scarce resource topped our environmental improvement agenda. Water being the main ingredient in the brewing process and used to clean production facilities and equipment, requires continual focus to reduce impact on the environment. Water consumption was successfully reduced by 10% in 2008 versus 2007 by improved monitoring systems and process optimizations.

Carlsberg Malaysia adheres to the 3Rs principle.

- a) **Reduce-** Energy Management schemes are run to reduce electricity demand.
- b) **Re-Use** – Bottles are returned to the brewery, washed then used again to minimize the need to use new bottles and resources.
- c) **Recycle** – Where possible, wastes such as paper, plastic and aluminum are recycled to minimize use of new resources.

In addition to the environmental benefits of our policies and behaviours, most of the initiatives above have a positive effect in reducing the cost of production and thereby contributing to improved operational performance.





Carlsberg Malaysia participated in the Earth Hour movement on 29 March 2008. Electricity saving was up to 1,500 kWh/hr.



Carlsberg Malaysia was nominated as one of the five finalists for the Environment Award, in the StarBiz-ICR Malaysia Corporate Responsibility Awards 2008.



## Community - Education



Carlsberg Malaysia believes in bringing people together and adding to the enjoyment of life. True to its mission, Carlsberg Malaysia has been playing an important role in providing an established and transparent fund raising platform for the advancement of the semi-government aided education institutions. It also provides financial assistance to the underprivileged minority as well as support for aspiring talented young Malaysian artists.

In 2008, Carlsberg Malaysia continued its dedication and commitment towards the annual community programme and made significant contribution through its charity and sponsorship projects.



### Top Ten Charity Campaign

The Carlsberg funded Top Ten Charity Campaign ended its 21st year with another outstanding achievement of RM16 million, which was raised through two rounds of 16 road shows.

The charity campaign was listed as 'The Longest Running Chinese Charity Show in Malaysia' by the Malaysia Book of Records. This recognition was accorded to Carlsberg Malaysia for its contribution in organising the 'Top Ten Charity Campaign' from 1987 to 2008, whereby more than RM318 million had been raised to support approximately 550 Chinese schools and scholarship programmes for Chinese education.

In partnership with Nanyang Siang Pau and China Press, the Top Ten Charity Campaign's main thrust is to provide a platform to raise funds to develop local Chinese educational institutions based on the principle of "Sharing with the community unconditionally".

Top Ten charity road shows have also been an avenue for young talented Malaysians to showcase their talents and to gain exposure in live audience performances. It also provides opportunities for recording artistes to promote their albums and meet their fans.

### Carlsberg Hua Zong Education Fund

The Carlsberg Hua Zong Education Fund (CEF) was set up with a RM5 million revolving fund from Carlsberg Malaysia to provide interest free study loans for needy students to pursue their tertiary education. In 2008, CEF announced a disbursement of RM250,000 to about



50 successful applicants. A sum of approximately RM1 million had been allocated from the fund to support these students.

CEF has evolved from a static education fund, which provides interest free loans to students to also include an interactive platform in engaging with students and undergraduates. An official website had been launched and several nationwide motivational talks and seminars had been organized. Renowned lecturers

and speakers from various institutions were invited to share their experiences and impart valuable insights and inspire students to realize their personal goals and ambitions.

## Community



### Annual sponsorship to Malaysian Zoological Society

Carlsberg Malaysia, as adoptive parents of two elephants, “Sibol” and “Siti” continued its annual sponsorship of RM15,000 to the Malaysian Zoological Society (Zoo Negara). To date, Carlsberg Malaysia has contributed more than RM185,000 for the maintenance of the elephants.

As a caring corporate citizen, Carlsberg Malaysia hosted a visit to the zoo for the children from Sinthamani Divine Life Ashram. A contribution of RM5,000 from Carlsberg Golf Classic Charity Fund was also made to the orphanage to help defray operating expenses of the home.

### Carlsberg Golf Classic Charity

In 2008, Carlsberg Golf Classic had not only brought out the best of the golfers on the fairways but also off the greens. Various charities have benefited from the charitable efforts organized through the Classic. Since 2000, approximately RM1 million had been raised and channeled to many deserving charities.



### Olympic Council Malaysia and Sports Excel

Carlsberg Malaysia is the Official Partner of the Olympic Council of Malaysia since 1994. Its partnership via the establishment “OCM-Carlsberg Athletes Retirement Scheme” provides a Life Insurance Policy for athletes who win gold medals at the Asian and Commonwealth Games and any medal at the Olympic games, for example Dato’ Lee Chong Wei, Dato’ Nicol David and R. Muniandy. To date,

57 athletes are benefitting from the retirement scheme, with a total value of RM 2,010,000.

Carlsberg Malaysia is also a Charter Member of the Sports Excel, Foundation of Malaysian Sporting Excellence. This Sports Excel Foundation supports the development of sports amongst the young.





## Workplace



### New Look & Feel at the Workplace

The Head Office of Carlsberg Malaysia at Shah Alam has taken on a totally new look and feel.

The transformation took approximately six months and the physical revamp has breathed new zest into the work environment. The renovation of the new office outlook symbolizes vitality and change as showcased by the totally uplifted new image of our corporate office environment.

The modern open office concept has a borderless concept which allows employees to intermingle without reference to status and hierarchy. The concept of openness is also a subtle reminder to our employees to live our core values in being: Honest, Ambitious, Innovative and Responsible corporate citizens.

### Work - Culture

In 2008, the Company continued to accelerate the drive for change awareness through implementing the Winning Culture Thru' Team Power Workshops (WCWs), first to our front-line sales staff followed by our shop-floor employees. The main thrust of this series of workshops had successfully created a ripple effect throughout the organization where the key message rests on inter-team cohesion and team-power in action. The key lesson imparted in the training was the concept of leveraging on the strengths of each other by breaking through silo mentalities to unleash team effectiveness.

The year 2008 could be summed up as the turnaround year where the pivotal call for change was orchestrated during the launch of a National Convention aptly themed F.A.S.T. in April 2008. The FAST Convention was planned as the epitome of the series of Winning Culture

Thru' Team-power Workshops. The FAST Convention formed the bedrock in calling for change in behavior in consonance with the values espoused during the convention, viz:

- |                     |   |
|---------------------|---|
| <b>Fearless :</b>   | <b>Bold &amp; Daring</b>                                  |
| <b>Ambitious :</b>  | <b>Can-do-attitude</b>                                    |
| <b>Smart :</b>      | <b>Focus on Effectiveness &amp; Results</b>               |
| <b>Team-power :</b> | <b>Leverage on team support to deliver more with less</b> |
| <b>FAST :</b>       | <b>Deliver with speed</b>                                 |



The Management's vision is for all employees to embrace the FAST values by embedding these values into their daily work functions as the belief is that these values are the "glue" that will bind cross-functional teams to work more effectively to achieve Company goals.

Following on from the FAST Convention, the key connection galvanizing team-power was "Support! Support! Support!" with the common yardstick for everyone to work interdependently to emerge a true winner. This team-power buzzword has been successfully embedded as the new management work culture of being more team-based to foster a conducive workplace by harnessing the synergies of cross-functional collaborative work teams.

In addition to the above developmental goal, a secondary development thrust, saw the implementation of small group team-building events focused at the continuous efforts to build winning teams.

## Vision

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

## Mission

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

## Values

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





## Marketplace



Carlsberg Malaysia strives constantly to develop and maintain good relations with its shareholders and other stakeholders as the Company recognizes the importance and relevance of this group in achieving organization excellence.

Carlsberg Malaysia pays great attention on key areas such as investor communication, employee relations, responsibility to the business environment, participation in industry initiatives and working closely with the Government.

Carlsberg Malaysia functions on principles that reduces business risks and increased operational effectiveness, which enhances value creation and at the same time reflects a responsible corporate reputation.

### Shareholder Communication

As part of the communication initiatives with shareholders, the Company convened its 38th Annual General Meeting on 22nd April 2008, where approximately 1,700 shareholders and proxies attended and were briefed by the Managing Director on the Group's performance, strategies and action plans.

Communication with investors and investment analysts were also conducted at the bi-annual analysts briefings and interim press reports. Updated financial information was also made available at the Company's website.



### Stakeholder Engagement

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 Carlsberg Group's Corporate Social Responsibility Standards which also covers key areas on Labour and Human Rights, Health and Safety and Business Ethics.

Carlsberg Malaysia is sensitive in the business environment it operates in and ensures a favourable framework of conditions for production, marketing, and sales of beer and other beverages as well as provide adequate information to consumers on the product knowledge and responsible consumption.

The Company's marketing initiatives are in compliance with the Carlsberg Group's Responsible Marketing Communication policy and guidelines; which also covers the Industry's Code of Marketing Practice which promotes responsible consumption and sensible marketing and promotion strategies.

### Industry Affairs

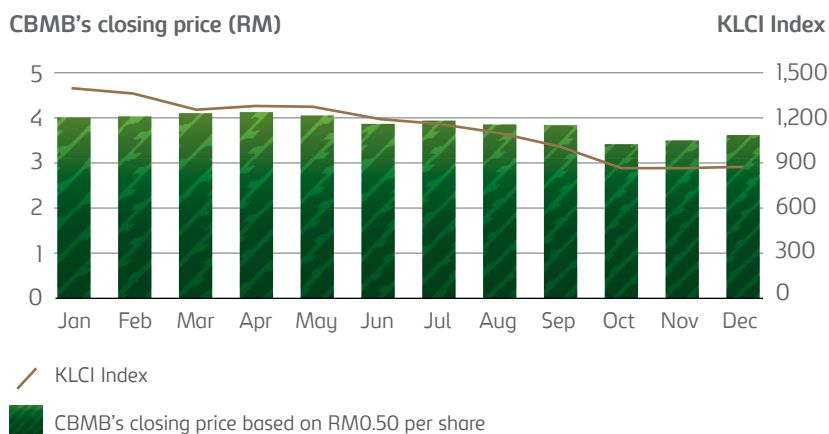
Carlsberg Malaysia is a founder member of the Confederation of Malaysian Brewers Berhad (CMBB), whose role is to provide a platform for the Malaysian Brewers i.e. Carlsberg Brewery Malaysia Berhad and Guinness Anchor Berhad to work closely with the Authorities to address issues and problems of industry's concern. In July 2008, an inaugural business forum entitled "F&B Industry - Crisis Looming?" was conducted to address the impact of the

high operating costs caused by the hike in prices for crude oil and raw materials leading to high inflation in Malaysia.

The industry had been proactive in lobbying the Government not to increase excise duties further as duties in Malaysia are already the 2nd highest in the world.

The industry had also been proactive with the Government by having dialogues with the Customs and other Authorities to form smart partnerships.

### 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

	2008 RM'000	2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000
Net Dividend Amount	79,189	82,583	86,832	110,069	98,756
Group Profit After Tax	76,119	78,493	85,904	88,676	88,714
Net Dividend Amount as % of Profit After Tax	104.0%	105.2%	101.1%	124.1%	111.3%

# Ten-Year Financial Summary

## Income Statements (RM - Million)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenue	696.5	765.1	751.5	692.0	702.0	796.7	867.2	929.7	897.5	<b>960.2</b>
Profit Before Tax	137.9	152.2	161.7	126.7	106.7	113.3	112.4	110.4	97.7	<b>101.3</b>
Taxation	-	42.2	35.7	31.3	25.5	24.6	23.7	24.5	19.2	<b>25.2</b>
Profit After Tax	137.9	110.0	126.0	95.4	81.2	88.7	88.7	85.9	78.5	<b>76.1</b>
Dividends	109.3	82.0	82.0	103.6	103.9	98.8	110.1	86.8	82.6	<b>79.2</b>
Retained Earnings	28.6	28.0	44.0	(8.2)	(22.7)	(10.1)	(21.4)	(0.9)	(4.1)	<b>(3.1)</b>

## Balance Sheets (RM - Million)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Issued and Paid-up Share Capital	141.0	141.0	141.0	141.7	142.0	142.0	142.0	142.0	142.0	<b>142.0</b>
Retained Earnings	237.7	265.8	380.8	378.4	355.7	345.7	324.2	323.3	319.1	<b>316.0</b>
General Reserves	5.8	5.8	5.8	-	-	-	-	-	-	<b>-</b>
Non-Distributable Reserves	11.9	11.4	9.3	11.4	14.0	12.8	13.7	11.2	10.1	<b>10.1</b>
Shareholders' Fund	396.4	424.0	536.9	531.5	511.7	500.5	479.9	476.5	471.2	<b>468.1</b>
Deferred Taxation	12.0	12.8	14.0	21.0	22.5	22.9	22.6	22.4	19.6	<b>17.2</b>
Minority Interest	-	-	-	-	-	-	-	-	-	<b>1.2</b>
	408.4	436.8	550.9	552.5	534.2	523.4	502.5	498.9	490.8	<b>486.5</b>
Property, Plant and Equipment (Net Book Value)	200.9	195.5	211.6	200.8	185.5	176.7	169.6	160.7	158.1	<b>156.4</b>
Investment in Associated Company	13.3	13.4	8.3	13.6	15.0	15.6	18.0	14.8	13.8	<b>13.9</b>
Long Term Investment	1.7	1.7	1.7	1.7	1.7	1.7	-	-	-	<b>-</b>
Net Current Assets	192.5	226.2	329.3	336.4	332.0	329.4	314.9	323.4	318.9	<b>316.2</b>
	408.4	436.8	550.9	552.5	534.2	523.4	502.5	498.9	490.8	<b>486.5</b>

## Financial Ratios

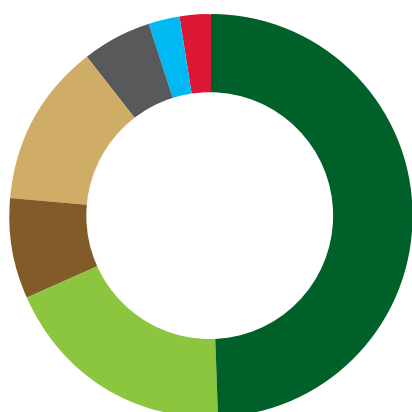
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Pre-Tax Earnings per share (RM)*#	0.46	0.50	0.53	0.42	0.35	0.37	0.37	0.36	0.32	<b>0.33</b>
Post-Tax Earnings per share (RM)*#	0.46	0.36	0.42	0.32	0.27	0.29	0.29	0.28	0.26	<b>0.25</b>
Net Dividend per ordinary share (RM)#	0.36	0.27	0.27	0.34	0.34	0.32	0.36	0.28	0.27	<b>0.26</b>
Net Assets Backing per share (RM)*#	1.31	1.40	1.77	1.74	1.68	1.64	1.57	1.56	1.54	<b>1.53</b>
Dividend Cover, No. of Times (Based on post-tax earnings)	1.30	1.30	1.54	0.92	0.78	0.90	0.81	0.99	0.95	<b>0.96</b>
Return on Shareholders' Fund (%)	34.8	25.9	23.5	18.0	15.9	17.7	18.5	18.0	16.7	<b>16.3</b>
Current Ratio	2.0	2.2	3.8	4.3	5.6	5.5	4.6	4.5	4.1	<b>3.2</b>
Bursa Securities Price at 31 December (RM)#	5.85	5.50	5.40	5.35	5.50	5.30	5.35	5.10	4.24	<b>3.60</b>
Net Dividend Yield (%) ^	6.2	4.9	5.0	6.4	6.2	6.0	6.7	5.6	6.4	<b>7.2</b>

\* Year 1999 figures are computed based on weighted average number of shares issued during the year. Figure for year 2000 onward are computed based on total 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.

## Analysis of Group Revenue



	2007	2008
Excise Duties & Ad Valorem Tax	47.2%	<b>49.6%</b>
Sales, Distribution & Administration Costs	20.8%	<b>19.1%</b>
Profit after Tax	8.8%	<b>7.9%</b>
Raw Materials & Packaging Costs	13.2%	<b>13.1%</b>
Employees' Costs	5.3%	<b>5.5%</b>
Taxation	2.1%	<b>2.6%</b>
Depreciation	2.6%	<b>2.2%</b>



# Directors' Profile



## Dato' Lim Say Chong

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

Independent Non-Executive Chairman

Member of Audit Committee

Member of Remuneration Committee

Member of Nomination Committee

Dato' Lim Say Chong, aged 68, a Malaysian, was appointed to the Board on 21 May 2003.

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

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

Dato' Lim is a Director of Opus Group Berhad (formerly known as Opus International Group PLC) and Mulpha International Berhad. He is also a trustee of the Ti-Ratana Welfare Society.

Tan Sri Datuk Asmat bin Kamaludin, aged 65, a Malaysian, was appointed to the Board on 1 February 2001.

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

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

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



### **Tan Sri Datuk Asmat Bin Kamaludin**

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

Mr Søren Holm Jensen, aged 40, a Dane, was appointed as the Managing Director of Carlsberg Brewery Malaysia Berhad on 5 March 2007.

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

Copenhagen, Denmark. Mr Jensen had worked as International Key Account Manager and as a Sales and Marketing Manager in the food segment of the fast moving consumer goods industry prior to joining the Carlsberg Group.

Mr Jensen is presently the Chairman of Carlsberg Distributors Taiwan Limited, (Taiwan) and Cottingham & Co Ltd, (Taiwan). He also serves on the Board of several private companies within the Group including Carlsberg Marketing Sdn Bhd and Luen Heng F & B Sdn Bhd. He is a Member of the Governing Council of the Confederation of Malaysian Brewers Bhd and a Member of the Malaysian Danish Business Council.



### **Søren Holm Jensen**

Managing Director

## Directors' Profile



**Jørn Peter Jensen**

Non-Executive Director

Mr Jørn Peter Jensen, aged 45, a Dane, was appointed to the Board of Carlsberg Brewery Malaysia Berhad on 12 March 2009.

Mr Jensen holds a Masters of Science in Economics and Business Administration from the Copenhagen School of Business, Denmark. Mr Jensen joined the Carlsberg Group in 2000 as Chief Financial Officer (CFO) of Carlsberg A/S. He currently holds the positions of Deputy CEO and CFO of Carlsberg A/S and Carlsberg Breweries A/S.

Mr Jensen is presently Chairman of the Board of Directors and member of the Board of Directors of several companies within the Carlsberg Group. Mr Jensen also serves on the Board of Brightpoint, Inc.



**Dato' Chin Voon Loong**

D.S.P.N.  
Executive Director

Dato' Chin Voon Loong, aged 52, a Malaysian, was appointed to the Board on 1 April 2003.

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

Dato' Chin has worked with the Company for 22 years. He has held the position of Chief Financial Officer and subsequently, as Commercial Director. He was also

previously the Company Secretary of the Company and a Member of the Audit Committee. Currently, he holds the position of Executive Director-Corporate Affairs.

Dato' Chin holds directorships in Lion Brewery (Ceylon) PLC (Sri Lanka), South East Asia Brewery Ltd (Vietnam), International Beverage Distributors Ltd (Vietnam), Gorkha Brewery Ltd (Nepal), Carlsberg Distributors Taiwan Limited, (Taiwan) and Cottingham & Co Ltd (Taiwan). He also serves on the Board of several private companies within the Group including Carlsberg Marketing Sdn Bhd and Luen Heng F & B Sdn Bhd.

Dato' Chin is also a Member of the Governing Council of the Confederation of Malaysian Brewers Berhad.



Mr Graham James Fewkes, aged 41, a Brit, was appointed as the Non-Executive Director of Carlsberg Brewery Malaysia Berhad on 12 March 2009.

Mr Fewkes graduated with BA Honours in History from the University of York (UK) in 1990 and subsequently worked in a range of sales and marketing roles for international companies such as Grand Metropolitan PLC, Foster's Group and most recently as Commercial Director in Scottish and Newcastle PLC's BBH joint-venture with the Carlsberg Group

in Russia and ex-Soviet markets before joining the Carlsberg Group.

Mr Fewkes joined the Carlsberg Group in October 2008 and is presently the Commercial Vice-President, Asia for Carlsberg Breweries A/S serving the Carlsberg Asia region, based in Shah Alam. Currently, he is a Director of Lao Brewery Co. Ltd (Laos), South-East Asia Breweries Ltd (Vietnam) and also sits on the Board of several private companies within the Carlsberg Group.



**Graham James Fewkes**

Non-Executive Director

Datuk Krishnan, aged 69, a Malaysian, was appointed to the Board on 3 December 2007.

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

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

Datuk Krishnan is the immediate past President of the Malaysian International Chamber of Commerce & Industry (MICCI) and as well as a Committee member of PEMUDAH. He is also the Chief Operating Officer and Head of Asia for Green Rubber Global. Datuk Krishnan is also a Director of Malaysian Alliance of Corporate Directors.



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

P.J.N  
Independent Non-Executive Director  
Member of Audit Committee  
Member of Remuneration Committee

### Other Information On Directors

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





# 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 2008, save for the schedule below (where reasons for non-compliance are specified accordingly) the Group has complied with the principles and best practices of the Code.

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

The ensuing paragraphs, describe how the Group has applied and complied with the principles and best practices of the Code for the financial year ended 31 December 2008.

## 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 2008, four (4) 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 ( <i>Independent Non-Executive Chairman</i> )	4/4
Tan Sri Datuk Asmat bin Kamaludin ( <i>Senior Independent Non-Executive Director</i> )	3/4
Jesper Bjoern Madsen ( <i>Non-Executive Director</i> ) ( <i>resigned on 18 February 2009</i> )	3/4
Søren Holm Jensen ( <i>Managing Director</i> )	4/4
Dato' Chin Voon Loong ( <i>Executive Director</i> )	4/4
Datuk M.R. Gopala Krishnan C.R.K. Pillai ( <i>Independent Non-Executive Director</i> )	4/4
Janne Petteri Juvonen ( <i>Non-Executive Director</i> ) ( <i>resigned on 9 December 2008</i> )	2/4
Jørn Peter Jensen ( <i>Non-Executive Director</i> ) ( <i>appointed on 12 March 2009</i> )	N/A
Graham James Fewkes ( <i>Non-Executive Director</i> ) ( <i>appointed on 12 March 2009</i> )	N/A

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 58.

### 2. Nomination Committee

The Nomination Committee was established on 1 October 2001. There were no meetings held during the financial year ended 31 December 2008.

#### Members:

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

Dato' Lim Say Chong (*Independent Non-Executive Chairman*)

Jesper Bjoern Madsen (*Non-Executive Director*) (*resigned on 18 February 2009*)

#### 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.

### 3. Remuneration Committee

The Remuneration Committee, which was established on 18 August 2001, had 1 meeting during the financial year ended 31 December 2008.

#### Members:

Tan Sri Datuk Asmat bin Kamaludin (*Senior Independent Non-Executive Director*) – *Chairman*  
Dato' Lim Say Chong (*Independent Non-Executive Chairman*)  
Datuk M.R. Gopala Krishnan C.R.K. Pillai (*Independent Non-Executive Director*)

#### 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 2008, the Board had between six (6) to seven (7) members, comprising four (4) to five (5) Non-Executive Directors and two (2) Executive Directors. Out of these Directors, three (3) 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 44 to 47.

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 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 existing Directors during the financial year ended 2008 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.

During 2008, the Directors have also attended a Management Strategy Workshop organized by the Company at the Carlsberg Group headquarters in Copenhagen.

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

## B. DIRECTORS' REMUNERATION

### I. Remuneration Policy

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

## II. Remuneration Procedure

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

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

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

## III. Details of Remuneration

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

	2008		2007	
	EXECUTIVE DIRECTORS RM'000	NON- EXECUTIVE DIRECTORS RM'000	EXECUTIVE DIRECTORS RM'000	NON- EXECUTIVE DIRECTORS RM'000
<b>Total Remuneration:</b>				
Fees	80	241	63	241
Gratuity	-	-	-	-
Retirement benefits-defined contribution plan	181	-	228	-
Benefits-in-kind	388	-	384	-
Other emoluments	2,358	-	3,217	-
	<b>3,007</b>	<b>241</b>	<b>3,892</b>	<b>241</b>

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

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

	NUMBER OF DIRECTORS			
	2008		2007	
	EXECUTIVE DIRECTORS RM'000	NON- EXECUTIVE DIRECTORS RM'000	EXECUTIVE DIRECTORS RM'000	NON- EXECUTIVE DIRECTORS RM'000
<b>Range of Remuneration (RM):</b>				
Less than 50,000	-	4	-	7
50,001 - 100,000	-	1	-	1
800,001 - 850,000	-	-	1	-
850,001 - 900,000	1	-	-	-
1,300,001 - 1,350,000	-	-	1	-
1,400,001 - 1,450,000	-	-	1	-
2,100,001 - 2,150,000	1	-	-	-
	<b>2</b>	<b>5</b>	<b>3</b>	<b>8</b>



## 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](http://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 62 of this Annual Report.

#### II. Internal Controls

The Board of Directors has always placed significant emphasis on sound internal controls which are necessary to safeguard the Group's assets and shareholders' investment. To this end, the Board affirms its overall responsibility for the Group's internal control systems 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 59 to 60.

# 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 2008, the RMWC met 4 times wherein discussions and reviews were conducted on key risks faced by the Group, their corresponding controls and action plans to be taken.

### • *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.

## INTERNAL CONTROL SYSTEM

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

### • *Control Environment*

The importance of a proper control environment is emphasised throughout the organisation. Focus is directed towards the quality and ability of the Group's employees with continuous 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.

## Statement On Internal Control

### • *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 58 to 61 of this Annual Report contains further details on the principal responsibilities and activities of the Internal Audit Department in 2008.

#### ⇒ *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, 86 reports were issued by the Internal Audit Department to the Audit Committee for their review.

The Audit Committee Report set out on pages 58 to 61 of this Annual Report contains further details on the activities undertaken by the Audit Committee in 2008.



### ⇒ 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, 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 continuously 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.

# Audit Committee Report

## MEMBERSHIP AND MEETINGS

The Audit Committee had 4 meetings during the year ended 31 December 2008. 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 (Senior Independent Non-Executive Director) - Chairman	4/4
Dato' Lim Say Chong (Independent Non-Executive Chairman)	4/4
Datuk M.R. Gopala Krishnan C.R.K. Pillai (Independent Non-Executive Director)	4/4

The Managing Director, Chief Financial Officer and Head of 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.

The External Auditors were present at two (2) Audit Committee meetings during the financial year. A separate meeting between the Audit Committee and the External Auditors was held during the financial year to discuss the audit findings and any other observations they may have during the audit process.

## TERMS OF REFERENCE

### • Terms of membership

1. In accordance to the Malaysian Code on Corporate Governance (revised 2007), the Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than 3 members all of whom being Independent Non Executive 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 3 years' working experience and have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967 or be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").
4. In the event of any vacancy in the Audit Committee, the Board shall within 3 months of that event, appoint such new members to make up the minimum number of 3 members.
5. No alternate director can be appointed as a new member of the Audit Committee.
6. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once in every 3 years.

## • Authority

The Audit Committee is 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.
4. The Head of Internal Audit shall report directly to the Audit Committee and shall have direct access to the Chairman of the Audit Committee on all matters of control and audit.

## • 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 to ensure internal audit has full and unrestricted access to all records, activities, property and personnel necessary to perform its duties;
  - (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 resignation of internal audit staff member 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 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:**

During the year ended 31 December 2008, 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 was no non-audit fees paid to the external auditors in 2008.
- 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 control systems 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 reviews 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.

### SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION DURING THE YEAR ENDED 31 DECEMBER 2008

The internal audit function is undertaken by the Internal Audit Department. The Head of Internal Audit Department reports directly to the Audit Committee. The Department's role is to undertake independent and systematic reviews of the system of internal controls so as to provide reasonable assurance that such system continues to operate effectively and efficiently.

The Internal Audit Department also works collaboratively with the Risk Management Working Committee (RMWC) to review the risk management processes of the Company.

In attaining such objectives, the following activities were carried out by Internal Audit Department in 2008:

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.

The total cost incurred by the Internal Audit Department in relation to the conduct of the internal audit functions of the Group during the financial year 2008 amounted to RM640,927.

# Responsibility Statement

## By The Board Of Directors

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

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

In preparing the financial statements for the financial year ended 31 December 2008, the Directors have applied appropriate and relevant accounting policies consistently and in accordance with applicable accounting standards and made judgments and estimates that are reasonable and fair.

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



# Financial results

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# Directors' Report

For The Year Ended 31 December 2008

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 2008.

## 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	76,119	64,443

## 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:

- 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 on 16 May 2008;
- 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 on 16 May 2008;
- an interim dividend of 5 sen per RM0.50 ordinary share less tax at 26% totalling RM11.3 million (3.7 sen net per ordinary share) in respect of the year ended 31 December 2008 on 8 October 2008.

The Directors recommend the payment of a final dividend of 7.5 sen per RM0.50 ordinary share less tax at 25% totalling RM17.2 million (5.6 sen net per ordinary share) in respect of the year ended 31 December 2008.

## 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  
Søren Holm Jensen  
Dato' Chin Voon Loong  
Datuk M.R. Gopala Krishnan C.R.K. Pillai  
Jørn Peter Jensen (appointed on 12.3.2009)  
Graham James Fewkes (appointed on 12.3.2009)  
Janne Petteri Juvonen (resigned on 9.12.2008)  
Jesper Bjoern Madsen (resigned on 18.2.2009)

## DIRECTORS' INTERESTS

The interest and deemed interest 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 1.1.2008	ACQUIRED	DISPOSED	AT 31.12.2008
<b>Interests in the Company</b>				
Jesper Bjoern Madsen	9,000	-	-	9,000
<b>Deemed interests in the Company</b>				
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.

	NUMBER OF OPTIONS OVER ORDINARY SHARES OF DKK20 EACH			
	AT 1.1.2008	GRANTED	EXERCISED	AT 31.12.2008
<b>Interest in the holding company</b>				
Carlsberg Breweries A/S				
Dato' Chin Voon Loong	3,097	1,239	-	4,336
Søren Holm Jensen	3,716	1,858	-	5,574

None of the other Directors holding office at 31 December 2008 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 apart from the issue of the Employees' Share Option Scheme.

## ISSUE OF SHARES AND DEBENTURES

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

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## Directors' Report

For The Year Ended 31 December 2008

### 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, the results of the operations of the Group and of the Company for the financial year ended 31 December 2008 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

### SIGNIFICANT EVENT

On 26 November 2008, the Company entered into a shareholders' agreement with Luen Heng Agency Sdn. Bhd. ("LHA") to subscribe for 2,100,000 ordinary shares of RM1.00 each, representing 70% shareholding in Luen Heng F & B Sdn. Bhd. ("LHFB"). Simultaneously, with the execution of the shareholders' agreement, LHFB and LHA entered into the Sale of Business Agreement, whereby LHA sold part of its business to LHFB. The effect of the acquisition is disclosed in Note 26 to the financial statements.

### 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

**SØREN HOLM JENSEN**  
MANAGING DIRECTOR

Shah Alam  
12 March 2009

# Balance Sheets

At 31 December 2008

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Assets</b>					
Property, plant and equipment	3	139,548	146,684	121,674	128,379
Intangible assets	4	8,289	2,716	1,762	2,631
Prepaid lease payments	5	8,610	8,742	7,928	8,047
Investment in subsidiaries	6	-	-	4,009	1,909
Investment in an associate	7	13,946	13,782	10,940	10,940
Investment in a jointly-controlled entity	8	-	-	-	-
<b>Total non-current assets</b>		<b>170,393</b>	<b>171,924</b>	<b>146,313</b>	<b>151,906</b>
Inventories	9	66,297	41,551	25,200	28,055
Receivables, deposits and prepayments	10	163,527	160,110	209,062	163,497
Current tax assets		-	2,724	-	-
Cash and cash equivalents	11	227,017	216,774	132,631	170,729
<b>Total current assets</b>		<b>456,841</b>	<b>421,159</b>	<b>366,893</b>	<b>362,281</b>
<b>Total assets</b>		<b>627,234</b>	<b>593,083</b>	<b>513,206</b>	<b>514,187</b>
<b>Equity</b>					
Share capital		141,996	141,996	141,996	141,996
Reserves		10,163	10,145	12,114	12,114
Retained earnings		315,986	319,069	260,888	275,677
<b>Total equity attributable to equity holders of the Company</b>	12	<b>468,145</b>	<b>471,210</b>	<b>414,998</b>	<b>429,787</b>
<b>Minority interest</b>		<b>1,232</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>469,377</b>	<b>471,210</b>	<b>414,998</b>	<b>429,787</b>
<b>Liability</b>					
Deferred tax liabilities	13	17,219	19,648	16,361	18,717
<b>Total non-current liability</b>		<b>17,219</b>	<b>19,648</b>	<b>16,361</b>	<b>18,717</b>
Payables and accruals	14	131,256	99,990	80,361	64,758
Current tax liabilities		3,058	925	1,486	925
Loans and borrowings	15	6,324	1,310	-	-
<b>Total current liabilities</b>		<b>140,638</b>	<b>102,225</b>	<b>81,847</b>	<b>65,683</b>
<b>Total liabilities</b>		<b>157,857</b>	<b>121,873</b>	<b>98,208</b>	<b>84,400</b>
<b>Total equity and liabilities</b>		<b>627,234</b>	<b>593,083</b>	<b>513,206</b>	<b>514,187</b>

The notes on pages 74 to 113 are an integral part of these financial statements.



# Income Statements

For The Year Ended 31 December 2008

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Sales revenue</b>		<b>960,207</b>	897,530	<b>675,929</b>	609,476
Cost of sales		<b>(666,180)</b>	(613,339)	<b>(660,069)</b>	(592,528)
<b>Gross Profit</b>		<b>294,027</b>	284,191	<b>15,860</b>	16,948
Other income		<b>2,571</b>	8,047	<b>2,976</b>	6,883
Sales and distribution costs		<b>(171,096)</b>	(171,411)	-	-
Administrative expenses		<b>(27,719)</b>	(25,300)	<b>(11,046)</b>	(14,105)
Other expenses		<b>(4,057)</b>	(4,326)	<b>(6,401)</b>	(7,207)
<b>Results from operating activities</b>		<b>93,726</b>	91,201	<b>1,389</b>	2,519
Interest income		<b>7,403</b>	6,521	<b>5,924</b>	5,133
Dividend from a subsidiary		-	-	<b>58,608</b>	237,501
<b>Operating profit</b>	16	<b>101,129</b>	97,722	<b>65,921</b>	245,153
Share of profit/(loss) after tax of equity accounted associate		<b>162</b>	(17)	-	-
<b>Profit before tax</b>		<b>101,291</b>	97,705	<b>65,921</b>	245,153
Tax expense	18	<b>(25,172)</b>	(19,212)	<b>(1,478)</b>	(63,227)
<b>Profit for the year</b>		<b>76,119</b>	78,493	<b>64,443</b>	181,926
<b>Attributable to:</b>					
Equity holders of the Company		<b>76,149</b>	78,493	<b>64,443</b>	181,926
Minority interest		<b>(30)</b>	-	-	-
<b>Profit for the year</b>		<b>76,119</b>	78,493	<b>64,443</b>	181,926
Basic earnings per ordinary share (sen)	19	<b>24.9</b>	25.7		

The notes on pages 74 to 113 are an integral part of these financial statements.

# Statement Of Changes In Equity

For The Year Ended 31 December 2008

GROUP	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY									
		NON-DISTRIBUTABLE									
		SHARE CAPITAL RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	EXCHANGE RESERVE RM'000	CAPITAL RESERVE RM'000	SHARE OPTION RESERVE RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000	MINORITY INTEREST RM'000	TOTAL EQUITY RM'000
<b>At 1 January 2007</b>		154,039	(12,043)	7,367	(4,856)	8,678	305	323,331	476,821	-	476,821
Net loss recognised directly in equity		-	-	-	(1,044)	-	-	-	(1,044)	-	(1,044)
- Exchange differences on translation of the financial statements of foreign entities		-	-	-	-	-	-	78,493	78,493	-	78,493
Profit for the year		-	-	-	-	-	294	-	294	-	294
Share option granted		-	-	-	-	-	(599)	(172)	(771)	-	(771)
Recharge by holding company		-	-	-	-	-	-	-	-	-	-
Total recognised income and expense for the year		-	-	-	(1,044)	-	(305)	78,321	76,972	-	76,972
Dividends to shareholders	20	-	-	-	-	-	-	(82,583)	(82,583)	-	(82,583)
<b>At 31 December 2007/1 January 2008</b>		154,039	(12,043)	7,367	(5,900)	8,678	-	319,069	471,210	-	471,210
Net loss recognised directly in equity		-	-	-	18	-	-	-	18	-	18
- Exchange differences on translation of the financial statements of foreign entities		-	-	-	-	-	285	-	285	-	285
Share option granted		-	-	-	-	-	(285)	(43)	(328)	-	(328)
Recharge by holding company		-	-	-	-	-	-	-	-	-	-
Minority interest arising from acquisition of new subsidiary	26	-	-	-	-	-	-	-	-	362	362
Issue of shares in subsidiary to minority interest		-	-	-	-	-	-	-	-	900	900
Profit/(Loss) for the year		-	-	-	-	-	-	-	-	(30)	(30)
Total recognised income and expense for the year		-	-	-	18	-	-	76,149	76,149	-	76,149
Dividends to shareholders	20	-	-	-	-	-	-	76,106	76,124	1,232	77,356
<b>At 31 December 2008</b>		154,039	(12,043)	7,367	(5,882)	8,678	-	315,986	468,145	1,232	469,377

## Statement Of Changes In Equity

For The Year Ended 31 December 2008

COMPANY	NOTE	NON-DISTRIBUTABLE					TOTAL EQUITY RM'000
		SHARE CAPITAL RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	CAPITAL RESERVE RM'000	SHARE OPTION RESERVE RM'000	
<b>At 1 January 2007</b>		154,039	(12,043)	7,367	4,747	305	330,921
Share option granted		-	-	-	-	294	294
Recharge by holding company		-	-	-	-	(599)	(771)
Profit for the year		-	-	-	-	-	181,926
Total recognised income and expense for the year		-	-	-	-	(305)	181,449
Dividends to shareholders	20	-	-	-	-	-	(82,583)
<b>At 31 December 2007/ 1 January 2008</b>		154,039	(12,043)	7,367	4,747	-	429,787
Share option granted		-	-	-	-	285	285
Recharge by holding company		-	-	-	-	(285)	(328)
Profit for the year		-	-	-	-	-	64,443
Total recognised income and expense for the year		-	-	-	-	-	64,400
Dividends to shareholders	20	-	-	-	-	-	(79,189)
<b>At 31 December 2008</b>		<b>154,039</b>	<b>(12,043)</b>	<b>7,367</b>	<b>4,747</b>	<b>-</b>	<b>414,998</b>

The notes on pages 74 to 113 are an integral part of these financial statements.

# Cash Flow Statements

For The Year Ended 31 December 2008

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		101,291	97,705	65,921	245,153
Adjustments for:					
Impairment loss on investment in a jointly-controlled entity		-	-	2,423	2,943
Amortisation of intangible assets	4	1,795	2,066	1,716	1,708
Amortisation of prepaid lease payments	5	132	131	119	118
Depreciation of property, plant and equipment	3	19,221	21,555	13,356	15,824
Dividend income		-	-	(58,608)	(237,501)
Gain on disposal of property, plant and equipment		(2,842)	(7,896)	(2,164)	(6,009)
Property, plant and equipment written off		1,200	439	955	437
Interest income		(7,403)	(6,521)	(5,924)	(5,133)
Share of (profit)/loss after tax of equity accounted associate		(162)	17	-	-
Gain on disposal of other investments		-	(531)	-	(531)
Share-based payments		285	-	285	-
Operating profit before changes in working capital		113,517	106,965	18,079	17,009
Changes in working capital:					
Inventories		(9,198)	(1,594)	2,855	(3,857)
Receivables, deposits and prepayments		(1,635)	(11,468)	(45,565)	(133,711)
Payables and accruals		25,500	5,960	16,031	11,432
Cash generated from/(used in) operations		128,184	99,863	(8,600)	(109,127)
Taxes paid		(22,742)	(23,040)	(3,273)	(1,683)
<b>Net cash from/(used in) operating activities</b>		<b>105,442</b>	<b>76,823</b>	<b>(11,873)</b>	<b>(110,810)</b>



## Cash Flow Statements

For The Year Ended 31 December 2008

		GROUP		COMPANY	
	NOTE	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	3	(11,507)	(21,491)	(7,839)	(14,192)
Acquisition of intangible assets	4	(997)	(1,700)	(847)	(1,617)
Acquisition of business by a subsidiary	26	(14,902)	-	(2,100)	-
Acquisition of a subsidiary by a jointly-controlled entity, net of cash acquired	26	(1,971)	-	-	-
Improvement to leasehold land	5	-	(39)	-	-
Dividends received from a subsidiary		-	-	58,608	173,884
Interest received		7,403	6,521	5,924	5,133
Proceeds from disposal of property, plant and equipment		3,432	9,571	2,421	7,529
Proceeds from disposal of other investments		-	26,549	-	26,549
Subscription of shares in a jointly-controlled entity		-	-	(2,423)	-
Transfer of property, plant and equipment (from)/to a subsidiary		-	-	(24)	284
<b>Net cash (used in)/from investing activities</b>		<b>(18,542)</b>	19,411	<b>53,720</b>	197,570
<b>Cash flows from financing activities</b>					
Dividends paid to shareholders of the Company		(79,189)	(82,583)	(79,189)	(82,583)
(Repayment to)/Advances from ultimate holding company		(756)	776	(756)	776
Proceeds from short-term borrowing by a jointly-controlled entity		2,370	1,310	-	-
Proceeds from issuance of shares in subsidiary to minority shareholders		900	-	-	-
<b>Net cash used in financing activities</b>		<b>(76,675)</b>	(80,497)	<b>(79,945)</b>	(81,807)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>10,225</b>	15,737	<b>(38,098)</b>	4,953
Exchange difference on translation of the financial statements of a jointly-controlled entity		18	(189)	-	-
<b>Cash and cash equivalents at 1 January</b>		<b>216,774</b>	201,226	<b>170,729</b>	165,776
<b>Cash and cash equivalents at 31 December</b>	(i)	<b>227,017</b>	216,774	<b>132,631</b>	170,729

## Cash Flow Statements

For The Year Ended 31 December 2008

### (i) Cash and cash equivalents

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

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposits with licensed banks		187,663	177,221	130,720	169,286
Cash and bank balances		39,354	39,553	1,911	1,443
Cash and cash equivalents	11	227,017	216,774	132,631	170,729

The notes on pages 74 to 113 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 2008 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 2008 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 12 March 2009.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs / Interpretations	Effective date
FRS 4, <i>Insurance Contracts</i>	1 January 2010
FRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 8, <i>Operating Segment</i>	1 July 2009
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	1 January 2010

The Group and the Company plan to apply the abovementioned FRSs/Interpretations from the annual period beginning 1 January 2010.

The impact of applying FRS 4, FRS 7 and 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 exemptions given in the respective FRSs. The initial application of the above standards (and their consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

## 1. BASIS OF PREPARATION (CONTINUED)

### (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 4 - Intangible assets
- Note 10 - 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.

### (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.



### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (a) Basis of consolidation (continued)

##### *(ii) Associates*

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

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates, after adjustments, 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.

##### *(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.

##### *(iv) Minority interest*

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity holders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of consolidation (continued)

#### *(v) 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 retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in 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 statement as part of the gain or loss on sale.

### (c) Derivative financial instruments

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

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

### 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, plant and equipment is the estimated amount for which a property, plant and equipment 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.

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. Assets in-progress are not depreciated until the assets are ready for their intended use.

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

• Buildings	15 - 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.

#### (ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as 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.

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (f) Intangible assets

##### *(i) Goodwill*

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For business acquisitions beginning from 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statements.

##### *(ii) Customised computer software*

Customised computer software that is not integral to the functionality of the related equipment is recognised as an intangible asset. These intangible assets that are acquired by the Group or the Company are stated at cost less any accumulated amortisation and any accumulated impairment losses.

##### *(iii) Subsequent expenditure*

Subsequent expenditure 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.

##### *(iv) Amortisation*

Goodwill with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired.

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 customised computer software is 3 years.

#### (g) 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.

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) 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.

### (i) 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.

### (j) Impairment of assets

The carrying amounts of assets except for financial assets (other than investment in subsidiaries, associate and jointly-controlled entity) 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. For goodwill that has indefinite useful lives, the recoverable amount is estimated usually at each reporting date.

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"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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.

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (k) Share capital

##### *(i) 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.

#### (l) 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.

#### (m) 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.

##### *(iii) Share-based payment transactions*

Certain employees of the Group are entitled to share option programme set up by Carlsberg A/S that gives the right to Carlsberg A/S shares. The grant date fair value of the share options granted to these employees is recognised as an employee expense in the income statements and a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. Any recharge by Carlsberg A/S in excess of the initial capital contribution initially recognised in the equity is treated as a capital distribution and would be recorded directly in equity.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (n) 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.

### (o) 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.

### (p) Interest income

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

### (q) Borrowing cost

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.

## Notes To The Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (s) Earnings per ordinary share

The Group presents basic 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.

### 3. PROPERTY, PLANT AND EQUIPMENT

GROUP	FREEHOLD LAND NOTE 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
<b>Cost / Valuation</b>							
At 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/ 1 January 2008	19,281	54,090	321,922	24,136	46,606	2,039	468,074
Additions	-	835	1,139	2,161	2,502	4,870	11,507
Disposals	-	(155)	(2,828)	(3,713)	(662)	-	(7,358)
Written off	-	(1,180)	(10,372)	-	(2,528)	-	(14,080)
Transfers	-	-	2,480	-	1,370	(3,850)	-
Acquisitions through business combinations	26	-	13	77	610	-	2,368
<b>At 31 December 2008</b>	<b>19,281</b>	<b>53,603</b>	<b>312,418</b>	<b>24,252</b>	<b>47,898</b>	<b>3,059</b>	<b>460,511</b>

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP		FREEHOLD LAND NOTE 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
<b>Depreciation</b>								
At 1 January 2007		-	18,045	238,451	14,022	38,015	-	308,533
Depreciation for the year	16	-	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/ 1 January 2008		-	19,028	250,561	11,478	40,323	-	321,390
Depreciation for the year	16	-	1,180	10,397	4,472	3,172	-	19,221
Disposals		-	(83)	(2,591)	(3,451)	(643)	-	(6,768)
Written off		-	(238)	(10,302)	-	(2,340)	-	(12,880)
<b>At 31 December 2008</b>		<b>-</b>	<b>19,887</b>	<b>248,065</b>	<b>12,499</b>	<b>40,512</b>	<b>-</b>	<b>320,963</b>
<b>Carrying amounts</b>								
At 1 January 2007		20,794	36,193	74,408	10,011	7,153	303	148,862
At 31 December 2007/ 1 January 2008		19,281	35,062	71,361	12,658	6,283	2,039	146,684
<b>At 31 December 2008</b>		<b>19,281</b>	<b>33,716</b>	<b>64,353</b>	<b>11,753</b>	<b>7,386</b>	<b>3,059</b>	<b>139,548</b>



## Notes To The Financial Statements

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	FREEHOLD LAND NOTE 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
<b>Cost / Valuation</b>							
At 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/ 1 January 2008	18,952	50,231	321,924	4,326	17,232	1,404	414,069
Additions	-	806	1,136	545	749	4,603	7,839
Disposals	-	-	(2,828)	(815)	(43)	-	(3,686)
Written off	-	(960)	(10,372)	-	(1,495)	-	(12,827)
Transfers	-	-	2,480	-	468	(2,948)	-
Transfer to a subsidiary	-	-	-	76	(5)	-	71
<b>At 31 December 2008</b>	<b>18,952</b>	<b>50,077</b>	<b>312,340</b>	<b>4,132</b>	<b>16,906</b>	<b>3,059</b>	<b>405,466</b>

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY		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
<b>Depreciation</b>								
At 1 January 2007		-	17,111	238,452	2,563	14,086	-	272,212
Depreciation for the year	16	-	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/ 1 January 2008		-	17,971	250,562	1,866	15,291	-	285,690
Depreciation for the year	16	-	1,056	10,394	771	1,135	-	13,356
Disposals		-	-	(2,591)	(803)	(35)	-	(3,429)
Written off		-	(191)	(10,302)	-	(1,379)	-	(11,872)
Transfer to a subsidiary		-	-	-	48	(1)	-	47
<b>At 31 December 2008</b>		<b>-</b>	<b>18,836</b>	<b>248,063</b>	<b>1,882</b>	<b>15,011</b>	<b>-</b>	<b>283,792</b>
<b>Carrying amounts</b>								
At 1 January 2007		20,465	33,331	74,408	1,453	2,292	303	132,252
At 31 December 2007/ 1 January 2008		18,952	32,260	71,362	2,460	1,941	1,404	128,379
<b>At 31 December 2008</b>		<b>18,952</b>	<b>31,241</b>	<b>64,277</b>	<b>2,250</b>	<b>1,895</b>	<b>3,059</b>	<b>121,674</b>

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<sup>2004</sup>.

**Analysis of cost and valuation**

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Buildings				
Cost	45,325	45,812	41,799	41,953
Valuation - 1981	8,278	8,278	8,278	8,278
	53,603	54,090	50,077	50,231

Had the buildings been carried under the cost model, their carrying amount would have been RM32,346,000 (2007 - RM33,633,000) in respect of the Group and RM29,871,000 (2007 - RM30,831,000) in respect of the Company.

#### 4. INTANGIBLE ASSETS

GROUP	NOTE	GOODWILL RM'000	COMPUTER SOFTWARE RM'000	TOTAL RM'000
<b>Cost</b>				
At 1 January 2007		-	5,407	5,407
Additions		-	1,700	1,700
At 31 December 2007/1 January 2008		-	7,107	7,107
Additions		-	997	997
Acquisitions through business combinations	26	6,364	7	6,371
<b>At 31 December 2008</b>		<b>6,364</b>	<b>8,111</b>	<b>14,475</b>
<b>Amortisation</b>				
At 1 January 2007		-	2,325	2,325
Amortisation for the year	16	-	2,066	2,066
At 31 December 2007/1 January 2008		-	4,391	4,391
Amortisation for the year	16	-	1,795	1,795
<b>At 31 December 2008</b>		<b>-</b>	<b>6,186</b>	<b>6,186</b>
<b>Carrying amounts</b>				
At 1 January 2007		-	3,082	3,082
At 31 December 2007/1 January 2008		-	2,716	2,716
<b>At 31 December 2008</b>		<b>6,364</b>	<b>1,925</b>	<b>8,289</b>

## 4. INTANGIBLE ASSETS (CONTINUED)

COMPANY	NOTE	COMPUTER SOFTWARE RM'000
<b>Cost</b>		
At 1 January 2007		4,360
Additions		1,617
At 31 December 2007/1 January 2008		5,977
Additions		847
<b>At 31 December 2008</b>		<b>6,824</b>
<b>Amortisation</b>		
At 1 January 2007		1,638
Amortisation for the year	16	1,708
At 31 December 2007/1 January 2008		3,346
Amortisation for the year	16	1,716
<b>At 31 December 2008</b>		<b>5,062</b>
<b>Carrying amounts</b>		
At 1 January 2007		2,722
At 31 December 2007/1 January 2008		2,631
<b>At 31 December 2008</b>		<b>1,762</b>

### 4. INTANGIBLE ASSETS (CONTINUED)

#### Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	GROUP	
	2008 RM'000	2007 RM'000
<i>Subsidiary</i>		
Luen Heng F & B Sdn. Bhd.	5,000	-
<i>Subsidiary of a jointly-controlled entity</i>		
Cottingham & Co. Ltd	1,364	-
	6,364	-

The recoverable amount of investment in subsidiary, Luen Heng F & B Sdn. Bhd. and subsidiary of a jointly-controlled entity, Cottingham & Co. Ltd was based on value in use calculations. The recoverable amounts for both cash-generating units are higher than the carrying amount of the goodwill allocated and hence no impairment loss was recognised during the year.

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on 10 years business projection and discounted at 16%, which is the weighted average cost of capital. The average growth rate used is 6%.
- The above entities will continue their operations indefinitely and thus a projection for 10 years is used.
- The size of operation will remain with at least or not lower than the current results.

The values assigned to the key assumptions represent management's assessment of future trends in the alcohol beverage market and are based on both external sources and internal sources (historical data).



## 5. PREPAID LEASE PAYMENTS

GROUP	NOTE	LEASEHOLD LAND		TOTAL RM'000
		UNEXPIRED PERIOD LESS THAN 50 YEARS RM'000	UNEXPIRED PERIOD MORE THAN 50 YEARS RM'000	
<i>Cost / Valuation</i>				
At 1 January 2007		172	11,067	11,239
Additions		-	39	39
<b>At 31 December 2007/1 January 2008/31 December 2008</b>		<b>172</b>	<b>11,106</b>	<b>11,278</b>
<i>Amortisation</i>				
At 1 January 2007		48	2,357	2,405
Amortisation for the year	16	4	127	131
At 31 December 2007/1 January 2008		52	2,484	2,536
Amortisation for the year	16	3	129	132
<b>At 31 December 2008</b>		<b>55</b>	<b>2,613</b>	<b>2,668</b>
<i>Carrying amounts</i>				
At 1 January 2007		124	8,710	8,834
At 31 December 2007/1 January 2008		120	8,622	8,742
<b>At 31 December 2008</b>		<b>117</b>	<b>8,493</b>	<b>8,610</b>

## Notes To The Financial Statements

### 5. PREPAID LEASE PAYMENTS (CONTINUED)

COMPANY	NOTE	LEASEHOLD LAND UNEXPIRED PERIOD MORE THAN 50 YEARS RM'000
<b>Valuation</b>		
At 1 January 2007/31 December 2007/1 January 2008/31 December 2008		10,399
<b>Amortisation</b>		
At 1 January 2007		2,234
Amortisation for the year	16	118
At 31 December 2007/1 January 2008		2,352
Amortisation for the year	16	119
At 31 December 2008		2,471
<b>Carrying amounts</b>		
At 1 January 2007		8,165
At 31 December 2007/1 January 2008		8,047
At 31 December 2008		7,928

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<sub>2004</sub>.

#### Analysis of cost and valuation

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cost	1,234	1,234	355	355
Valuation - 1981	10,044	10,044	10,044	10,044
	11,278	11,278	10,399	10,399

Had the leasehold land been carried under the cost model, their carrying amount would have been RM5,971,000 (2007 - RM6,067,000) in respect of the Group and RM5,289,000 (2007 - RM5,372,000) in respect of the Company.

### 6. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2008 RM'000	2007 RM'000
Unquoted shares - at cost	4,009	1,909

**6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

The following are the subsidiaries of the Group:

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST	
			2008	2007
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%
Luen Heng F & B Sdn. Bhd.	Importation, distribution and sale of alcoholic and non-alcoholic beverages	Malaysia	70%	-

**7. INVESTMENT IN AN ASSOCIATE**

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Quoted shares outside Malaysia	10,940	10,940	10,940	10,940
Share of post-acquisition reserves	3,006	2,842	-	-
	13,946	13,782	10,940	10,940
Represented by:				
Group's share of net assets other than goodwill	13,813	13,649	-	-
Goodwill on acquisition	133	133	-	-
	13,946	13,782	-	-
Market value				
Quoted shares outside Malaysia	15,529	17,164	15,529	17,164

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST	
			2008	2007
Lion Brewery (Ceylon) PLC	Manufacturing, marketing and distribution of beer, stout, shandy and non-alcoholic beverages	Sri Lanka	24.6%	24.6%

## Notes To The Financial Statements

### 7. INVESTMENT IN AN ASSOCIATE (CONTINUED)

#### Summary financial information on associate:

	2008 RM'000	2007 RM'000
Revenue (100%)	93,754	114,459
Profit/(Loss) (100%)	659	(69)
Total assets (100%)	138,885	117,326
Total liabilities (100%)	77,089	57,116

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.

### 8. INVESTMENT IN A JOINTLY-CONTROLLED ENTITY

	COMPANY	
	2008 RM'000	2007 RM'000
At cost:		
Unquoted shares	5,366	2,943
Less: impairment loss	(5,366)	(2,943)
	-	-

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST	
			2008	2007
Carlsberg Distributors Taiwan Limited ("CDTL")	Packaging, marketing, and distribution of beer, stout, shandy and non-alcoholic beverages	Taiwan	50%	50%
<i>Subsidiary of CDTL</i>				
Cottingham & Co. Ltd	Distribution of premium beers, hard liquor products and other beverages	Taiwan	75%	-

On 23 June 2008, CDTL signed a Share Sales Agreement with Cottingham Co (International) Ltd., to acquire 75% equity in Cottingham & Co. Ltd., ("Cottingham"). Cottingham is an established Taiwan distributor of premium beers such as Corona, Erdinger, Hoegaarden, Stella Artois as well as hard liquor products and other beverages. The effect of the acquisition is shown in Note 26.

**8. INVESTMENT IN A JOINTLY-CONTROLLED ENTITY (CONTINUED)**

On 2 September 2008, the Company subscribed to an additional 2,250,000 shares of NT\$10.00 each in the share capital of CDTL for NT\$22,500,000. In view of the continuous loss making position of the jointly-controlled entity, impairment loss of RM2,423,000 (2007 - RM2,943,000) has been recognised to write down the entire carrying amount of the investment. Impairment losses have been recognised in the following line item in the income statements.

	NOTE	COMPANY	
		2008 RM'000	2007 RM'000
Income statements:			
Other expenses	16	2,423	2,943

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

	2008 RM'000	2007 RM'000
Long-term assets	1,816	281
Current assets	7,954	1,479
Current liabilities	(10,246)	(2,002)
Group's share of net liabilities	(476)	(242)
Revenue	4,727	2,376
Expenses	(7,708)	(4,696)
Decrease in the Group's profit for the year	(2,981)	(2,320)

**9. INVENTORIES**

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At cost:				
Finished goods	48,103	18,068	7,093	4,662
Work-in-progress	3,520	3,342	3,520	3,342
Raw, packaging and other materials	8,291	12,359	8,204	12,269
Spare parts for machinery	6,383	7,782	6,383	7,782
	66,297	41,551	25,200	28,055

Inventories written off amounted to RM977,000 and RM498,000 (2007 - RM3,594,000 and RM2,156,000) in respect of the Group and of the Company respectively. The write-off is included in cost of sales.



## Notes To The Financial Statements

### 10. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Non-current</b>					
Loan to a subsidiary	10.2	-	-	10,000	-
<b>Current</b>					
<b>Trade</b>					
Trade receivables		139,183	119,980	-	-
Allowance for doubtful debts	10.3	(2,964)	(2,865)	-	-
		136,219	117,115	-	-
Amount due from a subsidiary	10.4	-	-	188,036	147,579
Amount due from related companies	10.4	4,488	18,376	196	44
		140,707	135,491	188,232	147,623
<b>Non-trade</b>					
Other receivables	10.5	10,507	15,692	6,476	11,975
Deposits		4,448	3,970	4,237	3,834
Prepayments		7,865	4,957	117	65
		22,820	24,619	10,830	15,874
		163,527	160,110	209,062	163,497

#### 10.1 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:

	2008 RM'000	2007 RM'000
<b>Foreign currency</b>		
SGD	5,459	18,032
USD	4,969	9,182

#### 10.2 Loan to a subsidiary

The loan to a subsidiary is unsecured, and shall carry interest at a rate calculated as the average of the base lending rate and fixed deposit rate of Malayan Banking Berhad on such outstanding amount from time to time. There is no fixed term of repayment.

**10. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)****10.3 Allowance for doubtful debts**

During the year, trade receivables amounting to RM117,000 (2007 - RM3,714,000) 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.

The net allowance for doubtful debts and the reversal of allowance have been recognised in the following line item in the income statements.

	2008 RM'000	2007 RM'000
Income statements		
Sales and distribution costs	(216)	2,118

**10.4 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.

**10.5 Other receivables**

Included in other receivables of the Group and of the Company is an amount of RM113,462 (2007 - RM136,490) in respect of a housing loan granted to a Director of the Company in accordance with the Housing Loan Scheme applicable to executive staff.

**11. CASH AND CASH EQUIVALENTS**

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposits with licensed banks	187,663	177,221	130,720	169,286
Cash and bank balances	39,354	39,553	1,911	1,443
	227,017	216,774	132,631	170,729

## Notes To The Financial Statements

### 12. SHARE CAPITAL AND RESERVES

#### Share capital

	GROUP AND COMPANY			
	AMOUNT	NUMBER OF SHARES	AMOUNT	NUMBER OF SHARES
	2008 RM'000	2008 '000	2007 RM'000	2007 '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 2,330,000\* 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 RM5.17\* 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 2008 and none of the previously repurchased shares were reissued, distributed as share dividends, resold or cancelled.

\* After adjusting for the share split exercise in 2005

## 12. SHARE CAPITAL AND RESERVES (CONTINUED)

## Reserves

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 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	(5,882)	(5,900)	-	-
	10,163	10,145	12,114	12,114
Retained earnings - distributable	303,943	307,026	248,845	263,634
- non-distributable	12,043	12,043	12,043	12,043
	315,986	319,069	260,888	275,677
	326,149	329,214	273,002	287,791

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

## 12.1 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's retained earnings upon its bonus issue of shares previously.

The details are as follows:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 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

## 12.2 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.

## 12. SHARE CAPITAL AND RESERVES (CONTINUED)

### 12.3 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

### 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 2008 if paid out as dividends.

The Finance Act 2007 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 2008 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.

## 13. DEFERRED TAX LIABILITIES

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

GROUP	ASSETS		LIABILITIES		NET	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Property, plant and equipment						
- capital allowance	-	-	(17,717)	(19,974)	(17,717)	(19,974)
- revaluation	-	-	(1,025)	(1,066)	(1,025)	(1,066)
Provisions	1,523	1,392	-	-	1,523	1,392
Tax assets/(liabilities)	1,523	1,392	(18,742)	(21,040)	(17,219)	(19,648)
Set off of tax	(1,523)	(1,392)	1,523	1,392	-	-
Net tax liabilities	-	-	(17,219)	(19,648)	(17,219)	(19,648)

COMPANY	ASSETS		LIABILITIES		NET	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Property, plant and equipment						
- capital allowance	-	-	(16,147)	(18,573)	(16,147)	(18,573)
- revaluation	-	-	(1,025)	(1,066)	(1,025)	(1,066)
Provisions	811	922	-	-	811	922
Tax assets/(liabilities)	811	922	(17,172)	(19,639)	(16,361)	(18,717)
Set off of tax	(811)	(922)	811	922	-	-
Net tax liabilities	-	-	(16,361)	(18,717)	(16,361)	(18,717)

## 13. DEFERRED TAX LIABILITIES (CONTINUED)

## Movement in temporary differences during the year

	AT 1.1.2007 RM'000	RECOGNISED IN INCOME STATEMENT (NOTE 18) RM'000	AT 31.12.2007 RM'000	RECOGNISED IN INCOME STATEMENT (NOTE 18) RM'000	AT 31.12.2008 RM'000
<b>GROUP</b>					
Property, plant and equipment	(23,966)	3,553	(20,413)	1,671	(18,742)
Provisions	1,571	(806)	765	759	1,523
	(22,395)	2,747	(19,648)	2,430	(17,219)
<b>COMPANY</b>					
Property, plant and equipment	(22,700)	3,061	(19,639)	2,467	(17,172)
Provisions	1,023	(101)	922	(111)	811
	(21,677)	2,960	(18,717)	2,356	(16,361)

## Unrecognised deferred tax assets

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

	GROUP	
	2008 RM'000	2007 RM'000
Unutilised tax losses	2,136	1,347

Tax losses carry-forward is in respect of the jointly-controlled entity. Deferred tax assets have not been recognised in respect of the unutilised tax losses 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

### 14. PAYABLES AND ACCRUALS

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Trade</b>					
Trade payables		78,269	72,158	59,417	48,390
Amount due to immediate holding company	14.2	4,034	3,445	4,002	1,766
Amount due to related companies	14.2	4,191	3,181	4,048	2,965
		86,494	78,784	67,467	53,121
<b>Non-trade</b>					
Other payables	14.3	23,513	5,145	2,590	2,636
Accrued expenses		20,901	15,285	9,956	8,225
Amount due to ultimate holding company	14.2	348	776	348	776
		44,762	21,206	12,894	11,637
		131,256	99,990	80,361	64,758

#### 14.1 Analysis of foreign currency exposure for significant payables

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

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Foreign currency</b>				
DKK	755	98	754	98
EUR	1,446	663	1,446	663
SGD	878	2,303	-	-
USD	7,535	3,558	7,063	2,969

#### 14.2 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.

#### 14.3 Other payables

Included in other payables is an amount of RM14,902,000 owing to the minority shareholder of a subsidiary pursuant to the acquisition of business as explained in Note 26.

## 15. LOANS AND BORROWINGS

		GROUP	
	INTEREST RATES	2008	2007
	%	RM'000	RM'000
<b>Current</b>			
Unsecured bank loan	2.96 - 3.09	6,324	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.

## 16. OPERATING PROFIT

		GROUP		COMPANY	
	NOTE	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Operating profit arrived at after charging:					
Allowance for doubtful debts		216	-	-	-
Amortisation of intangible assets	4	1,795	2,066	1,716	1,708
Amortisation of prepaid lease payments	5	132	131	119	118
Auditors' remuneration					
- Audit services		122	84	79	56
Depreciation of property, plant and equipment	3	19,221	21,555	13,356	15,824
Impairment loss on investment in a jointly-controlled entity	8	-	-	2,423	2,943
Property, plant and equipment written off		1,200	439	955	437
Inventories written off	9	977	3,594	498	2,156
Personnel expenses (including key management personnel):					
- Contributions to defined contribution plan		476	513	258	286
- Contributions to Employees Provident Fund		4,547	4,501	2,190	2,233
- Wages, salaries and others		48,372	42,181	27,451	23,154
Rental of land and buildings		1,983	1,555	202	380

## Notes To The Financial Statements

### 16. OPERATING PROFIT (CONTINUED)

NOTE	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Operating profit arrived at after crediting:</b>				
Bad debts recovered	637	837	-	-
Net reversal of allowance of doubtful debts	-	2,118	-	-
Dividend income from subsidiary	-	-	58,608	237,501
Gain on disposal of property, plant and equipment	2,842	7,896	2,164	6,009
Gain on disposal of other investment	-	531	-	531
Rental income from subsidiary	-	-	840	780

### 17. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Directors:</b>				
- Fees	321	304	321	304
- Remuneration	1,534	2,475	1,534	2,475
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	1,120	921	1,120	921
	2,975	3,700	2,975	3,700
- Post-employment benefits	101	139	101	139
- Share-based payments	172	294	172	294
	3,248	4,133	3,248	4,133
<b>Other key management personnel:</b>				
- Short term employee benefits	3,245	3,078	1,894	2,015
- Post-employment benefits	121	119	52	82
- Share-based payments	113	-	113	-
	3,479	3,197	2,059	2,097
	6,727	7,330	5,307	6,230

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.

## 18. TAX EXPENSE

*Recognised in the income statements*

Major components of tax expense include:

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Current tax expense</b>					
Malaysian - current year		28,260	22,743	4,343	66,558
- overprovision in prior years		(658)	(784)	(509)	(371)
Total current tax		27,602	21,959	3,834	66,187
<b>Deferred tax expense</b>					
Origination and reversal of temporary differences		(2,669)	(2,031)	(2,356)	(2,244)
Under/(Over) provision in prior years		239	(716)	-	(716)
Total deferred tax recognised in the income statements	13	(2,430)	(2,747)	(2,356)	(2,960)
Total tax expense		25,172	19,212	1,478	63,227
<b>Reconciliation of effective tax expense</b>					
Profit before tax		101,291	97,705	65,921	245,153
Tax at Malaysian tax rate of 26% (2007 - 27%)*		26,335	26,380	17,139	66,191
Tax exempt income		-	(15)	(15,238)	(523)
Non taxable income		(42)	(1,640)	-	(1,618)
Non-deductible expenses		883	1,587	1,133	1,232
Double deduction on permitted expenses		(1,176)	(4,321)	-	-
Tax incentives		(537)	(362)	(537)	(362)
Effect of change in tax rate*		(687)	(762)	(654)	(726)
Other items		26	(155)	(3)	120
Current year losses for which no deferred tax asset was recognised		789	-	-	-
		25,591	20,712	1,840	64,314
Overprovision in prior years		(419)	(1,500)	(362)	(1,087)
Tax expense		25,172	19,212	1,478	63,227

\* 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

### 19. EARNINGS PER ORDINARY SHARE

#### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share as at 31 December 2008 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

Profit attributable to ordinary shareholders

	GROUP	
	2008 RM'000	2007 RM'000
Profit for the year attributable to shareholders	76,149	78,493

Weighted average number of ordinary shares

	GROUP	
	2008 '000	2007 '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)	24.9	25.7

### 20. DIVIDENDS

	SEN PER SHARE (NET OF TAX)	TOTAL AMOUNT RM'000	DATE OF PAYMENT
<b>2008</b>			
Interim 2008 ordinary	3.7	11,313	8 October 2008
Final 2007 ordinary	5.6	16,969	16 May 2008
Final 2007 ordinary - special	16.7	50,907	16 May 2008
Total amount		79,189	
<b>2007</b>			
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	

**20. 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	17,198

**21. 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.

**22. 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 did not hedge any foreign trade receivables and trade payables denominated in foreign currency during the year. In respect of other monetary assets and liabilities held in currencies other than Ringgit Malaysia, the Group ensures that the net exposure is kept to an acceptable level. Foreign currency forward contracts are entered into by the Group, where appropriate, to manage its exposure to fluctuations in foreign currency. These contracts are entered into with licensed financial institutions.

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.

**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 requires collateral from its customers.

## Notes To The Financial Statements

### 22. FINANCIAL INSTRUMENTS (CONTINUED)

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

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Amount due from a subsidiary	-	-	188,036	147,579
Loan to a subsidiary	-	-	10,000	-

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 as fixed rates investments and upon 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.

	2008			2007		
	EFFECTIVE INTEREST RATE %	TOTAL RM'000	WITHIN 1 YEAR RM'000	EFFECTIVE INTEREST RATE %	TOTAL RM'000	WITHIN 1 YEAR RM'000
<b>GROUP</b>						
<b>Financial assets</b>						
Fixed deposits with licensed banks	3.38	187,663	187,663	3.51	177,221	177,221
Advances to supplier	4.94	2,594	2,594	-	-	-
Loan to a subsidiary	4.88	10,000	10,000	-	-	-
<b>Financial liability</b>						
Unsecured bank loan	3.03	6,364	6,364	3.03	1,310	1,310
<b>COMPANY</b>						
<b>Financial assets</b>						
Fixed deposits with licensed banks	3.38	130,720	130,720	3.52	169,286	169,286
Advances to supplier	4.94	2,594	2,594	-	-	-
Loan to a subsidiary	4.88	10,000	10,000	-	-	-



**22. FINANCIAL INSTRUMENTS (CONTINUED)****Fair values**

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

The fair value and nominal value of unrecognised forward exchange contracts entered into by the Group are Nil (2007 - RM67,000) and Nil (2007 - RM11,536,000) respectively.

**23. OPERATING LEASES****Leases as lessee**

Non-cancellable operating lease rentals are payable as follows:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Less than one year	396	803	156	396
Between one and five years	71	254	-	75
	467	1,057	156	471

The Group and the Company lease 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.

**24. CAPITAL COMMITMENTS**

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Capital expenditure commitments</b>				
<b>Plant and equipment</b>				
<i>Authorised but not contracted for</i>	3,987	15,855	2,447	10,057
<i>Contracted but not provided for and payable:</i>				
Within one year	2,858	1,080	1,033	1,020
	6,845	16,935	3,480	11,077

## Notes To The Financial Statements

### 25. 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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Carlsberg Breweries A/S</b>			<b>(4,034)</b>	<b>(3,445)</b>
Purchases of materials and products	540	423		
Reimbursement of expenses	6,454	4,752		
Royalties payable	17,382	15,549		
<b>Carlsberg Singapore Pte. Ltd.</b>			<b>3,977</b>	<b>18,072</b>
Sale of goods and services	16,790	61,372		
Reimbursement of expenses	4,238	15,791		
<b>Carlsberg Distributors Taiwan Ltd.</b>				
Sale of goods and services	1,741	1,444	832	192
<b>Lion Brewery (Ceylon) PLC</b>				
Sale of goods and services	348	609	76	103
<b>Carlsberg Brewery (Guangdong) Ltd.</b>				
Purchases of materials and products	467	1,454	(132)	(189)
<b>Danish Malting Group</b>				
Purchases of materials and products	9,923	2,850	(3,637)	(2,850)
<b>Slodownia Strzegom Sp.z.o.o.</b>				
Purchases of materials and services	741	-	(340)	-

## 25. RELATED PARTIES (CONTINUED)

## Other related party transactions (continued)

COMPANY	TRANSACTION VALUE YEAR ENDED 31 DECEMBER		BALANCE OUTSTANDING AS AT 31 DECEMBER	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Carlsberg Marketing Sdn. Bhd.</b>			<b>188,036</b>	<b>147,579</b>
Sale of goods and services	<b>704,582</b>	633,406		
Transfer of property, plant and equipment at net book value	<b>24</b>	284		
Management fee received	<b>11,500</b>	6,000		
Rental income	<b>840</b>	780		
Dividend income	<b>58,608</b>	237,501		
<b>Luen Heng F &amp; B Sdn. Bhd.</b>				
Loan	<b>10,000</b>	-	<b>10,000</b>	-
<b>Carlsberg Breweries A/S</b>			<b>(4,002)</b>	<b>(1,766)</b>
Purchases of materials and products	<b>540</b>	339		
Reimbursement of expenses	-	2,932		
Royalties payable	<b>4,467</b>	4,298		
<b>Lion Brewery (Ceylon) PLC</b>				
Sale of goods and services	<b>126</b>	11	<b>76</b>	11
<b>Danish Malting Group</b>				
Purchases of materials and products	<b>9,923</b>	2,850	<b>(3,637)</b>	<b>(2,850)</b>

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.

### 26. ACQUISITIONS OF BUSINESS AND A SUBSIDIARY IN JOINT VENTURE ENTITY

#### 26.1 Acquisition of business

On 26 November 2008, the Company subscribed for 2,100,000 ordinary shares of RM1.00 each, representing 70% of the shares in Luen Heng F & B Sdn. Bhd. ("LHFB"), satisfied in cash. LHFB is involved in the importation, distribution and sale of alcoholic and non alcoholic beverages. Simultaneously, LHFB entered into a Sale of Business Agreement to acquire part of the business from its 30% shareholder, Luen Heng Agency Sdn. Bhd. In the period 1 December 2008 to 31 December 2008, the subsidiary contributed a profit of RM189,000.

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

	FAIR VALUE OF ASSETS/ (LIABILITIES) ACQUIRED RM'000	RECOGNISED VALUES ON ACQUISITION RM'000
Intangible asset	7	7
Property, plant and equipment	1,896	1,896
Inventories	11,738	11,738
Payables and accruals	(3,739)	(3,739)
Net identifiable assets and liabilities		9,902
Goodwill on acquisition		5,000
Consideration payable, to be satisfied in cash		14,902

## 26. ACQUISITIONS OF BUSINESS AND A SUBSIDIARY IN JOINT VENTURE ENTITY (CONTINUED)

## 26.2 Acquisition of subsidiary by a joint venture entity

On 23 June 2008, the Group's jointly-controlled entity, Carlsberg Distributors Taiwan Ltd ("CDTL") entered into a Share Sale Agreement to acquire 75% interest in shares in Cottingham & Co. Ltd.

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

	FAIR VALUE OF ASSETS/ (LIABILITIES) ACQUIRED RM'000	RECOGNISED VALUES ON ACQUISITION RM'000
Property, plant and equipment	472	472
Inventories	3,810	3,810
Receivables, deposits and prepayments	1,782	1,782
Cash and cash equivalents	480	480
Loans and borrowings	(2,644)	(2,644)
Payables and accruals	(2,451)	(2,451)
Net identifiable assets and liabilities		1,449
Minority interest		(362)
Net assets acquired		1,087
Goodwill on acquisition		1,364
Consideration payable, to be satisfied in cash		2,451
Cash acquired		(480)
		1,971

# 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 67 to 113 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

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

**DATO' CHIN VOON LOONG**  
**DIRECTOR**

**SØREN HOLM JENSEN**  
**MANAGING DIRECTOR**

Shah Alam  
12 March 2009

# 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 67 to 113 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 12 March 2009.

**CHONG CHOON YENG**

Before me,  
P. Thirirajoo  
(No. W438)  
Commissioner for Oaths

Kuala Lumpur  
12 March 2009

# Independent Auditors' Report

To The Members Of Carlsberg Brewery Malaysia Berhad  
(Company No. 9210-K) (Incorporated in Malaysia)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Carlsberg Brewery Malaysia Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 67 to 113.

### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### **KPMG**

Firm Number: AF 0758  
Chartered Accountants

Petaling Jaya, Selangor  
12 March 2009

### **ADRIAN LEE LYE WANG**

Approval Number: 2679/11/09(J)  
Chartered Accountant



# 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

## 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 : 084-213 892  
Fax : 084-213 892

# Particulars Of Group Properties

The Properties included in land and buildings as at 31 December 2008 (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	38	30,383	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	31	354	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	16	674	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	16	1,483	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	29	336	28/3/95 (acquisition)
394, Taman AST, Jalan Labu, 70200 Seremban, Negeri Sembilan Darul Khusus.	Land and Building	0.04	Office and Warehouse	Freehold	14	345	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	18	8,865	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	11	194	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)
						61,586	

# Analysis Of Shareholdings

As at 27 February 2009

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	584	4.55	6,384	0.00
100 - 1,000	3,919	30.52	3,182,154	1.04
1,001 - 10,000	6,518	50.76	25,849,525	8.45
10,001 - 100,000	1,625	12.65	48,686,148	15.92
100,001 - 15,287,399*	195	1.52	72,091,289	23.58
15,287,400 and above**	1	0.01	155,932,500	51.00
<b>TOTAL</b>	<b>12,842</b>	<b>100.00</b>	<b>305,748,000</b>	<b>100.00</b>

\* Less than 5% of issued holdings

\*\* 5% and above of issued holdings

## THIRTY LARGEST SHAREHOLDERS

NAME	NO. OF SHARES	% OF SHARES
1. UOBM Nominees (Asing) Sdn Bhd Carlsberg Breweries A/S	155,932,500	51.00
2. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	9,085,320	2.97
3. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 2)	4,382,000	1.43
4. HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd For Winscope Developments Ltd	2,270,900	0.74
5. Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For American International Assurance Berhad	2,207,500	0.72
6. Pertubuhan Keselamatan Sosial	2,155,700	0.71
7. Tai Tak Estates Sdn Bhd	1,500,000	0.49
8. TM Asia Life Malaysia Bhd As Beneficial Owner (PF)	1,500,000	0.49
9. UOBM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Yoke Fong @ Wong Nyok Fing (6110553745-T232)	1,400,000	0.46
10. Enterlight Investments Pte Ltd	1,224,900	0.40
11. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (NON PAR 1)	1,200,000	0.39

THIRTY LARGEST SHAREHOLDERS (CONTINUED)

NAME	NO. OF SHARES	% OF SHARES
12. EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Mak Tian Meng (BSR)	1,000,000	0.33
13. HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd For Kwong Soon Engineering Co Pte Ltd	967,500	0.32
14. Ho Sim Guan	960,000	0.31
15. UOBM Nominees (Asing) Sdn Bhd Chung Khiaw Bank Nominees (Pte) Ltd For Ko Choon Huat	910,000	0.30
16. Citigroup Nominees (Asing) Sdn Bhd Exempt An For OCBC Securities Private Limied (Client A/c-NR)	896,354	0.29
17. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund 3728 For SPDR S&P Emerging Asia Pacific ETF	766,403	0.25
18. Cartaban Nominees (Asing) Sdn Bhd State Street London Fund MATF For Marathon New Global Fund PLC	745,800	0.24
19. Citigroup Nominees (Asing) Sdn Bhd UBS AG For Artradis Barracuda Fund	729,300	0.24
20. CIMSEC Nominees (Asing) Sdn Bhd Exempt An For CIMB-GK Securities Pte Ltd (Retail Clients)	667,798	0.22
21. Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Small Cap Series	655,600	0.21
22. Kam Poh Realty Sdn Bhd	635,900	0.21
23. Wong Thian Soon	628,748	0.21
24. Citigroup Nominees (Asing) Sdn Bhd UBS AG For AB2 Fund	570,600	0.19
25. Citigroup Nominees (Asing) Sdn Bhd CB Spore GW For Bukit Sembawang Estates Limited (OCB33879-000MIS)	559,998	0.18
26. G.T.Y. Holdings Sdn Bhd	500,000	0.16
27. AMSEC Nominees (Tempatan) Sdn Bhd AmFraser Securities Pte Ltd For Chong Kah Yung (1854)	491,100	0.16
28. AMSEC Nominees (Tempatan) Sdn Bhd AmFraser Securities Pte Ltd For Chong Kah Min (1835)	491,000	0.16
29. AMSEC Nominees (Tempatan) Sdn Bhd AmFraser Securities Pte Ltd For Chong Kah Lin (1855)	491,000	0.16
30. Citigroup Nominees (Asing) Sdn Bhd Exempt An For Mellon Bank (ABNAMRO MELLON)	490,900	0.16
TOTAL	196,016,821	64.11

## Analysis Of Shareholdings

As at 27 February 2009

### 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 <sup>a</sup>	0.02
a. Deemed interested 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 2008 or entered into since the end of the previous financial year ending 31 December 2007, 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 ("**CBAS**"), 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. CBAS had granted distribution rights to CDTL to sell and distribute Carlsberg beer products in the territory of Taiwan.

# Notice Of 39th Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Thirty-Ninth 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, 28 April 2009 at 11.00 a.m. for the following purposes:

## AGENDA

### Ordinary Business

1. To receive and adopt the Audited Accounts for the financial year ended 31 December 2008 together with the Directors' and Auditors' reports thereon. **Ordinary Resolution 1**
2. To approve the payment of a Final Dividend of 7.5 sen per 50 sen share less Malaysian income tax for the financial year ended 31 December 2008. **Ordinary Resolution 2**
3. To re-elect the following Directors who retire pursuant to Article 92(a) of the Articles of Association of the Company:
  - (a) Dato' Lim Say Chong **Ordinary Resolution 3**
  - (b) Dato' Chin Voon Loong **Ordinary Resolution 4**
4. To re-elect the following Directors who retire pursuant to Article 92(e) of the Articles of Association of the Company:
  - (a) Jørn Peter Jensen **Ordinary Resolution 5**
  - (b) Graham James Fewkes **Ordinary Resolution 6**
5. To approve the payment of Directors' fees of RM321,000.00 for the financial year ended 31 December 2008. **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 due notice has been given.

### Special Business

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

8. **AUTHORITY FOR DIRECTORS TO ISSUE AND ALLOT 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 and allot in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this Resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being;

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

### 9. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

### Ordinary Resolution 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 RM256.2 million being the combined total of the audited distributable retained earnings and share premium reserves of the Company as at 31 December 2008 which stood at RM248.8 million and RM7.4 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”.

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 1 April 2009 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 next AGM of the Company at which time it will lapse, unless by resolution passed at the next 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 all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."



## Notice Of 39th 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-Ninth Annual General Meeting to be held on Tuesday, 28 April 2009 a Final Dividend of 7.5 sen per 50 sen share less Malaysian income tax for the financial year ended 31 December 2008 will be payable on 18 May 2009 to shareholders registered in the Register of Members and Record of Depositors at the close of business on 5 May 2009.

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 2009 in respect of transfers;
- (b) Shares deposited into the depositor's securities account before 12.30 p.m. on 30 April 2009 (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  
**CHONG CHOON YENG (MIA 26002)**  
Secretary

Shah Alam  
1 April 2009

#### 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 holding 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 22 April 2009 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

### EXPLANATORY NOTES ON SPECIAL BUSINESS

#### **Ordinary Resolution 9 - Authority for directors to issue and allot 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 best 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 1 April 2009 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 1 April 2009 which is enclosed together with the Annual Report.

# Statement Accompanying the Notice of 39th Annual General Meeting

1. Please refer to “Directors’ Profile” on pages 44 to 47 of this Annual Report for details of Directors who are standing for re-election.
2. Board Meetings

A total of four (4) Board meetings were held in the financial year ended 31 December 2008:

DATE
28 February 2008
28 April 2008
4 August 2008
29 October 2008

Details of Directors’ attendance at Board Meetings held in the financial year ended 31 December 2008 are as follows:

DIRECTORS	NO. OF MEETINGS ATTENDED
Dato’ Lim Say Chong ( <i>Independent Non-Executive Chairman</i> )	4/4
Tan Sri Datuk Asmat bin Kamaludin ( <i>Senior Independent Non-Executive Director</i> )	3/4
Jesper Bjoern Madsen ( <i>Non-Executive Director</i> )(resigned on 18 February 2009)	3/4
Søren Holm Jensen ( <i>Managing Director</i> )	4/4
Dato’ Chin Voon Loong ( <i>Executive Director</i> )	4/4
Datuk M.R. Gopala Krishnan C.R.K. Pillai ( <i>Independent Non-Executive Director</i> )	4/4
Janne Petteri Juvonen ( <i>Non-Executive Director</i> ) (resigned on 9 December 2008)	2/4
Jørn Peter Jensen ( <i>Non-Executive Director</i> ) (appointed on 12 March 2009)	N/A
Graham James Fewkes ( <i>Non-Executive Director</i> ) (appointed on 12 March 2009)	N/A

# Form Of Proxy

NO. OF SHARES HELD	
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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/her \_\_\_\_\_ I.C/Passport No. \_\_\_\_\_  
of \_\_\_\_\_

or the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Ninth Annual General Meeting of the Company to be held on Tuesday, 28 April 2009 at 11.00 a.m., and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below (if no indication is given, the proxy will vote as he thinks fit or abstain from voting):

		FOR	AGAINST
Ordinary Resolution 1	Adoption of the Directors' and Auditors' Reports and Audited Accounts for the financial year ended 31 December 2008.		
Ordinary Resolution 2	Approval of payment of Final Dividend.		
Ordinary Resolution 3	Re-election of Dato' Lim Say Chong as Director.		
Ordinary Resolution 4	Re-election of Dato' Chin Voon Loong as Director.		
Ordinary Resolution 5	Re-election of Jørn Peter Jensen as Director.		
Ordinary Resolution 6	Re-election of Graham James Fewkes as Director.		
Ordinary Resolution 7	Approval of Directors' fees of RM321,000.00 for the financial year ended 31 December 2008.		
Ordinary Resolution 8	Re-appointment of KPMG as auditors and to authorize the Directors to determine their remuneration.		
Ordinary Resolution 9	Authority for Directors to issue and allot 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.		

Please indicate with a tick (✓) how you wish your vote to be cast in respect of each resolution above.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

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 holding 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 22 April 2009 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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## Directors

**Dato' Lim Say Chong**  
J.S.M., D.M.P.N.  
Chairman

**Tan Sri Datuk Asmat Bin Kamaludin**  
P.S.M., P.J.N., J.S.M., S.M.J., K.M.N.

**Søren Holm Jensen**  
Managing Director

**Dato' Chin Voon Loong**  
D.S.P.N.

**Datuk M.R. Gopala Krishnan**  
**C.R.K. Pillai**  
P.J.N.

**Jørn Peter Jensen**

**Graham James Fewkes**

## Company Secretary

**Chong Choon Yeng**

## Auditors

**KPMG**

## Solicitors

**Shearn Delamore & Co.**

## Principal Bankers

**Public Bank Berhad**  
Wisma Lim Foo Yong,  
86, Jalan Raja Chulan,  
50200 Kuala Lumpur.

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

**The Royal Bank of Scotland Berhad**  
(formerly known as ABN Amro Bank Berhad)  
Level 1, Menara Maxis,  
Kuala Lumpur City Centre,  
50088 Kuala Lumpur.

## Registered Office And Principal Place Of Business

No. 55, Persiaran Selangor, Section 15,  
40200 Shah Alam,  
Selangor Darul Ehsan.  
Tel : +603 5522 6688  
Fax : +603 5519 1931  
Email : [info@carlsberg.com.my](mailto:info@carlsberg.com.my)  
Website : [www.carlsberg.com.my](http://www.carlsberg.com.my)

## Share Registrar

**Symphony Share Registrars Sdn Bhd**  
Level 26, Menara Multi-Purpose,  
Capital Square,  
No 8, Jalan Munshi Abdullah,  
50100 Kuala Lumpur.  
Tel : +603 2721 2222  
Fax : +603 2721 2530 / 2531

## Stock Exchange Listing

**Main Board Of Bursa Malaysia  
Securities Berhad**

[www.carlsberg.com.my](http://www.carlsberg.com.my)

**Carlsberg Brewery Malaysia Berhad (9210-K)**  
No. 55, Persiaran Selangor, Section 15,  
40200 Shah Alam, Selangor Darul Ehsan,  
Malaysia.