Carlsberg Malaysia ended 2010 strongly, with the Group's profit after tax growing by 75% on the back of a revenue increase of 31% compared with 2009. The strong growth was supported by positive consumer demand, improved execution, efficiency improvements and the successful integration of the Singapore business into the Malaysian business. We are particularly proud with the achievement of our crown jewel, Carlsberg Green Label, which maintained its leading position as Malaysia's preferred brand. We also continued to enjoy very positive growth pattern in the growing premium segment, where strong double-digit growth and positive share gain were recorded during the year under review.

Our subsidiary, Luen Heng F&B (LHFB) continued its strong growth momentum by achieving double digit growth in beer volumes, driven mainly by organic growth and expansion of premium portfolio to post an increase of 29% in profit after taxes over 2009.

Carlsberg Singapore (CSPL) also delivered robust financial performance improvements as revenue grew by 6% while profit after tax surged 55% when compared to a year ago. Strong profit growth was driven mainly by improvement in sourcing efficiencies and volume growth. Positive performance across all channels was recorded, with the highest increase coming from Modern On-Trade, supported by strong portfolio execution and growing demand from increasingly sophisticated consumers.

With the full integration of the Malaysia and Singapore operations, significant improvements in efficiencies were recognized across all functions, with the most notable ones being sourcing logistics, cash flow management and marketing functions.

Review of Operations

by Managing Director

Soren Ravn

In 2010, we embarked on an aggressive expansion strategy and total volumes in the premium segment posted strong double-digit growth over the 12-month period.

Review of Operations by Managing Director

Carlsberg Green Label further widened its gap from the competitors as the preferred beer choice among beer drinkers in Malaysia.

Winning the Commercial Must-Win Battles

(i) Reinforcing Carlsberg as the preferred beer in Malaysia

In 2010, our Sales and Marketing teams had been very focused in delivering top-line growth through winning the Must Win Battles (MWBs) that had been laid out at the beginning of the year. With Carlsberg being our flagship brand, one of the MWBs was to further strengthen Carlsberg's brand equity as we believe that strong brand health is key to deliver sustainable growth. We increased our marketing investment by more than 20% to drive positive brand health growth. Various innovative and impactful through-the-line campaigns were undertaken throughout the year to foster closer engagement with both trade customers and consumers and we are pleased to see the positive results that followed.

Based on the annual brand tracker conducted by international research agency Millward Brown, Carlsberg Green Label further widened its gap from the competitors as the preferred beer choice among beer drinkers in Malaysia. Carlsberg's position as Malaysia's leading beer brand was further reaffirmed when it was awarded the coveted Gold recognition at the 2010 Putra Awards and Most Trusted Brand by Reader's Digest readers in Malaysia and Asia for the 12th consecutive year.

(ii) Growing our premium portfolio

Strengthening our foothold in the premium segment was also one of the battles that Carlsberg Malaysia vowed to win, and we have made very good progress through the joint venture with LHFB. In 2010, we embarked on an aggressive expansion strategy and total volumes in the premium segment posted strong double-digit growth over the 12-month period. We are pleased to see that Corona continued to perform positively and further strengthened its position as one of the best selling imported bottled beer brands in Malaysia. Hoegaarden maintained its strong momentum and emerged as the most sought after super premium beer where an impressive growth of more than 150% was recorded.

We are aware that more beer consumers are looking for unique and distinctive brews to add to their repertoire, and riding on this opportunity, we added 3 distinctive beers into our premium portfolio, namely Kronenbourg 1664 – No.1 Premium Beer from France; Asahi – the No.1 beer in Japan; and Erdinger – the No.1 wheat beer from Germany. We pride ourselves to be the only brewer in Malaysia that offers a comprehensive portfolio range which includes 7 of the world's top international premium beer brands complemented by some of the most popular specialty brands.

(iii) Driving sales execution excellence and building strong collaborative relationships

Improvements in execution and speed to market continued to be one of our key focuses in 2010. During the National Sales Convention held in June 2010, our team was introduced to the concept of AVQ, an acronym for "Availability, Visibility and Quality", which emphasized on the importance of the core basics. We also invested in enhancing the skills of our sales teams to enable them to compete more effectively in the competitive market and attain sales execution excellence at all times. Based on a full year audit by our in-house market intelligence team, we recorded great improvements in our execution, increased stock freshness, and minimal market returns, which helped improved our working capital.

2010 was also a year where we invested in strengthening our relationships with our trade customers through various marketing and sales initiatives. We worked very closely with our trade partners to develop the most effective plan to grow the category. Customised marketing programs were developed and executed in partnership with our trade customers (both on-trade and off-trade). For off-trade in particular, our Key Account Teams also embarked on developing joint commercial plans that aligned both the customer's and Carlsberg Malaysia's strategic priorities. A comprehensive Customer Relationship Incentive Programme was introduced during the year, targeting at both small and mid-sized customers, to retain loyalty and build strong collaborative relationships.

Kronenbourg 1664, the No. 1 Premium Beer in France, was launched in December 2010 to strengthen our foothold in the growing premium segment.

Review of Operations by Managing Director

Improving Operational Efficiency a Key Agenda

Besides the Commercial Must Win Battles, our Company continued to focus on operational excellence throughout our supply chain and improving the quality of our products in the most efficient manner. We set ourselves a Right First Time KPI in terms of quality and our achievements consistently exceeded the European KPI benchmark of 90%. Based on a quarterly survey conducted by the Quality Department in Copenhagen for the highest quality of beer produced, our Company emerged as the best Asian brewery 3 times in 2010.

Our Continuous Improvement programmes continued to create an impact where positive team attitude development was noted among our shop floor employees. Through concerted effort to deliver continuous improvement, our Supply Chain successfully raised productivity per person by 20%.

Ensuring Sustainability Through Responsible Growth

A core element of our strategy in 2010 was to ensure that corporate social responsibility (CSR) is integrated throughout the value chain. In line with the strategy of growing our Company in a responsible way, six CSR policies developed globally were rolled out to our people, the content of which were translated into both Malay and Mandarin to encourage effective adoption.

Our Company was also committed to reduce environmental impact via efficiency improvement in energy and water usage in production and we had made good progress in this area. The Green Leadership Award 2010 awarded to us at the Asia Responsible Entrepreneurship Awards (AREA) presentation ceremony was a testament of our commitment to building a sustainable business.

On the community front, the Top Ten Charity Campaign that is fully funded by Carlsberg Malaysia continued its fund raising mission for the 24th consecutive year to assist in the development of local Chinese schools. A total of RM348 million had been raised for approximately 571 Chinese schools and institutions in Malaysia. As part of our commitment in supporting education opportunities, the Back to School project was initiated to both the Indian and East Malaysia communities. We had also in 2010 disbursed more than RM450,000 of interest-free study loans to deserving students to pursue higher education in both local and overseas institutions.

Driving Strong Business Performance Through People Engagement

Our People's dedication was one of the key drivers in enabling the Company to register another year of positive performance. Continuous development of our People and retaining talents is at

the heart of our Company's strategy. A series of team-building sessions and executive get-together sessions were organized throughout the year to drive team effectiveness and performance improvement. We also recognised the importance of creating a leadership culture to deliver superior results, hence the Carlsberg Leadership Programme was rolled out in 2010 to equip our leaders with the necessary skill sets to lead the team effectively to new heights.

Throughout the year, we have placed great emphasis on empowering our people, and the 5 Winning Behaviours rolled out in 2009 were reinforced in 2010 through various channels to promote commitment and employee engagement. Quarterly awards surrounding the 5 winning behaviours were awarded to deserving employees for their great performance.

The Outlook for 2011

2011 will be a year in which profitable growth will be driven by investment in our flagship brand – Carlsberg Green Label; continued efforts to grow through our extensive premium portfolio range; improved route-to-market models; and continued value management efforts across all our businesses.

In line with our Stand, "Thirst for Great", I believe all our employees will constantly raise the bar to new levels and deliver as promised. Moving forward, our ambition to be "The No.1 Beer Company in Malaysia that delivers long-term sustainable profitable growth" remains intact, underpinned by 5 key strategic levers:

1. **Consumers and customers:** The Carlsberg brand is the most well known beer brand among consumers and trade partners and hence a core element of our strategy is to further strengthen the Carlsberg brand via exclusive and engaging brand experiences. Building a winning portfolio that meets all consumer needs and filling the opportunities in the market, especially in the premium segment, will continue to be our key focus.
2. **Products and innovation:** Beer will continue to be our key focus and we strive to be at the forefront of innovation to bring new drinking experiences to our consumers. We will also selectively pursue beverage opportunities that have a strong fit with our core competences and infrastructure.
3. **Efficiency:** Efficiency improvement remains as one of our top priorities and we will continuously optimise our cost structure and asset base by leveraging on both global and local initiatives.
4. **People:** We want to continuously upgrade our people's capabilities and instil a leadership culture based on trust, ownership and diversity.
5. **Structure and society:** We acknowledge the importance of growing in a responsible way and CSR perspectives will continued to be integrated into our total business operations and value chain to drive sustainable growth.

I am confident that with the implementation of the above strategies, we shall continue to deliver impressive growth in the year ahead, which in turn, will propel better future earnings and long term returns to all our stakeholders.

I would like to record my most sincere thanks and appreciation to the Board for their invaluable advice and guidance. Last but not least, a big thank you to all employees of Carlsberg Malaysia Group for their continuous support and commitment in our pursuit of excellence and sustainable growth.

Soren Ravn
Managing Director

Shah Alam
4 April 2011

In line with our Stand, "Thirst for Great", I believe all our employees will constantly raise the bar to new levels.

Carlsberg Singapore

2010 was a robust year for Carlsberg Singapore (CSPL), delivering an impressive 55% growth in profit after tax, with positive growth recorded across all channels.

Under the "Must Win Battles" to drive higher volume and sustainable profit growth, several commercial strategies were implemented:

1. Carlsberg Green Label was successfully positioned to achieve higher resonance among younger consumers at all touch-points, including Digital Marketing. The team started the year under review with an impactful through-the line Chinese New Year campaign which was fronted by the mighty Carlsberg lion mascot, followed by a creative and successful 2010 FIFA World Cup campaign. Research findings showed that CGL's top-of-mind score improved by 3% in 2010 vs same period a year ago.
2. Greater emphasis on growing share in the modern on-trade outlets started reaping rewards and our investments paid off with volumes posted strong double-digit growth. More than 60 important outlets were secured over the past 12-months, some of which have since become popular hang-out places.
3. Growth momentum in the premium segment saw a big uplift and posted positive share gain following the launch of Kronenbourg 1664, which saw a continuous focus on aggressive distribution and improved outlet execution. Throughout the year, Kronenbourg 1664 was also consistently associated with Singapore's most

Successful Integration of Singapore Operations

stylish events such as being the "Official beer of Female Magazine's 50 Gorgeous People of 2010" to showcase France's top beer amongst the fashion, media and lifestyle industries. This increased awareness of the brand solidified Kronenbourg 1664 as Singapore's most fashionable beer. Meanwhile, Corona continued to be one of CSPL's key focuses and the brand was successfully expanded its distribution and registered strong double-digit growth of more than 20% over the past one year.

The successful integration of the Singapore operations into the Malaysian business had also brought about optimum operational synergies, which delivered cost savings and efficiencies.

- **Sourcing efficiencies:** Production was shifted back to Carlsberg Malaysia's brewery in Shah Alam, and this brought about positive savings in costs of goods sold and lower transportation charges.
- **Cash flow management:** Due to better inventory management driven by Carlsberg Malaysia, the finished goods inventories had also been reduced, improving the working capital as less cash was tied to empties and raw materials.
- **Marketing efficiencies:** Towards Q2, CSPL also began leveraging on a centralized marketing planning process and worked very closely with the team in Carlsberg Malaysia. Both companies aligned and shared common campaigns/themes for key promotions such as the FIFA World Cup and Christmas to create further synergies and greater impact. This led to enhanced efficiency in the groundwork and also cost savings. In addition, procurement of premium sourcing was aligned and this led to savings in costs per unit due to economies of scale.

During the year under review, CSPL was the proud recipient of numerous awards:

1. Won the Gold Award for beer category in Reader's Digest Trusted Brand award 2010.
2. Won the Silver Medal in the Ale category for Grimbergen and a Bronze Medal in the cider category for Somersby during the 2010 Beer Fest.
3. Won the Bronze Award in the Mediacorp's Viewers' Choice 2010 in the International TV Commercial for "Probably the best goal celebration" TV Ad during the FIFA World Cup 2010.

Aligned to the Group's overall strategy and direction, the Group is confident that Carlsberg Singapore's impressive performance in 2010 will continue in 2011, driven by continued investment in brand building efforts to entrench Carlsberg Green Label as the preferred brand among beer drinkers, sustained efforts in growing the premium portfolio to drive premiumization, complemented by initiatives to further improve on operational efficiencies and value management.

Luen Heng F&B Sdn Bhd

Luen Heng F&B Sdn Bhd (LHFB) continued to deliver robust results on the back of significant increase in consumer demand for imported beers, complementing Carlsberg Malaysia's strategic expansion into the premium category.

During the year, LHFB introduced several new products, which include beer brands Asahi and Erdinger from Japan and Germany respectively; Amarula Fruit Cream Liqueur & premium wines from Distell Group Ltd, South Africa.

Hoegaarden

Hoegaarden maintained its position as one of the leading imported premium beers in Malaysia, equally popular amongst men and women, with volume more than 150% compared to last year.

'Kampai' to Asahi Super Dry

A trade and media launch was held on July 16th 2010 at the Canon Celebrities Club in Kuala Lumpur to mark LHFB's appointment as the sole distributor for Asahi Super Dry, the No. 1 beer brand from Japan. The Event was attended by the Japanese Ambassador to Malaysia, His Excellency Mr. Masahiko Horie, and representatives from Asahi Breweries Ltd and Carlsberg Malaysia.

Asahi has successfully made inroads into modern on-trade channels and continues to grow by leveraging Carlsberg Malaysia's extensive distribution network.

Strong Growth in Premium Portfolio

Budweiser Specials for World Cup 2010

The 2010 FIFA® World Cup saw Budweiser – the tournament's official beer sponsor, launching its limited edition aluminium bottles with special World Cup labels and promotion activations at an exclusive media launch. The event started with a contemporary African dance, media brief in celebration of Budweiser's sponsorship of 2010 FIFA® World Cup.

Budweiser posted robust double digit growth in volume over 2009 mainly due to successful outlet activations, parties and on-trade promotions.

LHFB Imported Beer and Food Pairing Sessions

Beer and food aficionado's were treated to great dining experiences at participating restaurants in the Klang Valley, as LHFB in partnership with Nanyang Siang Pau and China Press introduced a series of beer and food pairing sessions in 4th quarter of 2010. The partnership with the media saw advertorials on the many imported premium beers such as Hoegaarden, Leffe, Stella Artois and etc being paired with seafood, oriental food and western cuisine.

Through the advertorials, LHFB was able to educate readers on the types of food, both Western & Asian cuisine that go well with the various premium beers while at the same time promoting the participating restaurants as some of the best places to eat in the Klang Valley.

Stella Artois World Draught Masters

One of Malaysia's most experienced Malaysian Belgian draught beer specialist bartender was sent by LHFB to compete against some of the world's top bartenders in the Stella Artois World Draught Masters competition in London. This is an initiative by LHFB to promote the best way which beer should be served to our consumers and ensure beer quality at all times.

Wine Portfolio Enhancement

With its continuously enhanced portfolio and competitive price positioning, LHFB is able to satisfy the increasingly sophisticated and demanding palate of Malaysian wine connoisseurs, while further growing its share in the wine category. During the year, new wine brands were introduced, such as Two Oceans, Durbanville Hills and Fleur Du Cap from South Africa among others. LHFB has continued to drive their established portfolio of wines, working closely with top wine suppliers around the globe strengthening brand equity, sustainability and sales growth.

Moving Forward

Continued efforts to integrate the operations of LHFB and Carlsberg Malaysia have resulted in successful synergies and efficiencies in logistics, trade marketing spend and better management of operating expenses. This includes the successful implementation of the SAP accounting software in July 2010 for the Finance and Administration Department, which resulted in improved integrated reporting, greater emphasis on internal controls and improved work efficiency.

LHFB will continue with the integration exercises with Carlsberg Malaysia to leverage on the diversified range of beer products. LHFB is confident of the growth prospects of its new addition, Erdinger, which has already shown robust growth and consumer acceptance. Beer sales for 2011 are set for yet another record year, driven by Hoegaarden, Budweiser, Stella Artois, Franziskaner, Asahi and Erdinger.

Lew Yoong Fah
Aged 43, Malaysian
Chief Financial Officer
Since January 2010

Juliet Yap Swee Hwang
Aged 34, Malaysian
Business Development Director
Since January 2011

Gunnar Hepp
Aged 40, German
Supply Chain Director
Since July 2009

Dato' Chin Voon Loong
Aged 54, Malaysian
Deputy Managing Director
Since June 2010

Loh Boon Lan
Aged 41, Malaysian
Human Resource Director
Since September 2008

Management

Bart Lim Siang Chin
Aged 41, Singaporean
General Manager of Carlsberg Singapore
Since January 2009

Gary Tan Sim Huan
Aged 41, Malaysian
Sales Director
Since August 2009

Soren Ravn
Aged 37, Danish
Managing Director
Since March 2010

Kenneth Soh Chee Whye
Aged 47, Malaysian
General Manager of LHFB
Since December 2008

Team

Management Perspectives on Sustainable Growth

"Carlsberg Group has come very far in terms of establishing the right platform for growth with the inclusion of Singapore and the strong premium beer portfolio available in LHFB. We observe that consumers are becoming more sophisticated, more exposed and are increasingly demanding for more varieties to suit different occasions. Riding on this positive shift in behavior and to maximize the strong growth platforms that we have invested in over the past 2 years, we need to drive further positive synergies from our strong subsidiaries and excel in portfolio selling and joint marketing programs.

Our crown jewel, Carlsberg, will continue to be our focus. We will constantly strengthen this flagship brand through smart innovation to ensure that it stays fresh and relevant to our consumers. Our comprehensive premium beer portfolio will be further enhanced to attract new consumers. We shall strive to be a positive, proactive player in Malaysian/Singaporean society, adding excitement to our own employees, our consumers and our business partners while giving back to society through strong CSR programs and active community engagement.

Together with my people, we shall constantly raise the bar and live up to our Stand - Thirst for Great."

Soren Ravn

Managing Director

Mr. Ravn holds a higher diploma in Organization and Management from Copenhagen Business School, Denmark and is a Market Economist graduate from Aarhus Business College, Denmark.

"Our key focus is to deliver sustainable value growth to shareholders. Finance functions as a business partner to the organization by supporting the growth in business and value. Driving operational efficiency with new systems and processes for both the internal and route to market will provide the right platform for sustainable growth. In order to achieve this, we need to put in place a proper organization, equipped with the right tools and people development to build a strong foundation for continuous improvement."

Lew Yoong Fah

Chief Financial Officer

Mr. Lew is a member of the Association of Chartered Certified Accountants (ACCA), United Kingdom and also holds a Masters in Business Administration from University of Malaya.

"The Corporate Affairs team constantly seeks out opportunities to be proactive to add value to the Carlsberg Malaysia Group. Strongly believing in the power of our winning behaviours especially on 'Together We are Stronger', the team is primed to respond and assist in supporting all departments, functions and stakeholders on Government matters, corporate governance matters, facilitate corporate communication and corporate relationship building as well as enhancing the Group's corporate image. This will ultimately support the Group's drive for sustainable growth.

The team has also long recognized the importance of sincere contribution to society as a strong foundation for sustainable growth, and will continue to put in relentless effort to further embrace corporate social responsibility for business excellence in a responsible way."

Dato' Chin Voon Loong

Deputy Managing Director

Dato' Chin holds a Bachelor of Science (Honours) degree in Systems and Management from The City University, London. He is also a Fellow Member of the Institute of Chartered Accountants in England and Wales.

"Long-term thinking underpins Carlsberg Malaysia's approach to sustainability and we are constantly working towards building a strong platform that caters not only to the current landscape but also to prepare us for long-term business growth. We invest our time and resources in building our brands as we know they are one of our most valuable assets that give us long-term value. We listen to our customers and consumers and develop a winning portfolio that meets their needs. With the world around us changing rapidly and presenting us with many new opportunities, we strive to be at the forefront of innovation in everything we do and increase our speed to market as we believe this will serve as a catalyst for further growth and enhancement."

Juliet Yap Swee Hwang

Business Development Director

Ms. Yap holds an honours degree in Business and Management Studies from University of Bradford, United Kingdom. She also has a Masters in Business Administration from Warwick Business School (University of Warwick), United Kingdom.

"Carlsberg Singapore will continue to drive sustainable growth in 2011 by building and strengthening our Brand Portfolio, especially in the premium segment offerings, to appeal to the increasingly sophisticated Singapore drinking population, that is also becoming more demanding in terms of variety, and also to our retail/F&B operator partners. We will continue our focus on driving execution excellence in brand availability and visibility to ensure we win at the point of purchase and consumption. Operational efficiencies improvement will remain as one of the priorities to drive profitable growth, supported by a pool of dedicated and motivated workforce that's constantly raising the bar and striving for the best."

Bart Lim Siang Chin

General Manager of Carlsberg Singapore

Mr. Lim holds an honours degree in Business Marketing from Nanyang Technological University, Singapore.

"LHFB will continue to drive its imported premium beer portfolio together with Carlsberg Malaysia and ensure the continuous growth of both the international beer brands such as Stella Artois, Budweiser and Asahi among others, as well as the specialty brands including Hoegaarden, Franziskaner Weissbeir and Erdinger. Alongside Carlsberg Green Label, we envision our core products to be a must have beer brand in trendy bars, theme restaurants, dance clubs and 5 star hotels. We also strive to make ourselves the choice for wine sourcing by providing a wide, in depth range of wine selection. With a comprehensive range of premium beers, wine as well as spirits, we poise to be a one-stop centre to our customers, bringing them a professional, personalized and convenient service which we believe will help in building loyalty and becoming a competitive advantage that brings us solid contribution in return."

Kenneth Soh Chee Whye

General Manager of LHFB

Mr. Soh holds a Bachelor of Arts (Economics) from Flinders University, Australia and a post graduate diploma in Financial Management, the University of New England, Australia.

"The CI programme is an ongoing exercise to develop a new mindset and culture among all staff. This new journey began in early 2010 and our key focus will be the empowerment of our people, especially from the shop floor. In combination with best practices, transparent communication between all levels, the passion for positive change and execution, CI will be the main driver for excellence in Health and Safety, quality, efficiency and cost. Since this new philosophy has a long term focus, it will secure the sustainability and reliability of the Company's Supply Chain in all areas.

In addition, ensuring environmental sustainability has also been a key aspect of our daily operations. We are constantly monitoring the environmental performance of our own operational activities, and through CI, we are striving for further improvement in order to live up to our pledge of protecting the environment for the benefit of our future generations."

Gunnar Hepp

Supply Chain Director

Mr. Hepp holds a diploma in Economics from Frankfurt Administrative and Economic Academy, Germany and a degree in Brewing from Weihenstephan University, Germany.

"Moving forward with constant growth is the most important thing to growing a business. To achieve that, we need to have strong foundation in the basics by making sure the sales and distribution systems and processes are right, as well as ensure that our sales team is equipped with only the best. To complement that, we need to develop our people and upgrade skills and competencies in order to create stronger force to better serve the highly competitive market. It is also important for our people to live up to the Company's winning behaviours, stay positive and embrace a "We Want to Win" mindset which is key to organization long-term success."

Gary Tan Sim Huan

Sales Director

Mr. Tan holds a degree in Bachelor of Arts (Economics) from University of Malaya.

"In 2010, we continued to invest in training our employees to ensure that their skills sets stay relevant for the business. We also focused on building leadership and coaching culture to drive team effectiveness and performance to higher level. Our talent pool continued to be motivated and retained via many approaches, one of which is by recognizing and rewarding employees who demonstrated winning behaviour and delivered impactful results. To live up to our Company's stand – Thirst for Great, we are committed to constantly challenge ourselves and strive for new levels of excellence. We aim to develop a pool of talent with sustainable development mindset, as this encourages a consistent eagerness to improve and continual learning, which is key in building a sustainable future."

Loh Boon Lan

Human Resource Director

Ms. Loh holds a Bachelor's degree in Economics (Business Administration) and a Masters in Business Administration from University of Malaya.

Building a winning portfolio that meets all consumer needs and filling the opportunities in the market, especially in the premium segment, will continue to be our key focus.

Brand Portfolio

Stella Artois, the No. 1 Belgian beer in the world and distributed in over 80 countries world-wide.

Carlsberg, our very own jewel of Carlsberg Malaysia and the No. 1 beer brand in Malaysia.

Carlsberg Gold, inspired by an original recipe from the 19th century, double brewed and blended to perfection.

Erdinger, top class premium wheat beer. With fine yeast. Traditionally matured in the bottle - like champagne.

Hoegaarden, the fastest growing imported premium beer in Malaysia, a naturally cloudy beer made from wheat for that refreshing sensation.

Corona, Mexico's leading national brand uniquely served with a slice of lime for that refreshing zesty flavour.

Danish Royal Stout, a full-bodied stout with 8% alcohol content to bring out the best aroma and taste.

Budweiser, the official FIFA® World Cup Sponsor and the King of beer.

Kronenbourg 1664, France's best-selling super premium beer, is specially brewed with aromatic Strisselspalt hops. This elegant beer has a crisp, citrus flavour with a floral aroma.

Asahi Super Dry, the No. 1 beer brand from Japan, a light flavoured beer with a crisp, clean taste and sophisticated aroma.

Brand Portfolio

Carlsberg Green Label

"Deities" and "Fairies" help usher in the Year of Prosperity

In line with the Chinese tradition to bring happiness, prosperity and longevity, Carlsberg Malaysia launched its 2010 CNY campaign celebrating the outpouring of prosperity on "Fook" Day by introducing 28 Fook "Gods" and 28 Chinese "Fairies", who were unleashed to roam the streets throughout the month-long celebration, spreading word of the auspicious day, and bestowing wishes of prosperity and happiness to individuals at Carlsberg outlets nationwide.

True to the theme of the celebrations, the campaign tagline used was "皇帽一开，添福添旺" which translates as "With the opening of a bottle of Carlsberg, there will be outpouring of prosperity". The print advertisement featured the clever weaving of the iconic Carlsberg crown into the traditional Chinese character "Fook" (a popular Chinese New Year greeting which means prosperity) and was awarded the Reader's Choice in the 12th Annual Chinese New Year Greeting Advertisement Awards organised by China Press and Nanyang Siang Pau.

During the campaign period, consumers also received a special edition CNY Music Video DVD, which contains the new Carlsberg CNY song titled "添福添旺新姿态" and other popular tunes performed by Carlsberg's very own Top Ten artistes, such as Stella Chung, Amy Wang, Aric Ho, Christopher Lay and Lim Tiong Piow. Based on Q1 2010 Millward Brown tracking, Carlsberg continued to lead in top of mind awareness, starting from the weeks leading to CNY till post-CNY, and maintained its position as the consumers' preferred beer brand.

Proud sponsor of the Chingay Parade for the 30th year

As it has done for the past thirty years, Carlsberg once again sponsored the traditional annual 3-day Chingay parade in Johor Bahru. The parade is the most spectacular procession in Malaysia and celebrates a tradition that goes back 140 years. The annual Chingay parade is organized by Johor Old Temple (one of the oldest structures in Johor Bahru) and supported by five Chinese clan associations in celebration of the birthdays of their respective deities.

During the procession, the five deities of the clans were placed securely on sedan chairs and carried by devotees to tour Johore Bahru's central business district, accompanied by dragon (uniquely made from 800 recycled Carlsberg cans) and lion dance troupes, costume parades and colourful floats. Each year, over 10,000 local and foreign spectators and devotees line the streets to witness this unique annual event and to seek blessings of the respective deities.

Carlsberg continued to lead in top of mind awareness in 2010.

Brand Portfolio

77% of beer drinkers associated football with Carlsberg, compared to other beer brands in 2010.

No.1

Carlsberg was the No. 1 beer & most preferred brand in Malaysia during the period.

+400

2 Carlsberg Tour Buses + 50 cheerleaders visited >400 bars & eateries

+1,000

More than 1,000 viewing parties organised across the country

Carlsberg wows football fans during World Cup 2010

Carlsberg's long association with football continued with the announcement of its appointment as the official beer for Team England during World Cup 2010. At the launch event on the 26th of May at The Padang, One Utama, Carlsberg hosted the Carlsberg Futsal Cup, which saw participation from 16 teams, consisting of members of the media, football fans and staff from Carlsberg Malaysia. To add to the excitement, there was a special appearance by former Liverpool and Team England player, John Barnes.

Following the futsal competition, the Carlsberg World Cup 2010 bus activation team was introduced, consisting of a group of cheerleaders, percussionists, football supporters of Team England, British Royal Guards and Police "Bobbies". Travelling in two buses, the team visited a total of 419 outlets (coffeeshops/foodcourts, pubs and bars) throughout the tournament to further strengthen relationships with both outlet owners and consumers.

Throughout the duration of the World Cup, consumers at both the off-trade and on-trade channels were treated to special promotions with Team England merchandise including lighters, t-shirts, mini footballs, match schedule pens, caps and towels when they purchased Carlsberg products. Trade partners were also supported with hundreds of viewing parties facilitated through supplies of World Cup 2010 collaterals.

As a result of the successful execution of in-outlet World Cup promotions and activities, Millward Brown's brand tracker showed that Carlsberg's association with the sport continued to strengthen, with 77% of beer drinkers associated football most to Carlsberg, compared to other beer brands in 2010. Carlsberg also further improved its position as the No. 1 preferred brand during the World Cup, with quarterly preference ratings improving by 6% in Q3.

Money Can't Buy experience with John Barnes

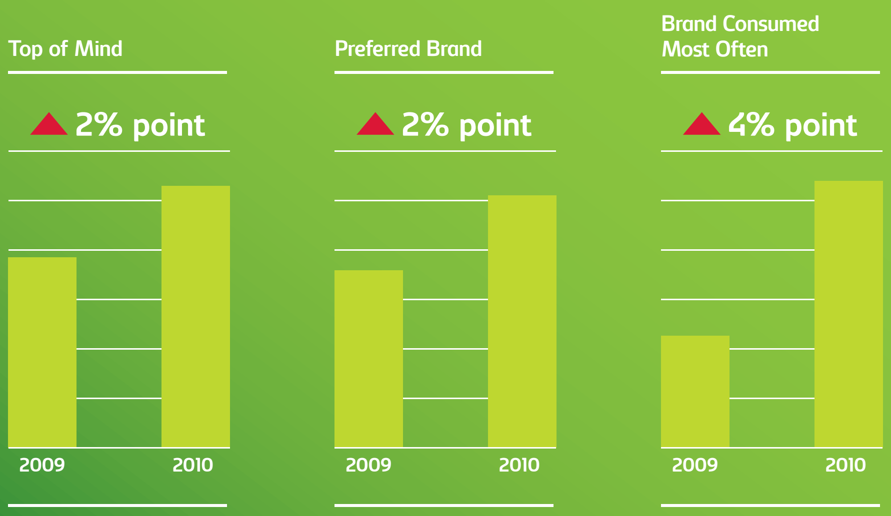
Carlsberg continued to engage with football fans following the World Cup, with the Carlsberg Football Tour, a project by Carlsberg to bring unique football experiences to football fans in Malaysia. Former Liverpool and England star, John Barnes was in Penang from 16-17 Oct 2010 where he made live appearances at selected Carlsberg outlets meeting with football fans, especially Liverpool supporters, signing autographs and taking photographs with them. Barnes also entertained customers with a penalty shoot-out game where the participants were given a chance to win special merchandise signed by the football star.

Carlsberg spreads holiday cheer with an exclusive Carlsberg Dream X'mas Party

To round off the exciting year, Carlsberg launched the "Carlsberg Dream X'mas" campaign and spread the holiday cheer with the Carlsberg Green Troupe and lovely Carlsberg Santarinas. A contest was run during the campaign via the Carlsberg Facebook site where 3 lucky winners were chosen to host their very own private party with 20 of their best friends. The parties were fully paid for by Carlsberg, with international DJs brought in to add further excitement.

The campaign took on a carnival atmosphere as the Carlsberg Green Troupe made its impact on the streets of Kuala Lumpur, with dancers and entertainers engaging curious on-lookers with high-energy street dances and encouraging them to spread the holiday cheer. The Carlsberg Santarinas were also in full force as they made their way to key outlets throughout the country and thrilled patrons with premiums and promotions.

Overall, 2010 was a good year for Carlsberg Green Label, as we achieved strong growth in volume sales, and the brand equity maintained its strong position. Carlsberg's position as the Most Preferred Beer brand among consumers in Malaysia was further reinforced when it once again won the prestigious "Reader's Digest Trusted Brand Gold Award" for the 12th consecutive year, and also the Gold Award in the Beverage – Alcohol category at the inaugural Putra Brand Awards 2010.



Source: Millward Brown Beer Tracker 2009/2010

Carlsberg tops the Leaderboard across the Greens

Known for its long association with golf and being the clear brand leader in the golf segment, Carlsberg has been the leading supporter of both professional and amateur tournaments in Malaysia.

Carlsberg Golf Classic

The Carlsberg Golf Classic (CGC) is undoubtedly one of the "Majors" in the amateur local golfing calendar. First introduced as an inter-club golf tournament among the armed forces golf clubs, it has since evolved to become the biggest and longest running amateur golf tournament in Malaysia.

In 2010, the Carlsberg Golf Classic attracted approximately 5,000 golfers spread over 40 qualifying legs held at golf courses throughout the country, and culminated in the National Finals which saw the the gross and net winners from each leg competing for the title of Carlsberg Golf Classic National Champion. The National Finals drew to an exciting close at the Kuala Lumpur Golf & Country Club, with Alistair Guthrie and Sin Kok Mun clinching the Gross and Nett titles respectively.

Apart from competing at the highest level, the amateur golfers also played their part in contributiong to worthy causes. Since 2000 the CGC has incorporated a charitable element with part of the entry fees going towards deserving charitable organisations across the nation.

The Carlsberg Golf Classic series has grown in reputation within the region, especially among Singaporean amateur golfers who have regularly taken part. The popularity of the series has also led to the launch of Carlsberg Golf Classic in Vietnam in 2010.

Maybank Malaysian Open 2010

In 2010, Carlsberg continued to be one of the main sponsors of the Maybank Malaysian Open (MMO), which is one of the most prestigious golf events in the country and a leading national open competition in the region. The prestigious tournament marked several staggering successes as guests were treated to a spectacular and dramatic display of golf that saw Noh Seung-yul seal a dramatic victory after an exhilarating final round battle between seven players.

The brand's loyal golf consumers had the opportunity to witness the region's top golfers in action as promotions were carried out in selected golf clubs offering exclusive tickets to the MMO. Carlsberg Beer Garden equipped with four flat screen televisions was specially set up for our loyal consumers, giving patrons a live telecast of the tournament while enjoying a refreshing glass of Carlsberg.

Carlsberg Gold

Introduced as a Limited Edition brew in 2007 to celebrate the 160th anniversary of Carlsberg, Carlsberg Gold was re-launched in 2008 as a permanent product under the Carlsberg trademark. Its comeback as a portfolio in the company is to offer discerning drinkers with a premium quality beer that is rich in taste and prestigious. Carlsberg Gold has since enjoyed great acclaim for its superior quality and taste.

CNY 2010

In addition to enjoying the rich taste of the premium beer during the festive Chinese New Year period, customers were also rewarded with a gold coloured Yee Sang set with the purchase of 12 cans of Carlsberg Gold. The chopsticks set, which came in a premium box with an auspicious Chinese New Year message, was well received as consumers saw it as a prestigious gift that they could use in conjunction with the festive celebrations.

Exciting Consumers with Premium Rewards

Following the CNY celebrations, consumers were treated to more rewards, as food courts and hawker centers nationwide offered an exclusive giveaways, as part of the Carlsberg Gold "A Richness Brewed to Perfection" thematic campaign. The giveaways and the print advertisements supporting the campaign further reinforced the brand as a high quality premium beer, resulting in volume increasing by more than 30% during the promo period. Further along the year, throughout August and September, Carlsberg Gold commemorated its 2nd anniversary by rewarding loyal customers at all traditional on-trade channels with the opportunity to redeem their purchases for more exclusive premium items.

Carlsberg Special Brew

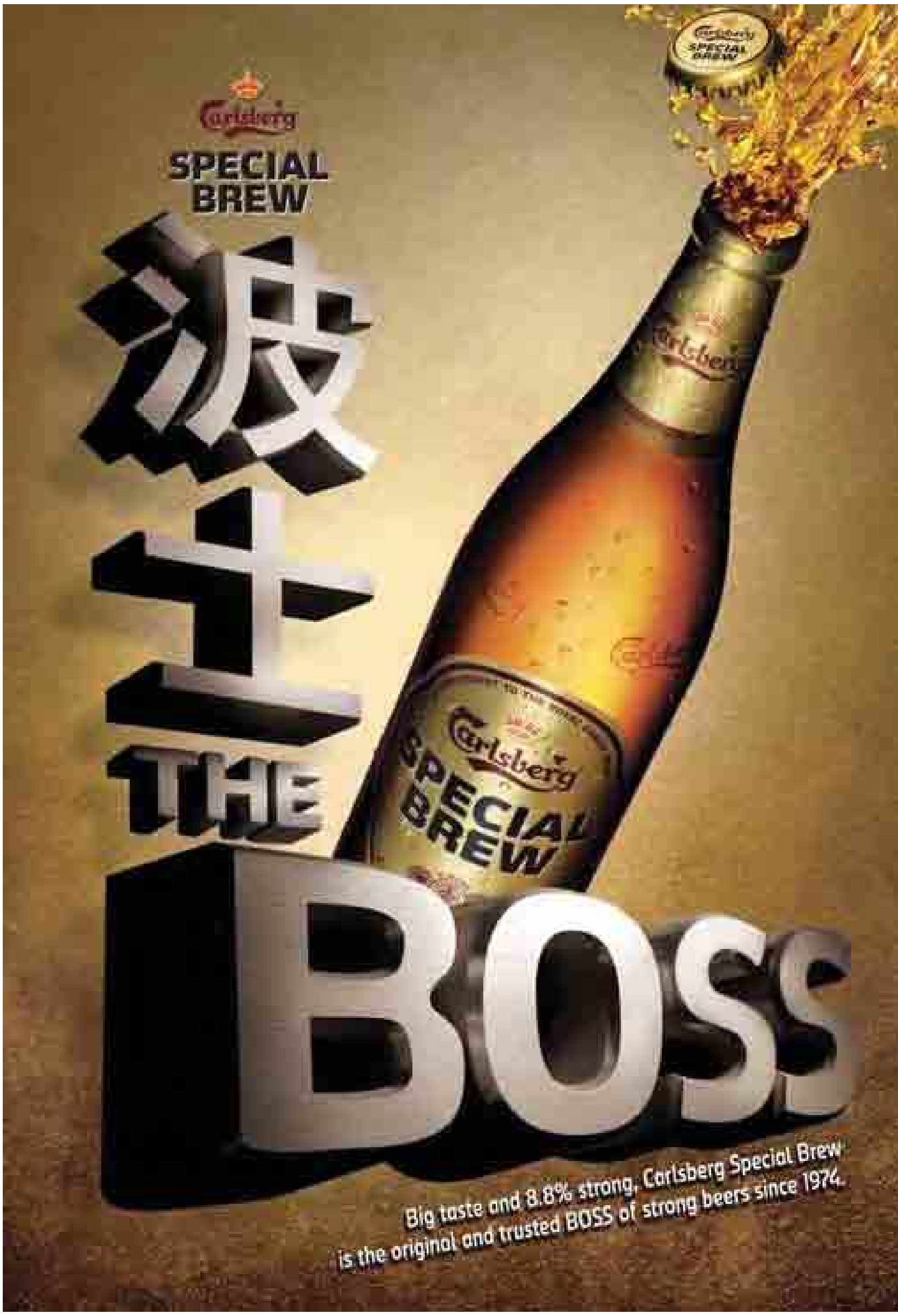
Carlsberg Special Brew continued its brand presence in the market with a new thematic campaign.

Carlsberg Special Brew (CSB) was launched in Malaysia in 1974 and has undoubtedly been the original strong beer since then. Special Brew is a full bodied, fruity tasting, strong lager with a good clean bitterness. The alcohol strength of 8.8% by volume is very well received by consumers who prefer a strong beer.

CSB "The Boss" thematic campaign

Carlsberg Special Brew continued its brand presence in the market with a new thematic campaign in April to uplift the brand's image and reinforce its spot as the No. 1 high alcohol product in Malaysia by positioning it as "The Boss" in that category.

The ad burst was carried out in April and May in all the major English, Chinese and Tamil newspapers. To further capture new drinkers and reward loyal customers, a promotion was carried out in various on-trade locations throughout the year, which saw sales volume reaching double-digit growth.



Brand Portfolio

Danish Royal Stout

Danish Royal Stout New Campaign Launch with Mark Cheng Ho-Nam

Following its exciting facelift in 2009, Danish Royal Stout, a genuinely brewed stout with 100% real stout and the only one that contains 8% alcohol content, introduced Hong Kong superstar Mark Cheng Ho-Nam as its brand ambassador in 2010. With more than 200 movies to his name, which includes Japanese and Hollywood films such as Election 2, Rogue Assassin and Young & Dangerous 5, Mark Cheng brings with him a strong character and personality that complements the smoothness of the genuine Danish Royal Stout brew.

The association with the popular actor is expected to reach out to a larger audience who can relate to Mark's outlook on life. Since its introduction in 1992, consumers have taken to Danish Royal Stout in a big way, seeing it as a strong alternative in the category.

A genuinely brewed stout with 100% real stout and the only one that contains 8% alcohol content, Danish Royal Stout introduced Hong Kong superstar Mark Cheng Ho-Nam as its brand ambassador in 2010.

SKOL, the world's 5th largest beer brand, has established itself in key niche areas around Malaysia.

SKOL & SKOL Super

SKOL, the 5th largest beer brand in the world, has established itself in key niche areas around Malaysia, targeting specific strongholds in sub-urban areas with dedicated promotions. The brand continues to deliver value to consumers, making its mark in key areas especially in the traditional trade.

SKOL presents 'Undercover Rascals'

The brand's Indian customers were given a special treat during the Deepavali festive period, as SKOL sponsored the locally produced Tamil movie 'Undercover Rascals'. Directed by Mr. Nagaraj, the 2010 Raaga Astro Most Popular Director, the movie is the 3rd locally produced Tamil movie sponsored by SKOL, and was screened in selected Lotus cinemas in October 2010.

In conjunction with the launch of the movie, fans were treated to exclusive "Meet the Fans" sessions at selected Hypermarkets in the Klang Valley, where they were able to meet with their favourite artistes as well as have opportunities to win DVD copies of the movie. This gave the consumers a rare opportunity to be up close and personal with their idols.

SKOL Super

The only Malaysian brewed beer with 9% alcohol content, continues to make its mark in key areas in the take home trade.

Connor's Stout

Connor's more than tripled its sales in 2010 as the premium quality 'real stout'.

Inspired by an original European recipe, Connor's stout is brewed locally to preserve its freshness, which is an important criteria for draft stout. Connor's 100% real stout contains 5% alcohol and is described as rich in flavor, yet smooth and balanced. In line with its Irish heritage, Connor's organised a festival in honour of St' Patrick's Day. The festival kicked off with much fanfare and loyal stout drinkers were rewarded with a series of specially designed fun and catchy Connor's T-shirts.

Being a new addition to the Carlsberg portfolio brand, Connor's more than tripled its sales in 2010 and successfully raised the bar for the premium quality 'real stout' category.

Brand Portfolio

Kronenbourg 1664

France's best-selling super premium beer, Kronenbourg 1664, finally made its way to Malaysia at the end of 2010.

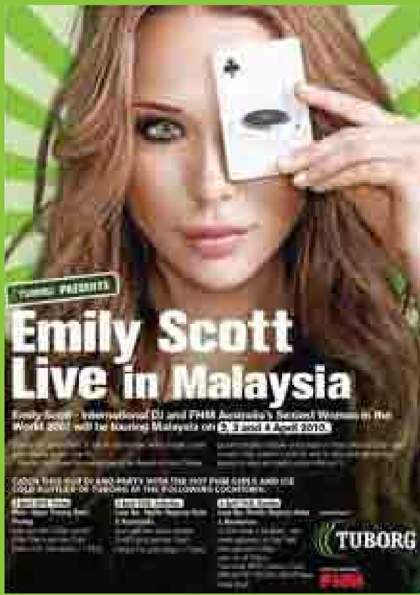
With close to 350 years of brewing heritage, France's best-selling super premium beer, Kronenbourg 1664, finally made its way to Malaysia at the end of 2010 joining more than 70 countries around the world including Hong Kong and Singapore to offer this refined brew. Kronenbourg 1664 is brewed by Kronenbourg Breweries in France, one of the largest breweries in Europe, and fully owned by the Carlsberg Group. The brand won the Gold Medal at the prestigious International Brewing Awards consecutively in 2004 and 2005, the only beer that has achieved this amazing honour.

Exquisite in every detail and universally desirable, Kronenbourg 1664 epitomises the French Art of Pleasure, with party-goers and fashionistas taking on the French lifestyle at the brand's launch held in December 2010, at The Hill in Damansara Heights. The 300 plus guests were the first in Malaysia to savour the smooth premium taste of Kronenbourg 1664, as street magicians, French maids and caricature artists introduced them to the French Art of Pleasure.

Targeting consumers who appreciate the finer things in life as a form of self-reward and outward expression, the launch of Kronenbourg 1664 is in line with Carlsberg Malaysia's focus on the premium segment, which offers tremendous potential for growth. With the addition of Kronenbourg 1664 to its portfolio, Carlsberg Malaysia is at the forefront of bringing in great and unique premium beers to satisfy the thirst of Malaysian consumers.

Kronenbourg 1664 is the only international premium beer that won the Gold Medal at the prestigious International Brewing Awards consecutively in 2004 and 2005.

Brand Portfolio



Tuborg continues to offer new experiences to music lovers in Malaysia via sponsorship of key music events.

Tuborg

Brewed using the original Tuborg yeast and the finest hops and grains under stringent supervision by master brewers around the world, Tuborg is a real cosmopolitan beer present in more than 70 different countries.

With music as its main platform and its promise of being a FUN starter, Tuborg continued to offer new experiences to the music lovers and party people in Malaysia via sponsorship of key music events. In 2010, Tuborg presented Emily Scott, a famous international DJ and 2007 FHM Australia's Sexiest Woman in the World, where she displayed her array of talents live in selected key trendy outlets across Malaysia by mixing house and electro tracks. The parties attracted a big turnout of music lovers and Tuborg was widely promoted and consumed.

Tuborg further leveraged on its music platform when famous Japanese rock band – MONO, performed live in 2010. The event saw more than 1,000 music lovers enjoying a FUN night with Tuborg being served exclusively to the artists.

Corona

Available in more than 700 outlets nationwide, Corona continues to be the No. 1 imported bottled beer in Malaysia, with a loyal following amongst the well-travelled drinkers.

In line with its consumer profile, Corona embarked on promotions that provided added value to the drinking experience. Its partnership with international surfer brand Quiksilver strengthened its affinity with consumers, as it gave away limited edition Quiksilver key chains with every bucket purchased. Year-end revellers were also given an added surprise as they were given a free beach bag for every bucket or six-pack purchased at modern on-trade and modern off-trade outlets respectively.

2010 also saw a change in the Corona bottle as the brand upsized from 330ml to 355ml bottles in November, giving consumers more value with an extra sip at the same price!

Corona continues to be the No. 1 imported bottled beer in Malaysia.

Jolly Shandy

Jolly Shandy maintained its strong brand position in 2010. During the Chinese New Year period, a special festive combo-pack consisting of 20-can lemon flavor and 8-can peach flavor was introduced. The festive pack received over-whelming response as the refreshing range successfully tapped into the taste profile of Chinese consumers and was deemed to be a must-have for the auspicious festive celebrations.

Jolly Shandy is a must have for auspicious festive celebrations.

Nutrimalt

2010 was another good year for non-alcoholic Nutrimalt where a satisfactory double-digit growth was recorded over the 12-month period. Enriched with Vitamin B & C Complex formula and coupled with attractive promotions, Nutrimalt continued to make strong inroads among retailers and consumers, and successfully attracted the health conscious and on-the-go consumers.

Nutrimalt recorded double digit growth in 2010.

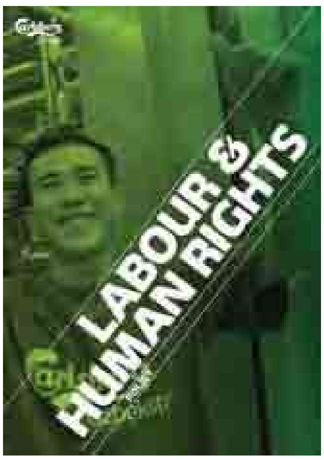
corporate social responsibility

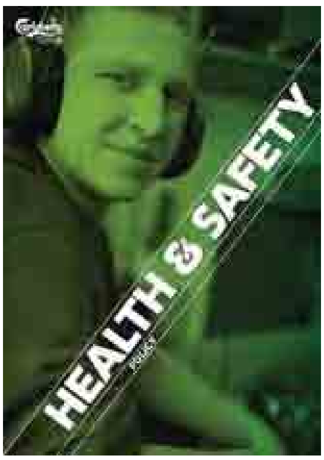
A core element of our strategy in 2010 was to ensure that sustainable best practices continue to be integrated throughout Carlsberg Malaysia's value chain.

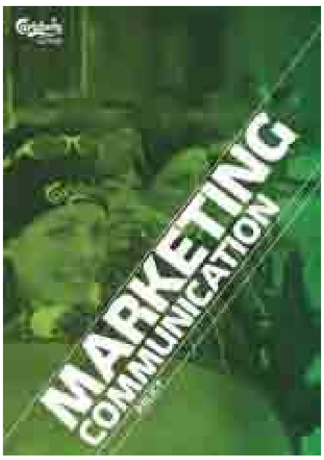
Our Commitment to Good CSR Practices

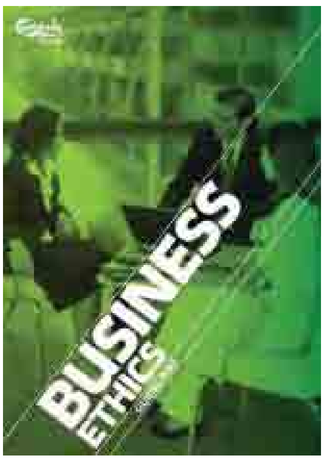
Carlsberg Malaysia continues to emphasise its Corporate Social Responsibility (CSR) policies implementation in order to achieve a sustainable social, economic and environmental future. These policies focus on four core elements of sustainability namely Community, Environment, Workplace and Marketplace. In 2010, our achievements have been recognised when Carlsberg Malaysia was awarded a Certificate of Merit by the National Annual Corporate Report Awards (NACRA) Committee for having proven our excellence in corporate reporting, corporate accountability and effective communication through the publication of informative, factual, timely and reader friendly annual report.

In the same year, our outstanding CSR practices which reflect the triple bottom line (People, Planet and Profit) were shortlisted in the StarBiz ICRM Corporate Responsibility Award. We are confident that these successes are possible with active engagement and communication with our stakeholders.

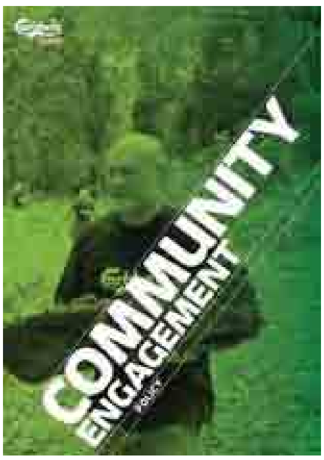


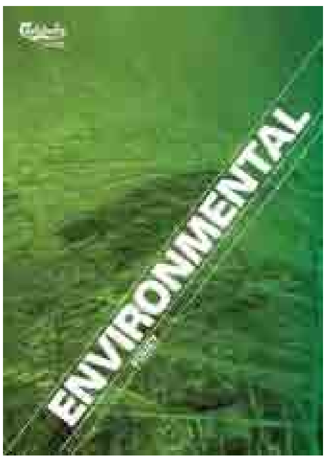






Active Engagement with our Stakeholders





Our Approach to Reporting and Communication

Carlsberg Malaysia continues to maintain an excellent performance in adopting transparent communication to all stakeholders. The CSR section of this Annual Report is aligned with the Global Reporting Initiative (GRI-G3) Guidelines and Bursa Malaysia CSR Framework. This Annual Report communicates our strategies, performances and targets to shareholders, potential investors and the public at large. Our quarterly internal newsletters, Berita Carlsberg, provides employees with information on updates on management objectives, corporate updates, marketing campaigns and promotions as well as personnel development and movements.

In ensuring the accountability, relevance and accuracy of our performance data, we were one of three breweries in the entire Carlsberg Group that underwent an audit exercise by KPMG Sustainability, the Dutch branch of KPMG international in January 2010. The findings of the exercise serve as a fair representation for strategic planning.

Our Focus on the Environment

Carlsberg Malaysia constantly monitors its environmental standards and improves its Environment Management System (EMS). This is aligned with Carlsberg Group's Environment Policy and to comply with the local environmental legislative and regulations. The Company's EMS has been externally benchmarked against international certifications including the ISO 14001 which was attained in 2008. The EMS focuses mainly on the efficient use and conservation of resources. For this reason, energy, water and waste management programmes form the centrepiece of our environmental strategy.

In August 2010, Carlsberg Malaysia was accorded the Green Leadership Award at the Asia Responsible Entrepreneurship Awards (AREA) for its robust environment management programme at its brewery and the rigorous 3R (Reduce, Reuse, Recycle) practices at the workplace. While our business continues to grow, we continue to utilise our resources in a sustainable manner to reduce the negative impact on the environment. We further research on alternative methods which are more efficient and environmentally friendly.

Greenhouse Gas (GHG) Emission Reduction

Continuous efforts were put in place by Carlsberg Malaysia on reducing waste generation and to enhance the efficiency of its waste water treatment plant. In 2010, the Company invested RM250,000 to upgrade its Wastewater Treatment Plant reactor which improved the biogas recovery, used as boiler fuel from an average of 4% to 10% of total gas usage. Increased usage of this renewable energy has resulted in further reduction in carbon emission by 8%. An increase of biogas collection reduces the GHG emissions and prevents depletion of non-renewable resources, natural gas or fossil fuel.

Carlsberg Malaysia is continuously looking into new ways to reducing electricity consumption. The Company has invested RM300,000 to replace vessels in the Cooling Plant, to avoid excess carry-over of oil which consumes more electricity during the heat transfer. This increased efficiency has resulted in the reduction of electricity usage by 7.4% in 2010 and a 5% reduction in CO2 emission into the atmosphere.

Waste Management

Carlsberg Malaysia utilizes its resources in a sustainable manner. Almost 80% of the solid wastes including paper, plastic, glass and aluminium generated from our operations are recycled. Our 3R (Reduce, Reuse, Recycle) practices help to identify key opportunities for resource optimisation. We continue to educate our employees especially those working in the Supply Chain on the 3R concept in accordance with the ISO 14001 requirements.

In 2010, Carlsberg Malaysia was accorded the Green Leadership Award at the Asia Responsible Entrepreneurship Awards (AREA) for its robust environment management programme at its brewery.

Corporate Social Responsibility - Our Focus on the Environment

Water Conservation

Water stress results from an imbalance between water use and water resources. Carlsberg Malaysia continues to research on innovations in conserving water, being the main ingredient in the brewing process and an important element in cleaning our production equipment. All waste water discharged from the brewery is treated at our in-house waste water treatment plant according to the Environment Regulation enforced by the Department of Environment. Our achievement has become a benchmark among all breweries in Carlsberg Group.

Green Campaign – Earth Hour 2010

On 27 March 2010, Carlsberg Malaysia participated in the 'Earth Hour' campaign for the third consecutive year. During the Earth Hour, employees of Carlsberg Malaysia showed great commitment in making the event a success. By switching off all non-essential lights at our brewery for one hour (from 8.30pm to 9.30pm), the total electricity saved in that hour was 670 kWh, which is equivalent to 420,000 kg of CO2 emission to the atmosphere.

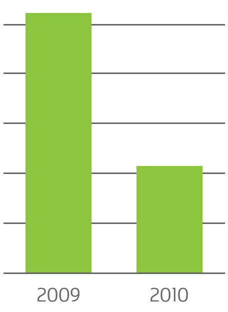
BIODIVERSITY AND CONSERVATION

Flood Mitigation Project

In October, Carlsberg Malaysia supported the Federal Irrigation and Drainage Department by providing the appointed contractor, Majunal Resources, the access to Sungai Damansara which is located behind its brewery, to mitigate the risk of flooding of areas around the river bank. The three-month project resulted in silt dredging at CH 5000 to CH 5300 for the purpose of deepening the river.

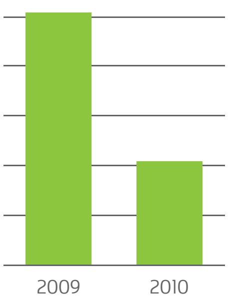
Carbon Emission Reduction kgCO2/hl (2009-2010)

reduced by 8%



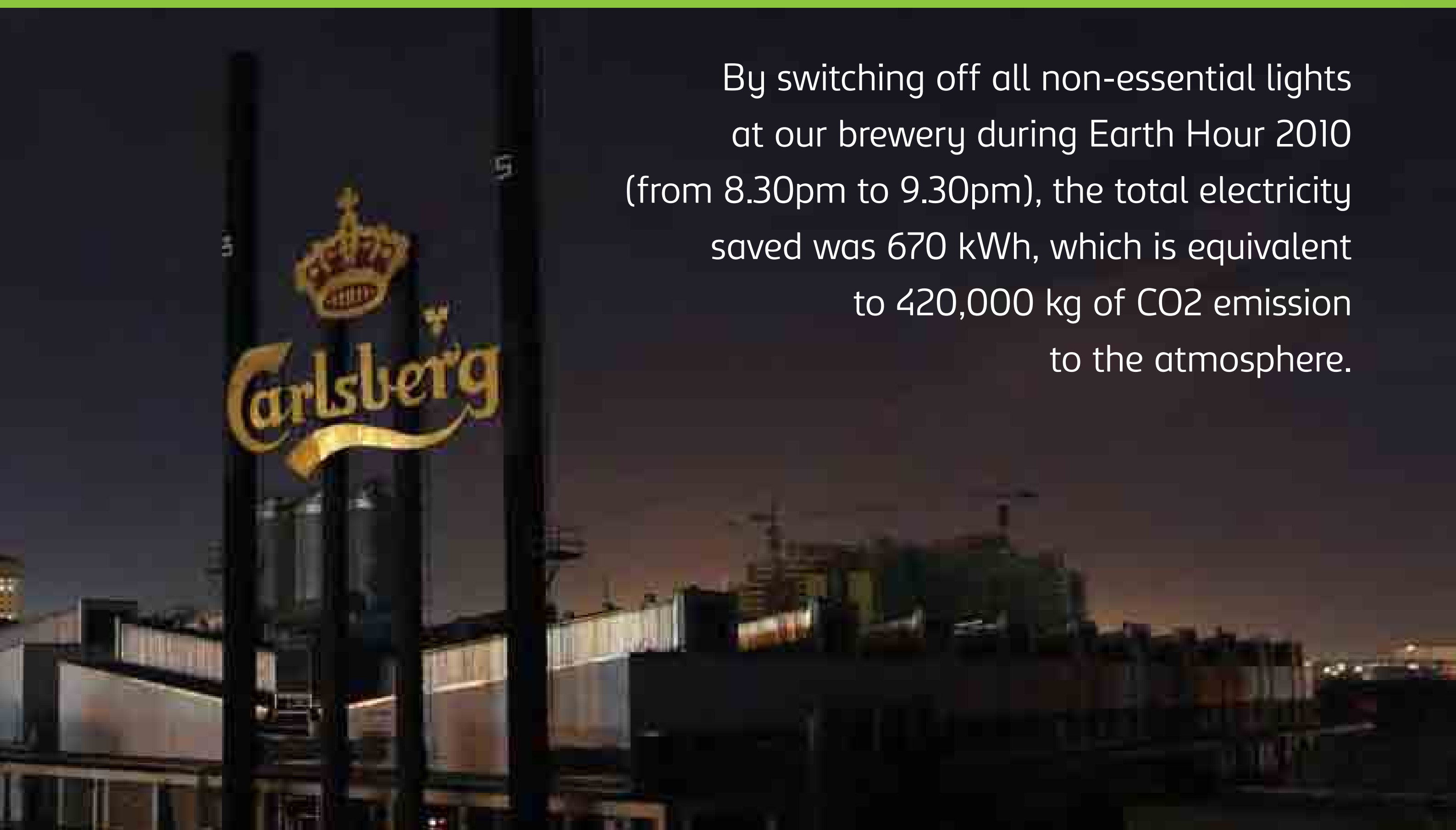
Electricity Consumption kwh/hl (2009-2010)

reduced by 7.4%



Annual Sponsorship to the Malaysian Zoological Society

For 24 consecutive years, Carlsberg Malaysia continues to provide an annual contribution to the Malaysian Zoological Society for the conservation of the elephants in the National Zoo. The Company contributed RM15,000 to the National Zoo, to subsidize the upkeep of the elephants. To date, we have provided financial aid of more than RM215,000 to Zoo Negara. Through this initiative, Carlsberg Malaysia continues to ensure that elephants in Malaysia are well conserved. More importantly, we aim to boost public awareness and knowledge on the value of biodiversity, its threats, and actions that will conserve wildlife and natural areas.



By switching off all non-essential lights at our brewery during Earth Hour 2010 (from 8.30pm to 9.30pm), the total electricity saved was 670 kWh, which is equivalent to 420,000 kg of CO2 emission to the atmosphere.

Our Focus on the Community

Recognising that CSR extends beyond corporate philanthropy, Carlsberg Malaysia focuses its community efforts on long-term social causes which help to improve the quality of life in the community where we operate and enhance our business accountability. While programmes are determined according to community needs, there are three strategic core themes which we focus on.

EDUCATION

We believe in "Sharing with the Community Unconditionally" and that education is for everyone. Carlsberg Malaysia aims to create opportunities for young people, especially through its support of education and youth development among the underprivileged society.

Top Ten Charity Campaign 2010

The Top Ten Charity Campaign is an annual CSR project which is fully funded by Carlsberg Malaysia and is supported by our media partners, Nanyang Siang Pau and China Press. With over 24 years of success, the Top Ten Charity Campaign had raised more than RM348 million through the contributions of many generous donors and fund raisers from the local community. The contributions were used to fund the development of approximately 571 Chinese schools and institutions across the country. Top Ten Charity road shows have also been an avenue for more than 90 talented Malaysians to showcase their talents and to gain exposure in live audience performances. In 2010, the Top

Carlsberg Malaysia focuses its community efforts on long-term social causes which help to improve the quality of life in the community where we operate.

Ten Charity Campaign had successfully raised a total of RM11.6 million for 11 participating schools via two rounds of charity road shows which were held in Perak, Johor, Selangor, Seremban and Malacca.

This charity initiative had won two national records in the Malaysia Book of Records on being the 'Longest Running' and the 'Highest Funds Raised through Chinese Charity Shows'. Having achieved these prestigious awards to its list of credentials, Top Ten Charity Campaign is marked as a highly regarded charity campaign in the eye of its stakeholders.

On 2 December 2010, Carlsberg Malaysia through the Top Ten Charity Campaign hosted a charity grand dinner at Sunway Resort & Spa Hotel Petaling Jaya for its business associates, partners and friends, aimed to raise funds for underprivileged children from local charity homes. The charity dinner had successfully raised RM150,000 through the generous support of almost 500 guests attending. The proceeds raised were used to fund the education of 600 children from ten homes. These homes include Rumah Sayangan, Rumah Kids, Desa Amal Jireh, Shelter Home, Yayasan Sunbeams Home, House of Joy, Rumah Charis, Angel Children Home, Shepherd Centre Foundation and Trinity Children Centre.

Corporate Social Responsibility - Our Focus on the Community

Carlsberg Hua Zong Education Fund 2010

The Carlsberg Hua Zong Education Fund which was introduced in 1998 aims to provide interest-free study loans to underprivileged students who wish to pursue their studies to the tertiary education level. The interest-free study loan was set-up with a RM5 million revolving fund, fully supported by Carlsberg Malaysia. To date, it has provided financial aid to approximately 499 students.

In 2010, the Carlsberg Hua Zong Education Fund disbursed RM455,000 interest-free study loans to 32 students who are pursuing their ambitions in the field of engineering, dentistry, business management, economy, medicine, graphic design, Chinese studies, literature, finance, information technology and communications at local and overseas institution of higher education. Each of the beneficiaries is being granted a study loan of RM5,000 for each of their academic year.

Carlsberg Hua Zong Education Fund was also the sole sponsor to the "Chinese Language Teaching and Learning Practice" seminars which were conducted by Professor Yang Hong Qing-Head of the Language Research Institute, XuZhou Institute of Technology in China.

In addition, Carlsberg Hua Zong Education Fund also sponsored book vouchers worth RM10,000 to visitors of the BookFest organised by Sin Chew Daily and Popular Bookstore held on 7 September 2010 at Kuala Lumpur Convention Centre (KLCC).

East Malaysia Community Project

I Love Chinese Education Charity Concert

Carlsberg Malaysia continued its support to the community by introducing a fund raising campaign, 'I Love Chinese Education Charity Concert' in Sabah and Sarawak in August and December 2010 respectively. The Charity Concert raised a total of RM880,000 which was channelled to 26 Chinese schools in East Malaysia.

Over the past 15 years, Carlsberg Malaysia has successfully raised approximately RM17.2 million for 60 Chinese schools in East Malaysia via its' Top Ten Charity Campaign'. The charity drive is now operating independently on a renewed platform named 'I Love Chinese Education Charity Concert' with the same objectives.

Back to School Project

2,000 school bags, water tumblers and rain coats were sponsored by Carlsberg Malaysia to the native communities of Kadazandusun, Iban and Bidayuh students in East Malaysia.

Indian Community Projects

Donation of School Bags and Stationery to Indian Students

Carlsberg Malaysia contributed more than 2,000 school bags, water tumblers and other school essentials to the Indian and Orang Asli students in Peninsular Malaysia as well as the native communities.

We believe that every child has the equal right in having the basic fundamentals to education. Carlsberg Malaysia aims to create a more knowledgeable society in support of Malaysia's Economic Transformation Programme. We believe that education is the most important means in achieving this mission.

School Fees Donation

In support of the Indian community, Carlsberg Malaysia sponsored the school fees of 30 underprivileged students from SMK Seri Kandi, Teluk Intan, Perak on 20th August 2010. To share the joy of Deepavali celebrations, 50 food hampers were also distributed to these students and their families.

SPORTS

OCM-Carlsberg Athletes Retirement Scheme

Carlsberg Malaysia being the official partner of Olympic Council Malaysia (OCM) since 1994, has been financially supporting Malaysian Sports through the OCM-Carlsberg Athletes Retirement Scheme.

The scheme serves to provide life insurance endowment coverage to deserving Malaysian athletes and to provide motivation as well as recognition to the athletes to strive for greater achievements.

We are pleased that our contributions for the past 16 years to the OCM-Carlsberg Athletes Retirement Scheme have benefited deserving Malaysian sportsmen and sportswomen.

In addition to the winning of medals in Delhi Commonwealth Games 2010 and Guangzhou Asian Games 2010 by our athletes, the scheme has to date provided a total insurance endowment coverage of approximately RM3.07 million for 88 Malaysian athletes, who have made the country proud by winning medals at the Asian Games, Commonwealth Games and the Olympics since 1998.

As a Charter Member of SportExcel, Carlsberg Malaysia has continued its annual sponsorship to this sports foundation as part of its support to the development of junior athletes.

HUMANITARIAN

Carlsberg Golf Classic Charity Funds

In 2010, the Carlsberg Golf Classic Charity Fund continued to raise funds from participants of the Golf Classic tournaments. The funds were then donated to four charity homes. Children of some of these homes were also invited to the annual OCM-Carlsberg Athletes Retirement Scheme celebration.

Our Focus on the Workplace

BUILDING A SHARED CULTURE & VALUE SYSTEM

In 2010, Carlsberg Group has adopted a new vision globally which symbolizes the diversity of the Group. The Carlsberg Stand: Thirst for Great symbolises the way forward for all employees to collaborate in a concerted effort to build an organisation who share a common culture of passion and commitment to do their best.

The concept of the Stand aligns perfectly with the 'Winning Behaviours' which is an action-oriented set of principles on best behaviours introduced in 2009. Through this Stand, the Group aims to provide a solid identity to all employees as a members of Carlsberg Group.

The Stand touches upon three topics:

- The always burning passion, thirsting for the better
- The strengths in unity. We brand as many, but stand as one
- The ambition and courage to raise the bar

Upon implementation of The Stand, Carlsberg Group has developed five core levers that form its Strategy Wheel, where this concept has been cascaded to all companies within the Group. Carlsberg Malaysia's Strategy Wheel is depicted on the following page.

The Five Winning Behaviours will continue to be the pillar of the Stand, Thirst for Great.

Throughout 2010, the Management continued to leverage on its Executive Get-togethers to showcase role models of these winning behaviours. During these events, employees who demonstrated the winning behaviours were nominated to receive a token of Winning Behaviour Role Model Awards in recognition of their value-add to the business in their daily work.

Thirst for Great

Founded on the motto, Semper Ardens – Always Burning – we never settle, but always thirst for the better. We are stronger together because we share best practices, ideas, and successes. We brand as many, but stand as one. With the courage to dare, to try, to take risks, we constantly raise the bar. We don't stop at just brewing great beer. We brew a greater future – for our consumers and customers, our communities, and our people. This passion will continue to burn and forever keep us thirsty.

Carlsberg Malaysia Strategy Wheel

The Five Winning Behaviours

Corporate Social Responsibility - Our Focus on the Workplace

INVESTING IN PEOPLE & LEADERSHIP DEVELOPMENT

Learning & Development (L&D) initiatives in 2010 were very much focused on raising the capabilities of our people through leadership and team building training workshops. In the Sales Department, a great deal of work was done to align its training modules in delivering excellence in the execution of their daily tasks in the marketplace. Creative learning methods were introduced such as classroom training and On-the-Job training (OJT). In addition to these trainings our sales team was also rejuvenated by participating in motivational workshops and team-building events aimed at fuelling their spirit to win. Our L&D concept was highlighted to the Sales Department team during the National Sales Convention held in June 2010, aimed at introducing the A.V.Q (Availability, Visibility, Quality) concept as the new sales work culture.

In the same light, a new work culture called 'Continuous Improvement (CI)' was introduced to the Supply Chain Department in January 2010. Through this culture, Carlsberg Malaysia aims to upgrade and sharpen its employees' functional skills and empower shop-floor employees in achieving highest work efficiencies.

The Asia Leadership Academy has imparted invaluable leadership and coaching skills to our Management Team. The Group Human Resource continues to provide great support in promoting leadership development in the workplace. We emphasize on the sharing of best practices and learning where our employees are given the opportunity to participate in leadership training programmes, organised at Head Quarters and on regional levels.

In supporting the 10th Malaysia Plan in skills and talent development, Carlsberg Malaysia provides the learning opportunities to students in local Universities through its internship programme. In 2010, selected candidates were stationed in Supply Chain and Corporate Affairs to enable them to gain a wider exposure during the internship.

MANAGEMENT AND LABOUR RELATIONS

Employee Engagement

Our employees are critical stakeholders and resources in ensuring corporate sustainability. In order to better understand the views of our employees, Carlsberg Malaysia has again conducted the Employee Attitude Survey (EAS) towards the end-2009, which was followed by focus group discussions throughout 2010 in each Department to address the issues raised during the EAS. The EAS is conducted every alternate year by an external consultant where the findings are benchmarked against other Fast Moving Consumer Goods (FMCGs) in Malaysia and across Carlsberg Group. EAS Pulse Check Surveys were also conducted by functions to gauge the sentiments and morale of our people. The results of the EAS Pulse Check conducted in Sales Department in December 2010 showed an overall positive trend in the following indicators:

- Immediate management: increased by 16% point
- Development: increased by 5% point
- Work condition: increased by 11% point

Let's Make a Difference

Availability - Making sure we have the Right Product, Right Assortment in the Right Place

Visibility - Making sure we have the Right POSM, Price and Amenities

Quality - Making sure our Product Freshness and Service Standards are maintained at all times

The Empowerment Dipstick Survey which was conducted for the Supply Chain Department in December 2010 showed that 90% of the employees in that department felt empowered in their jobs.

In addition to this, a 360-degree Leadership Competency Feedback System was introduced as part of the performance management and development process of the Senior Leadership Team. This initiative was cascaded to include the senior managers and is seen as a tool that augments the employee attitude survey, particularly in the dimension of "Senior Management" being one of the key drivers on employees' engagement.

OCCUPATIONAL SAFETY AND HEALTH (OSH)

Carlsberg Malaysia's labour practices reflect our commitment to our employees' health, safety, well-being and diversity. The Company's Central Occupational Safety and Health Committee, chaired by the Supply Chain Director is responsible for ensuring the implementation of the Safety and Health Policy. We have implemented safe systems at work which include emergency procedures, periodic inspections, accident reporting and investigations, training and health screenings. Carlsberg Malaysia conducts annual safety training to employees at the production line which covers general safety, fire drill, emergency precautions and risk management.

We continue to focus on enhancing the work environment for our employees. Three of our sales offices were relocated to new premises in 2010 as an extension of our Head Office Transformation Plan initiated in 2009. The upgraded premises were Butterworth, Ipoh and Johor sales offices.

EMPLOYEES RIGHTS

Carlsberg Malaysia places the highest value in its employees and recognises that respecting the human right of employees is its most basic responsibility. In 2010, the Management negotiated with the Union of Beverage Industry Workers (UBIW) and successfully concluded the Collective Agreement for the period of 2010-2012.

The Company strives to develop a workplace for growth by providing successful career opportunities and a balanced work-life. We maintain a strong commitment to high standards for a fair, respectable and safe workplace for all employees.

Carlsberg Malaysia adheres to the United Nations Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. There has been no significant incident related to any of the areas under our Labour and Human Rights Policy, including:

- Non-discrimination
- Forced Labour
- Child Labour
- Freedom of Association and Collective Bargaining
- Harassment
- Working Hours, Benefits and Wages
- Leave
- Employee Contracts/Letters

Our Focus on the Marketplace

CSR IN THE VALUE CHAIN – PRODUCT RESPONSIBILITY

Carlsberg Malaysia achieved ISO 9001:2000 in 2004 for its quality management system. Our quality framework achieves quality improvements through the implementation of routine audit and preventive activities. We continue to maintain high standards of production process, quality level and risk management.

R&D
We believe in researching for alternative raw materials, new processes and products

Procurement
We introduced the Group Supplier and Licensee Code of Conduct to all of our suppliers in addition to local laws and regulations

Brewing and Bottling
We continue to ensure a safe working environment with highest efficiency and optimisation in our production facilities

Logistics
Our logistics policy upholds the principle of on-time delivery, low cost and minimal environmental impact

Sales and Marketing
We are committed to presenting and communicating our beer brands responsibly

Consumers and Customers
We maintain an open dialogue with our consumers and customers to better understand their needs

We continue to engage our customers to deliver high quality products at maximum efficiency.

TARGET	ACHIEVEMENT
To work closely with our suppliers in discovering alternative materials for our production and packaging with least environmental impact	We aligned with Carlsberg Group in supporting its research on creating novel opportunities within brewing and biotechnology. Some focus areas include pilot brewery, breeding of yeast and barley through natural selection
To work on various alternatives on sustainable supply chain including the sourcing of supplies from low cost countries to promote economic development to these countries	Successful implementation of transparent tender process and close liaison with the Group Procurement Department
To improve our preventive maintenance system. Our focus is to achieve biogas recovery level to 12%, lesser downtime and higher utilisation	Achieved 10% biogas recovery level in wastewater treatment plant, safety-risk analysis in the factory and optimised our water usage reduction system
To achieve further 5% optimisation in fuel consumption and to be actively engaged with our service providers in aligning their safety procedures	Optimised transportation from two-way pallet to four-way pallet truck and implemented route planning tool to improve efficiency
To actively align the concept of 'responsible drinking' throughout our sales and marketing practices	We adopted the Group Marketing Communication Policy in our responsible marketing and communication policy
To introduce more targeted responsible drinking initiatives to different consumer and customer groups	Active engagement with our consumers and customers through various communication tools including our corporate website, campaigns and the general line for receiving complaints

Corporate Social Responsibility - Our Focus on the Marketplace

ENGAGEMENT WITH OUR SUPPLIERS

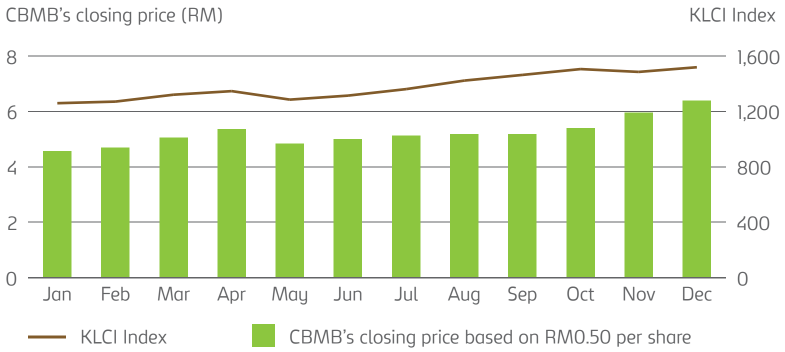
Carlsberg Malaysia manages risks related to its supply chain by adapting the Supplier and Licensee Code of Conduct as introduced by Carlsberg Group. The Code includes comprehensive social and environmental criteria which suppliers have to comply in addition to all national laws. Suppliers are expected to progressively identify and eliminate risks to employees such as harassment, discrimination, corruption, child and forced labour. Suppliers are also required to operate an environmental system and report on their environmental impacts. Carlsberg Group's Supplier and Licensee Code of Conduct (SLCC) is developed to further strengthen our commitment to operating as a responsible business in our supply chain.

As part of our efforts to contributing to local social and economic development, our procurement practice requires us to prioritise local suppliers but without compromising the quality. In 2010, we continued to source most of our packaging materials, empty bottles and cleaning chemicals locally. We conduct a two-way dialogue with our key suppliers where we meet quarterly to discuss on the progress moving forward.

ENGAGEMENT WITH OUR CUSTOMERS AND CONSUMERS

We engage with our customers to deliver high quality products at maximum efficiency. Customers and consumers are encouraged to submit their feedback on our products through our corporate website. Any information submitted is treated with high confidentiality. Customer privacy is protected and regulated throughout Carlsberg Malaysia Code of Ethics and Business Practices. Carlsberg Malaysia's Market Intelligence Team (MIT) is responsible for monitoring the quality, positioning and response on its product and take immediate corrective actions when necessary.

CBMB's Share Performance 2010



Source: The Star

Five Year Dividend Payment as % of Profit After Tax

	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000
Group Profit After Tax	134,123	76,725	76,119	78,493	85,904
Net Dividend Amount Declared and Proposed for the year	133,000	52,742	28,511	79,036	87,933
Net Dividend Payment as % of Profit After Tax	99.2%	68.7%	37.5%	100.7%	102.4%

PUBLIC COMMUNICATION AND MANAGEMENT

Carlsberg Malaysia prides itself in continuously maintaining good relations with its stakeholders including shareholders, consumers, customers, suppliers, business partners and the community at large. We recognise the value this relationship brings to enhancing operational effectiveness, profitable management and reduced business risk. To achieve organisational excellence and to ensure business sustainability, we constantly review, update and improve our governance and communication to stakeholders.

The Company held its 40th Annual General Meeting (AGM) on 27th April 2010 at the Grand Dorsett Subang Hotel, Selangor. This AGM has recorded higher attendance rate of approximately 1,700 shareholders and proxies. Our Chairman, Dato' Lim Say Chong highlighted that Carlsberg Malaysia has continued to outperform and deliver outstanding results despite the challenging nature of operations. Our Managing Director, Soren Ravn, announced the successful implementation of our strategic priorities which has resulted in higher operational efficiency and improved employees' motivation and productivity. A press conference was held following the AGM which provided the opportunity for the media and fund managers to raise their concerns.

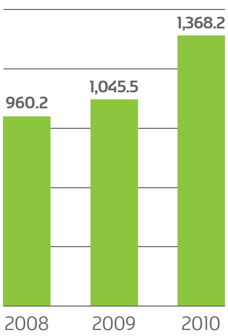
Responsible Marketing

Carlsberg Malaysia being a member of The Confederation of Malaysian Brewers Berhad (CMBB), adheres to the Code of Marketing outlined by CMBB which includes brand advertising and marketing communications, merchandising, packaging, point-of-sale materials, premiums, promotions, experiential marketing and sponsorships. We encourage moderation in the consumption of alcohol beverages and do not encourage consumption of alcohol beverages by minors. Carlsberg Malaysia does not provide sampling of alcohol beverages to minors and avoid using celebrities in its sponsorship advertisement whom may appeal to minors.

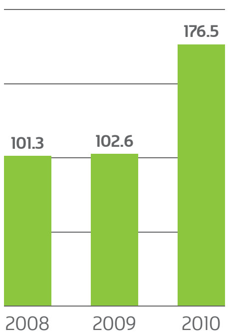
Carlsberg Malaysia's marketing practices comply with the Communications and Multimedia Act 1998 and the Malaysian Code of Advertising Practice (MCAP). We ensure that our product labels, graphics, artwork, brand names, packaging and other marketing materials and techniques do not offend any social group. Our product labels clearly declare the alcohol content percentage by volume to avoid excessive drinking. Our marketing communications are always legal, decent and honest, prepared with a sense of social responsibility and respect for the principles of fair competition. Being a Company which practices a GloCal (Global and Local) strategy, Carlsberg Malaysia ensures that its sales and marketing policies comply with national regulations and community sensitivity.

Financial Summary

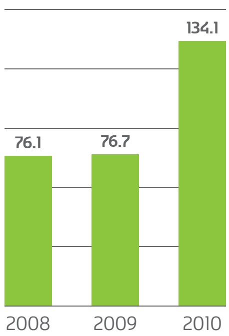
Revenue
RM Million



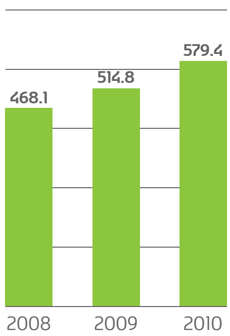
Profit Before Tax
RM Million



Profit After Tax
RM Million



Shareholders' Fund
RM Million

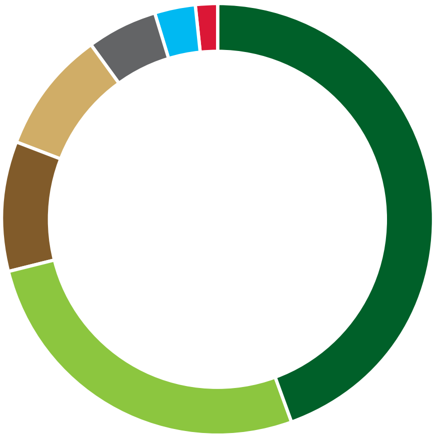


Statements of Comprehensive Income (RM - Million)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenue	751.5	692.0	702.0	796.7	867.2	929.7	897.5	960.2	1,045.5	1,368.2
Profit Before Tax	161.7	126.7	106.7	113.3	112.4	110.4	97.7	101.3	102.6	176.5
Taxation	35.7	31.3	25.5	24.6	23.7	24.5	19.2	25.2	25.9	42.4
Profit After Tax	126.0	95.4	81.2	88.7	88.7	85.9	78.5	76.1	76.7	134.1
Dividends	82.0	103.6	103.9	98.8	110.1	86.8	82.6	79.2	28.7	58.5
Retained Earnings	44.0	(8.2)	(22.7)	(10.1)	(21.4)	(0.9)	(4.1)	(3.1)	48.0	75.6

Statements of Financial Position (RM - Million)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Issued and Paid-up Share Capital	141.0	141.7	142.0	142.0	142.0	142.0	142.0	142.0	142.0	142.0
Retained Earnings	380.8	378.4	355.7	345.7	324.2	323.3	319.1	316.0	363.5	438.2
General Reserves	5.8	–	–	–	–	–	–	–	–	–
Non-Distributable Reserves	9.3	11.4	14.0	12.8	13.7	11.2	10.1	10.1	9.3	(0.8)
Shareholders' Fund	536.9	531.5	511.7	500.5	479.9	476.5	471.2	468.1	514.8	579.4
Deferred Taxation	14.0	21.0	22.5	22.9	22.6	22.4	19.6	17.2	72.3	72.8
Minority Interest	–	–	–	–	–	–	–	1.2	1.8	2.7
	550.9	552.5	534.2	523.4	502.5	498.9	490.8	486.5	588.9	654.9
Property, Plant, Equipment and Intangible Assets	211.6	200.8	185.5	176.7	169.6	160.7	158.1	156.4	521.5	542.7
Investment in Associated Company	8.3	13.6	15.0	15.6	18.0	14.8	13.8	13.9	24.3	26.3
Long Term Investment	1.7	1.7	1.7	1.7	–	–	–	–	–	–
Net Current Assets	329.3	336.4	332.0	329.4	314.9	323.4	318.9	316.2	43.1	85.9
	550.9	552.5	534.2	523.4	502.5	498.9	490.8	486.5	588.9	654.9



Analysis of Group Revenue

	2009	2010
Excise & Customs Duties	46.9%	**44.6%**
Sales, Distribution & Administration Costs	24.0%	**26.6%**
Profit After Tax	7.3%	**9.8%**
Raw & Packaging Materials Costs	11.8%	**9.2%**
Staff Costs	5.6%	**5.3%**
Taxation	2.5%	**3.1%**
Depreciation & Amortisation	1.9%	**1.4%**

Financial Ratios

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Pre-Tax Earnings per shares (RM)* #	0.53	0.42	0.35	0.37	0.37	0.36	0.32	0.33	0.34	0.58
Post-Tax Earnings per shares (RM)* #	0.42	0.32	0.27	0.29	0.29	0.28	0.26	0.25	0.25	0.44
Net Dividend per ordinary share (RM) #	0.27	0.34	0.34	0.32	0.36	0.28	0.27	0.26	0.09	0.19
Net Assets Backing per share (RM)* #	1.77	1.74	1.68	1.64	1.57	1.56	1.54	1.53	1.68	1.90
Dividend Cover, No. of Times (Based on post-tax earnings)	1.54	0.92	0.78	0.90	0.81	0.99	0.95	0.96	2.68	2.29
Return on Shareholders' Fund (%)	23.5	18.0	15.9	17.7	18.5	18.0	16.7	16.3	14.9	23.1
Current Ratio	3.8	4.3	5.6	5.5	4.6	4.5	4.1	3.2	1.1	1.3
Bursa Securities Price at 31 December (RM)#	5.40	5.35	5.50	5.30	5.35	5.10	4.24	3.60	4.54	6.32
Net Dividend Yield (%) ^	5.0	6.4	6.2	6.0	6.7	5.6	6.4	7.2	2.1	3.0

* Computed based on total number of shares net of Treasury shares.

\# For comparison purposes figures prior to 2005 were adjusted based on RM0.50 per share.

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

Dato' Lim Say Chong, aged 70, 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 Mulpha International Berhad and Malaysian Carbide Industries Berhad. He is also a trustee of the Ti-Ratana Welfare Society, Standard Chartered Trust Fund and the Malaysian Economic Association Foundation, a Governor of the IACT College and the Chairman of the Malaysia-Singapore Business Council.

Dato' Lim Say Chong
J.S.M., D.M.P.N.
Independent Non-Executive Chairman
Member of Audit Committee
Chairman of Remuneration Committee
Chairman of Nomination Committee

Directors' Profile

Mr Soren Ravn, aged 37, Danish, was appointed as the Managing Director of Carlsberg Brewery Malaysia Berhad on 1 March 2010.

Mr Ravn graduated with a Higher Diploma in Organisation and Management from Copenhagen Business School in 2001. Before that he graduated as a Market Economist from Aarhus Business College in 1997.

He has been with the Carlsberg Group since 1998, initially in the Carlsberg Denmark organisation and then in Carlsberg A/S in the role of Group Strategy Director. In late 2006, he moved to Hong Kong to take up the position of Vice President - Supply Chain, HR & Business Development for Carlsberg Greater China. In August 2008, he was appointed Managing Director of Carlsberg Hong Kong & Macau and held this position before being appointed as Managing Director of Carlsberg Brewery Malaysia Berhad.

Mr Ravn is presently the Chairman of Carlsberg Distributors Taiwan Limited (Taiwan) and Carlsberg Cottingham Ltd (Taiwan). He also sits on the Board of several private companies within the Group including Carlsberg Singapore Pte Ltd, Carlsberg Marketing Sdn Bhd and Luen Heng F & B Sdn Bhd.

Soren Ravn

Managing Director

Dato' Chin Voon Loong

D.S.P.N.

Deputy Managing Director

Dato' Chin Voon Loong, aged 54, a Malaysian, was appointed to the Board on 1 April 2003. He was appointed as the Deputy Managing Director from 1 June 2010.

Dato' Chin graduated with a Bachelor of Science (Honours) degree in Systems and Management from The City University, London. He 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), a Member of the Institute of Public Relations Malaysia and a Member of the Malaysian Alliance of Corporate Directors.

Dato' Chin has worked with the Company for 24 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, a Member of the Audit Committee and 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 Carlsberg Cottingham Ltd (Taiwan). Dato' Chin is also a Member of the Governing Council of the Confederation of Malaysian Brewers Berhad and also serves on the Board of several private companies within the Group including Carlsberg Singapore Pte Ltd, Carlsberg Marketing Sdn Bhd and Luen Heng F & B Sdn Bhd.

Directors' Profile

Mr Roy Enzo Bagattini, aged 47, an Italian, was appointed as the Non-Executive Director of Carlsberg Brewery Malaysia Berhad on 28 January 2010.

Mr Bagattini has a Bachelor of Commerce degree from the University of South Africa and has also completed various business studies at Stanford University, United States of America and Oxford in the United Kingdom. Mr Bagattini previously worked for SABMiller where he was the Regional Managing Director for Eastern Europe. Prior to that, he has held senior general management positions in South Africa and the United States of America as well as being the Country Managing Director of SABMiller in India, China and Italy.

Mr Bagattini joined the Carlsberg Group in July 2009 and is presently the Senior Vice-President, Asia for Carlsberg A/S and Carlsberg Breweries A/S serving the Carlsberg Asia region, based in Hong Kong. Currently, he is part of the Executive Committee of the Carlsberg Group and also sits on the Board of several private companies within the Carlsberg Group including Carlsberg India Pte Ltd.

Roy Enzo Bagattini

Non-Executive Director

Graham James Fewkes

Non-Executive Director
Member of Audit Committee

Mr Graham Fewkes, aged 43, a British national, was appointed as the Non-Executive Director of Carlsberg Brewery Malaysia Berhad on 12 March 2009. He is also a member of the Audit Committee.

Mr Fewkes graduated with BA Honours in History from the University of York (United Kingdom) 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. 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.

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

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

Datuk Krishnan, aged 71, 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 a past President of the Malaysian International Chamber of Commerce & Industry (MICCI) and as well as a Committee member of PEMUDAH. Datuk Krishnan is also a Director of the Malaysian Alliance of Corporate Directors.

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.


"Officially part of the celebration."
"Nice One."
COPENHAGEN
DENMARK
BY APPOINTMENT TO THE ROYAL DANISH COURT
Carlsberg
ALL MALT PREMIUM BEER
Carlsberg
Part of the GAME

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 practiced by the Company and throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

To this end, the Board continues to implement the recommendations of the Malaysian Code on 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.

The ensuing paragraphs describe the extent of how the Group has applied and complied with the principles and best practices of the Code for the financial year ended 31 December 2010.

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.

The Board intends to meet at least four (4) times a year, with additional meetings convened where necessary. Minutes of Board meetings are duly recorded by the Company Secretary. During the financial year ended 31 December 2010, a total of four (4) Board meetings were held at the office of Carlsberg Brewery Malaysia Berhad, Shah Alam as follows:

1. 24 February 2010
2. 27 May 2010
3. 18 August 2010
4. 11 November 2010

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

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

Directors	No. of meetings attended
Dato' Lim Say Chong (Independent Non-Executive Chairman)	4/4
Soren Ravn (Managing Director)	3/3
Dato' Chin Voon Loong (Deputy Managing Director)	4/4
Datuk M.R. Gopala Krishnan C.R.K. Pillai (Senior Independent Non-Executive Director)	4/4
Graham James Fewkes (Non-Executive Director)	4/4
Roy Enzo Bagattini (Non-Executive Director)	4/4

Statement of Corporate Governance

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 74.

2. **Nomination Committee**
   The Nomination Committee which was established on 1 October 2001, had one (1) meeting held on 24 February 2010 during the financial year ended 31 December 2010.

   Members:
   Dato' Lim Say Chong (Independent Non-Executive Director) – Chairman
   Datuk M.R. Gopala Krishnan C.R.K. Pillai (Senior Independent Non-Executive Director)

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

3. **Remuneration Committee**
   The Remuneration Committee, which was established on 18 August 2001, had one (1) meeting held on 24 February 2010 during the financial year ended 31 December 2010.

   Members:
   Dato' Lim Say Chong (Independent Non-Executive Director) – Chairman
   Datuk M.R. Gopala Krishnan C.R.K. Pillai (Senior 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 has ensured 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 2010, the Board had six (6) members, comprising four (4) Non-Executive Directors and two (2) Executive Directors. Out of these Directors, two (2) were Independent Directors.

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 60 to 63.

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 Independent Directors also ensure that the investment of minority shareholders is fairly reflected through Board representation.

The Board has also identified Datuk M.R. Gopala Krishnan C.R.K. Pillai as the Senior Independent Non-Executive Director to whom concerns may be conveyed.

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 Board and of the Audit Committee and other major operational, financial, compliance and legal issues. In addition, there is a schedule of matters reserved specifically for the Board's decision.

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

IV. Appointments to the Board

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

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

The Company has an induction and education programme for new Board members, which includes a visit to the Company's brewery and discussions with the Managing Director, Department Heads and Key Section Heads to better understand the operations, business and policies of the Group, which will allow new Board members to contribute effectively from the outset of their appointment. The relevant sections of the Main Market 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. The Articles of Association of the Company also provide 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 of the Companies Act, 1965.

Statement of Corporate Governance

VI. Directors' Training

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

1. Asia Leadership Programme Modules 1 and 2 – August & October 2010
2. CEO Conference "Courage to Grow"- 19 & 20 May 2010
3. Invest Malaysia 2010 Conference - 30 & 31 March 2010
4. Microsoft Innovators Conclave - 25 May 2010
5. Innovation Investment + Global Financial Crisis Talk by Hon Kim Carr Australian Minister for Innovation, Industry, Science + Research - 7 June 2010
6. Enhancing Financial Reporting Ecosystems in Malaysia (Speaker: Nik Mohd Hasyudeen Yusof Chairman, Audit Oversight Board) - 12 July 2010

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

B. Directors' Remuneration

I. Remuneration Policy

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

II. Remuneration Procedure

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

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

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

III. Details of Remuneration

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

	2010		2009	
Total Remuneration:	Executive Directors RM'000	*Non-Executive Directors RM'000	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	**–**	**116**	80	206
Gratuity	**–**	**–**	–	–
Retirement benefits-defined contribution plan	**199**	**–**	226	–
Benefits-in-kind	**421**	**–**	335	–
Other emoluments	**2,367**	**–**	2,564	–
TOTAL	**2,987**	**116***	3,205	206

*The lower amount of the total remuneration tabulated under this column is due to payment of Directors' fees to Independent Non-Executive Directors only.

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

	Number of Directors			
	2010		2009	
Range of Remuneration (RM):	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Less than 50,000	–	4	–	5
50,001 - 100,000	–	1	–	1
700,001 - 750,000	1	–	–	–
900,001 - 950,000	1	–	–	–
1,000,001 - 1,050,000	–	–	1	–
1,300,001 - 1,350,000	1	–	–	–
2,150,001 - 2,200,000	–	–	1	–
Total	**3****	**5#**	2	6

** An overlap headcount of outgoing & incoming Managing Director in March 2010 (as reported in the 2009 Annual Report).

An overlap headcount of outgoing & incoming Non-Executive Director in January 2010 (as reported in the 2009 Annual Report).

C. Investor Relations and Shareholder Communication

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

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

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

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

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

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

Statement of Corporate Governance

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 78 of this Annual Report.

II. Internal Controls

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

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

III. Relationship with Auditors

The Scope of the External Auditors is ascertained by the Audit Committee, with a twice a year meeting held between the Audit Committee and the External Auditors. Further information is found in the Audit Committee Report section.

E. Related Party Transactions

The Group has established the appropriate procedures to ensure that the Company complies with the Main Market Listing Requirements of Bursa Securities relating to related party transactions. All related party transactions are reviewed by the Audit Committee and the same will be reported to the Board on a quarterly basis.

The shareholders' mandate in respect of existing and new recurrent related party transactions is obtained at the annual general meeting of the Company on a yearly basis.

Details of the recurrent related party transactions entered into by the Group during the financial year ended 31 December 2010 are set out on pages 143 of this Annual Report.

Statement of Internal Control and Corporate Risk Management

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 2010, 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.

Statement of Internal Control and Corporate Risk Management

Internal Control System

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

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

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

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

  Management
  - Management has introduced well-established standard operating procedures that cover all key aspects of the Group's various business processes. These policies and procedures deal with, amongst others, control issues for financial accounting and reporting, treasury management, asset security, information technology, health and safety, etc. The procedures are subject to regular reviews to cater for process changes, changing risks or further improvements.

  - Aside from the standard operating procedures, changes in internal control procedures are also communicated via circulars and internal memos. Such circulars and memos are properly authorised by the relevant members of senior management.

  - Regular visits by the head office personnel to sales depots.

  - Regular meetings with the Heads of sections/sales areas which provide a sound platform for the members of the sections/sales areas to communicate with, and provide feedback to and from, Management.

  Internal Audit
  The Group has an Internal Audit Department ("IAD") which carries out its functions independently and provides the Audit Committee and the Board with the assurance on the adequacy and integrity of the system of internal controls. The Internal Audit Department is solely responsible for planning, implementing and reporting the audits for the Group. For this purpose, each year, the IAD :
  - Prepares a detailed Annual Audit Plan in consultation with the Managing Director for submission to the Audit Committee for approval;
  - Carries out all activities to conduct the audits in an effective, professional and timely manner;
  - Reports to the auditee upon completion of each audit; and
  - Submits quarterly reports to the Audit Committee.

  The Audit Committee Report set out on pages 74 to 77 of this Annual Report contains further details on the principal responsibilities and activities of the Internal Audit Department in 2010.

Statement of Internal Control and Corporate Risk Management

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, 111 reports were issued by the Internal Audit Department to the Audit Committee for their review.

The Audit Committee Report set out on pages 74 to 77 of this Annual Report contains further details on the activities undertaken by the Audit Committee in 2010.

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

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

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

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

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

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

Review of Effectiveness

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

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

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

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

Audit Committee Report

Membership and Meetings

The Audit Committee had four (4) meetings during the financial year ended 31 December 2010. The members of the Audit Committee and the record of their attendance are as follows: -

Membership	No. of meetings attended
Datuk M.R. Gopala Krishnan C.R.K. Pillai Senior Independent Non-Executive Director – Chairman	4/4
Dato' Lim Say Chong Independent Non-Executive Director- Member	4/4
Graham James Fewkes Non-Independent Non-Executive Director – Member	3/4

The Managing Director, Chief Financial Officer and Head of Internal Audit attended the said meetings for the purpose of briefing the Audit Committee on the activities involving their areas of responsibilities.

The External Auditors were present at two (2) Audit Committee meetings held during the financial year. At these meetings the Audit Committee also held separate sessions with the External Auditors without the executive board members present whereby the Audit Committee was briefed by the External Auditors on their audit findings and any other observations they may have had during the audit process.

Terms of Reference

- **Terms of membership**
  1. In accordance to the Malaysian Code on Corporate Governance (revised 2007), Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, a majority of whom are independent. All members of the Audit Committee should be 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 three (3) years' working experience and have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 or be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
     - fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").

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

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

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

Audit Committee Report

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

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

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

  3. To promptly report to the Bursa 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) to consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal;
     (f) the assistance given by the Company's officers to the external auditor;
     (g) to approve the Internal Audit Charter of internal audit function;
     (h) 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;
     (i) 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;
     (j) any appraisal or assessment of the performance of members of the internal audit function.
     (k) any appointment or termination of senior staff members of the internal audit function;
     (l) any resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning;
     (m) 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;
     (n) 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;
     (o) any major findings of internal investigations and Management's response;
     (p) the quarterly reports relating to Risk Assessment and the effectiveness and appropriateness of the Risk Management Framework; and

Audit Committee Report

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

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

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

- **Reporting Procedures**

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

- **Summary of Activities:**

  During the financial year ended 31 December 2010, 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. The non-audit fees paid to the external auditors in 2010 amount to RM2,000.
  - Reviewed the Internal Audit Department's resource requirements, programmes and plan for the year under review and the annual assessment of the Department's performance.
  - Reviewed the internal audit reports, recommendations and Management's response. Discussed actions taken with Management to improve the internal controls system based on internal audit findings.
  - Reviewed the Risk Management Framework and reports summarising the findings from work performed on the identification and assessment of enterprise-wide key risks.
  - Reviewed the annual report and audited financial statements of the Company and the Group prior to the submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards approved by MASB.

- Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval. The review and discussions were conducted with the Chief Financial Officer.
- Reviewed the Company's compliance with the Main Market Listing Requirements ("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 financial year ended 31 December 2010

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 2010:

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

2. carried out investigations and special reviews;

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

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

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

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

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

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 2010 amounted to RM664,110.70.

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

In preparing the financial statements for the financial year ended 31 December 2010, 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 Statements

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2010

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 2010.

Principal Activities

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. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit attributable to:		
Owners of the Company	133,242	146,298
Minority interest	881	–
	134,123	146,298

Reserves and Provisions

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

Dividends

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

i) a final dividend of 7.5 sen per RM0.50 ordinary share less tax at 25% totalling RM17.2 million (5.6 sen net per ordinary share) in respect of the year ended 31 December 2009 on 18 May 2010;

ii) a special final dividend of 10.5 sen per RM0.50 ordinary share less tax at 25% totalling RM24.1 million (7.9 sen net per ordinary share) in respect of the year ended 31 December 2009 on 18 May 2010;

iii) an interim dividend of 5 sen per RM0.50 ordinary share less tax at 25% totalling RM11.5 million (3.8 sen net per ordinary share) in respect of the year ended 31 December 2010 on 8 October 2010; and

iv) a special interim dividend of 2.5 sen per RM0.50 ordinary share less tax at 25% totalling RM5.7 million (1.9 sen net per ordinary share) in respect of the year ended 31 December 2010 on 8 October 2010.

The Directors recommend the payment of a final dividend and special dividend of 7.5 sen per RM0.50 ordinary share and 43 sen per RM0.50 ordinary share respectively less tax at 25% totalling RM17.2 million (5.6 sen net per ordinary share) and RM98.6 million (32.3 sen net per ordinary share) respectively in respect of the year ended 31 December 2010.

Directors of the Company

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

Dato' Lim Say Chong
Dato' Chin Voon Loong
Datuk M.R. Gopala Krishnan C.R.K. Pillai
Graham James Fewkes
Roy Enzo Bagattini
Soren Ravn

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 1.1.2010	Acquired	Disposed	At 31.12.2010
Deemed interest in the Company				
Dato' Lim Say Chong*	52,000	–	–	**52,000**

* 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 1.1.2010	Granted	Exercised	At 31.12.2010
Interest in the holding company				
Carlsberg A/S				
Dato' Chin Voon Loong	5,936	800	–	**6,736**
Soren Ravn	4,078	800	–	**4,878**

None of the other Directors holding office at 31 December 2010 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 holding company's 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 2010

Other Statutory Information

Before the statements of comprehensive income and statements of financial position 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) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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 financial statements of the Group and of the Company 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 financial performance of the Group and of the Company for the financial year ended 31 December 2010 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report
FOR THE YEAR ENDED 31 DECEMBER 2010

Auditors

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

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

Dato' Chin Voon Loong
Director

Soren Ravn
Managing Director

Shah Alam,
18 March 2011

Statements of Financial Position

AS AT 31 DECEMBER 2010

	Note	Group 2010 RM'000	Group 2009 RM'000 Restated	Company 2010 RM'000	Company 2009 RM'000 Restated
Assets					
Property, plant and equipment	3	**143,890**	138,420	**126,654**	124,504
Intangible assets	4	**398,452**	382,772	**546**	929
Investments in subsidiaries	5	**–**	–	**393,672**	370,220
Investment in an associate	6	**26,337**	24,340	**19,936**	19,936
Investment in a jointly-controlled entity	7	**–**	–	**–**	–
Loan to a subsidiary	9	**–**	–	**10,100**	10,190
Other assets		**349**	352	**–**	–
Total non-current assets		**569,028**	545,884	**550,908**	525,779
Inventories	8	**48,834**	58,590	**22,419**	22,490
Receivables, deposits and prepayments	9	**207,223**	217,591	**53,627**	115,054
Current tax assets		**4,566**	4,462	**–**	2,436
Cash and cash equivalents	10	**101,370**	118,585	**34,670**	59,929
Total current assets		**361,993**	399,228	**110,716**	199,909
Total assets		**931,021**	945,112	**661,624**	725,688
Equity					
Share capital	11	**154,039**	154,039	**154,039**	154,039
Reserves	11	**425,388**	360,757	**381,912**	293,816
Total equity attributable to equity holders of the Company		**579,427**	514,796	**535,951**	447,855
Minority interest		**2,696**	1,815	**–**	–
Total equity		**582,123**	516,611	**535,951**	447,855
Liabilities					
Deferred tax liabilities	12	**72,827**	72,328	**15,509**	14,488
Total non-current liability		**72,827**	72,328	**15,509**	14,488
Payables and accruals	13	**212,908**	340,367	**68,723**	263,345
Current tax liabilities		**10,212**	7,220	**1,135**	–
Loans and borrowings	14	**52,951**	8,586	**40,306**	–
Total current liabilities		**276,071**	356,173	**110,164**	263,345
Total liabilities		**348,898**	428,501	**125,673**	277,833
Total equity and liabilities		**931,021**	945,112	**661,624**	725,688

The notes on pages 90 to 134 are an integral part of these financial statements.

Statements of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Sales revenue		**1,368,158**	1,045,483	**727,034**	638,432
Cost of sales		**(901,557)**	(739,306)	**(667,593)**	(625,184)
Gross profit		**466,601**	306,177	**59,441**	13,248
Other income		**1,989**	3,057	**1,461**	886
Sales and distribution costs		**(246,556)**	(175,457)	**–**	–
Administrative expenses		**(42,941)**	(30,921)	**(14,198)**	(9,988)
Other expenses		**(4,507)**	(5,632)	**(2,526)**	(3,352)
Results from operating activities		**174,586**	97,224	**44,178**	794
Investment income		**1,084**	4,021	**117,808**	62,886
Finance costs		**(4,594)**	(875)	**(3,108)**	(875)
Operating profit	15	**171,076**	100,370	**158,878**	62,805
Share of profit of equity accounted associate, net of tax		**5,460**	2,190	**–**	–
Profit before tax		**176,536**	102,560	**158,878**	62,805
Tax expense	17	**(42,413)**	(25,835)	**(12,580)**	(1,785)
Profit for the year		**134,123**	76,725	**146,298**	61,020
Other comprehensive income					
Foreign currency translation differences for foreign operations		**(10,089)**	(1,351)	**–**	–
Total comprehensive income for the year		**124,034**	75,374	**146,298**	61,020
Profit attributable to:					
Owners of the Company		**133,242**	76,142	**146,298**	61,020
Minority interest		**881**	583	**–**	–
Profit for the year		**134,123**	76,725	**146,298**	61,020
Total comprehensive income attributable to:					
Owners of the Company		**123,153**	74,791	**146,298**	61,020
Minority interest		**881**	583	**–**	–
Total comprehensive income for the year		**124,034**	75,374	**146,298**	61,020
Basic earnings per ordinary share (sen)	18	**43.58**	24.90		

The notes on pages 90 to 134 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2010

Group	Note	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
		Attributable to equity holders of the Company									
		Non-distributable						Distributable			
At 1 January 2009		154,039	(12,043)	7,367	(5,882)	8,678	–	315,986	468,145	1,232	469,377
Total comprehensive income for the year		–	–	–	(1,351)	–	–	76,142	74,791	583	75,374
Dividends to shareholders	19	–	–	–	–	–	–	(28,664)	(28,664)	–	(28,664)
Others		–	–	–	–	–	524	–	524	–	524
At 31 December 2009/ 1 January 2010		**154,039**	**(12,043)**	**7,367**	**(7,233)**	**8,678**	**524**	**363,464**	**514,796**	**1,815**	**516,611**
Total comprehensive income for the year		**–**	**–**	**–**	**(10,089)**	**–**	**–**	**133,242**	**123,153**	**881**	**124,034**
Dividends to shareholders	19	**–**	**–**	**–**	**–**	**–**	**–**	**(58,474)**	**(58,474)**	**–**	**(58,474)**
Others		**–**	**–**	**–**	**–**	**–**	**(48)**	**–**	**(48)**	**–**	**(48)**
At 31 December 2010		**154,039**	**(12,043)**	**7,367**	**(17,322)**	**8,678**	**476**	**438,232**	**579,427**	**2,696**	**582,123**

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2010

Company	Note	Non-distributable Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Capital reserve RM'000	Share option reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2009		154,039	(12,043)	7,367	4,747	–	260,888	414,998
Total comprehensive income for the year		–	–	–	–	–	61,020	61,020
Dividends to shareholders	19	–	–	–	–	–	(28,664)	(28,664)
Others		–	–	–	–	501	–	501
At 31 December 2009/ 1 January 2010		**154,039**	**(12,043)**	**7,367**	**4,747**	**501**	**293,244**	**447,855**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**146,298**	**146,298**
Dividends to shareholders	19	**–**	**–**	**–**	**–**	**–**	**(58,474)**	**(58,474)**
Others		**–**	**–**	**–**	**–**	**272**	**–**	**272**
At 31 December 2010		**154,039**	**(12,043)**	**7,367**	**4,747**	**773**	**381,068**	**535,951**

The notes on pages 90 to 134 are an integral part of these financial statements.

Statements of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash flows from operating activities					
Profit before tax		**176,536**	102,560	**158,878**	62,805
Adjustments for:					
Amortisation of intangible assets	4	**1,125**	1,253	**726**	1,090
Depreciation of property, plant and equipment	3	**17,698**	19,154	**11,986**	12,671
Dividend income from subsidiaries		**–**	–	**(114,980)**	(59,400)
Dividend income from an associate		**–**	–	**(1,652)**	–
Gain on disposal of property, plant and equipment		**(1,350)**	(1,990)	**(618)**	(64)
Property, plant and equipment written off		**30**	735	**7**	18
Interest income		**(1,084)**	(4,021)	**(1,176)**	(3,486)
Interest expense		**4,594**	875	**3,108**	875
Share of profit after tax of equity accounted associate		**(5,460)**	(2,190)	**–**	–
Share-based payments		**427**	524	**495**	501
Operating profit before changes in working capital		**192,516**	116,900	**56,774**	15,010
Changes in working capital:					
Inventories		**9,756**	18,427	**71**	2,710
Receivables, deposits and prepayments		**10,368**	2,778	**61,427**	84,008
Payables and accruals		**47,649**	4,304	**(28,411)**	17,121
Cash generated from operations		**260,289**	142,409	**89,861**	118,849
Taxes paid		**(37,762)**	(34,460)	**(7,988)**	(7,580)
Net cash from operating activities		**222,527**	107,949	**81,873**	111,269
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	**(23,852)**	(11,588)	**(14,521)**	(7,868)
Acquisition of intangible assets	4	**(1,254)**	(634)	**(343)**	(257)
Acquisition of a subsidiary, net of cash acquired	21	**(198,560)**	(176,262)	**(189,663)**	(200,000)
Dividend received from subsidiaries		**–**	–	**114,980**	59,400
Dividend received from an associate		**1,652**	–	**1,652**	–
Interest received		**1,084**	4,021	**1,176**	3,486
Loan to a subsidiary		**–**	–	**–**	(190)
Repayment from subsidiary		**–**	–	**90**	–
Proceeds from disposal of property, plant and equipment		**2,001**	5,102	**943**	302
Subscription of shares in an associate company		**–**	(8,996)	**–**	(8,996)
Transfer of property, plant and equipment to a subsidiary		**–**	–	**53**	39
Net cash used in investing activities		**(218,929)**	(188,357)	**(85,633)**	(154,084)

Statements of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash flows from financing activities					
Dividends paid to shareholders of the Company	19	**(58,474)**	(28,664)	**(58,474)**	(28,664)
Interest paid		**(4,594)**	(875)	**(3,108)**	(875)
Repayment to ultimate holding company		**(475)**	(348)	**(223)**	(348)
Net proceeds from short-term borrowings		**44,365**	2,143	**40,306**	–
Net cash used in financing activities		**(19,178)**	(27,744)	**(21,499)**	(29,887)
Net decrease in cash and cash equivalents		**(15,580)**	(108,152)	**(25,259)**	(72,702)
Effect of exchange rate fluctuation on cash held		**(1,635)**	(280)	**–**	–
Cash and cash equivalents at 1 January		**118,585**	227,017	**59,929**	132,631
Cash and cash equivalents at 31 December	(i)	**101,370**	118,585	**34,670**	59,929

(i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following statements of financial position amounts:

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Deposits with licensed banks		**29,133**	58,446	**16,545**	58,446
Cash and bank balances		**72,237**	60,139	**18,125**	1,483
Cash and cash equivalents	10	**101,370**	118,585	**34,670**	59,929

The notes on pages 90 to 134 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 Market 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 2010 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate and a jointly-controlled entity. The financial statements of the Company as at and for the year ended 31 December 2010 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 18 March 2011.

1. Basis of Preparation

(a) Statement of compliance

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

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

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, Financial Instruments: Presentation – Classification of Right Issues

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, First Time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share-based Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distributions of Non-cash Assets to Owners
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

1. Basis of Preparation (Continued)

(a) Statement of compliance (Continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First Time Adoption of Financial Reporting Standards
  - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
  - Additional Exemption for First-time Adopters
- Amendments to FRS 7, Financial Instruments: Disclosure – Improving Disclosures about Financial Instruments
- Amendments to FRS 2, Group Cash-settled Share-based Payment Transactions
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers
- Improvements to FRSs (2010)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement
- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, Related Party Disclosures (revised)
- IC Interpretation 15, Agreements for the Construction of Real Estate

The Group and Company plans to apply the abovementioned standards, amendments and interpretations from the annual period beginning on 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for IC Interpretation 12, which is not applicable to the Group and Company.

The initial application of the aforesaid applicable standards, amendments or interpretations are not expected to have any significant financial impact to the financial statements upon their first adoption.

Following the announcement by the MASB on 1 August 2008, the Group's and Company's financial statements will be prepared in accordance with the International Financial Reporting Standards (IFRS) framework for annual periods beginning on 1 January 2012. The management has yet to assess the impact of the adoption of the International Financial Reporting Standards (IFRS) framework on the financial position and performance of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in Note 2.

(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.

1. Basis of Preparation (Continued)

(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 Note 4 – Intangible assets.

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 the Group entities, other than those disclosed in the following notes:

- Note 2(c) – Financial instruments
- Note 2(e) – Leased assets
- Note 2(h) – Receivables
- Note 2(o) – Borrowing costs
- Note 2(r) – Operating segments

(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 statement of financial position at cost less impairment losses, unless the investment is classified as held for sale.

(ii) Associates

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

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

2. Significant Accounting Policies (Continued)

(a) Basis of consolidation (Continued)

(ii) Associates (Continued)

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 statement of financial position 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 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 statement of financial position at cost less impairment losses, unless the investment is classified as held for sale.

(iv) Minority interest

Minority interest at the end of the reporting period, 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 statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Minority interest in the results of the Group are presented in the consolidated statement of comprehensive income as an allocation of the comprehensive income for the year between minority interest and the owners 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.

(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.

2. Significant Accounting Policies (Continued)

(b) Foreign currency

(i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are 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 profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a cash flow hedge of currency risk, which are recognised in other comprehensive income.

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR"). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR within equity.

(c) Financial instruments

Arising from the adoption of FRS 139, Financial Instruments: Recognition and Measurement, with effect from 1 January 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied. Significant changes to the accounting policies are set out in Note 27.

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. Significant Accounting Policies (Continued)

(c) Financial instruments (Continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market that includes trade and other receivables and deposits with financial institutions.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(j)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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 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 profit or loss. 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 profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss 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
• Renovation	15 years
• Plant and machinery	5 – 20 years
• Motor vehicles	5 years
• Furniture and office equipment	3 – 5 years

2. Significant Accounting Policies (Continued)

(d) Property, plant and equipment (Continued)

(iii) Depreciation (Continued)

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the reporting period.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company 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 or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and the leased assets are not recognised in the statement of financial position of the Group or the Company.

In the previous years, a leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land that was accounted for as an operating lease represents prepaid lease payments, except for leasehold land classified as investment property.

The Group has adopted the amendment made to FRS 117, Leases on 1 January 2010 in relation to the classification of lease of land. Leasehold land which in substance is a finance lease has been reclassified and measured as such retrospectively.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(f) Intangible assets

(i) Goodwill

Goodwill arising on business combinations is measured at cost less accumulated impairment losses.

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 profit or loss.

2. Significant Accounting Policies (Continued)

(f) Intangible assets (Continued)

(ii) Distribution rights

Distribution rights are measured at cost less accumulated impairment losses.

(iii) 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 accumulated amortisation and accumulated impairment losses.

(iv) 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.

(v) Amortisation

Goodwill and distribution rights with indefinite useful lives are not amortised but tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful life of customised computer software is 3 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(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 formula, 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.

(h) Receivables

Prior to 1 January 2010, receivables were initially recognised at their costs and subsequently measured at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with Note 2(c).

2. Significant Accounting Policies (Continued)

(i) Cash and cash equivalents

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

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with Note 2(c).

(j) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries, associates and joint ventures) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the recoverable value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For 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.

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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. 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.

2. Significant Accounting Policies (Continued)

(j) Impairment (Continued)

(ii) Other assets (Continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period 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 since the last impairment loss was recognised. 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 profit or loss in the year in which the reversals are recognised.

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(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. 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) 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.

(ii) State plans and defined contribution plan

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

2. Significant Accounting Policies (Continued)

(l) Employee benefits (Continued)

(iii) 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.

(iv) Share-based payment transactions

Certain employees of the Group are entitled to a 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 profit or loss and a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options of the initial capital contribution initially recognised in the equity is treated as a capital distribution and would be recorded directly in equity.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n) Income recognition

(i) Revenue on 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.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Before 1 January 2010, all borrowing costs were recognised in profit or loss using the effective interest method in the period in which they are incurred.

Following the adoption of revised FRS 123, Borrowing Costs, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

2. Significant Accounting Policies (Continued)

(o) Borrowing costs (Continued)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(p) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

Unutilised reinvestment allowance and investment tax allowance are treated as tax base of assets and are recognised as a reduction of tax expense as and when they are utilised.

(q) 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.

(r) Operating segments

In the previous years, a segment was a distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which was subject to risks and rewards that were different from those of other segments.

Following the adoption of FRS 8, Operating Segments, an operating segment is a component of the Group that engages in business activities from which it earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. Property, Plant and Equipment

Group	Note	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Cost/Valuation										
At 1 January 2009, restated		11,278	19,281	53,603	–	312,601	24,252	47,715	3,059	471,789
Additions		–	–	405	–	1,625	1,126	3,170	5,262	11,588
Disposals		(707)	(184)	(2,606)	–	(1)	(1,318)	(1,037)	–	(5,853)
Written off		–	–	–	–	(1,119)	–	(168)	–	(1,287)
Transfers		–	–	2,487	–	2,052	–	284	(4,823)	–
Acquisition of a subsidiary	21	–	–	5	–	1,452	8	226	–	1,691
Effect of movements in exchange rates		–	–	(6)	–	(30)	–	(15)	–	(51)
At 31 December 2009/ 1 January 2010, restated		**10,571**	**19,097**	**53,888**	**–**	**316,580**	**24,068**	**50,175**	**3,498**	**477,877**
Additions		**–**	**–**	**194**	**470**	**6,591**	**5,164**	**3,960**	**7,473**	**23,852**
Disposals		**–**	**–**	**–**	**–**	**–**	**(3,802)**	**(1,254)**	**–**	**(5,056)**
Written off		**–**	**–**	**–**	**–**	**(98)**	**–**	**(854)**	**–**	**(952)**
Transfers		**–**	**–**	**(35)**	**35**	**–**	**–**	**-**	**–**	**–**
Effect of movements in exchange rates		**–**	**–**	**6**	**–**	**8**	**–**	**9**	**–**	**23**
At 31 December 2010		**10,571**	**19,097**	**54,053**	**505**	**323,081**	**25,430**	**52,036**	**10,971**	**495,744**

3. Property, Plant and Equipment (Continued)

Group	Note	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Depreciation										
At 1 January 2009, restated		2,668	–	19,887	–	248,065	12,499	40,512	–	323,631
Depreciation for the year	15	131	–	1,246	–	9,802	4,470	3,505	–	19,154
Disposals		(150)	–	(877)	–	(1)	(860)	(853)	–	(2,741)
Written off		–	–	–	–	(395)	–	(157)	–	(552)
Effect of movements in exchange rates		–	–	(6)	–	(16)	–	(13)	–	(35)
At 31 December 2009/ 1 January 2010, restated		**2,649**	**–**	**20,250**	**–**	**257,455**	**16,109**	**42,994**	**–**	**339,457**
Depreciation for the year	15	**123**	**–**	**1,319**	**43**	**9,176**	**3,449**	**3,588**	**–**	**17,698**
Disposals		**–**	**–**	**–**	**–**	**–**	**(3,151)**	**(1,254)**	**–**	**(4,405)**
Written off		**–**	**–**	**–**	**–**	**(93)**	**(3)**	**(826)**	**–**	**(922)**
Effect of movements in exchange rates		**–**	**–**	**6**	**–**	**8**	**–**	**12**	**–**	**26**
At 31 December 2010		**2,772**	**–**	**21,575**	**43**	**266,546**	**16,404**	**44,514**	**–**	**351,854**
Carrying amounts										
At 1 January 2009, restated		8,610	19,281	33,716	–	64,536	11,753	7,203	3,059	148,158
At 31 December 2009/ 1 January 2010, restated		**7,922**	**19,097**	**33,638**	**–**	**59,125**	**7,959**	**7,181**	**3,498**	**138,420**
At 31 December 2010		**7,799**	**19,097**	**32,478**	**462**	**56,535**	**9,026**	**7,522**	**10,971**	**143,890**

3. Property, Plant and Equipment (Continued)

Company	Note	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Cost/Valuation									
At 1 January 2009, restated		10,399	18,952	50,077	312,340	4,132	16,906	3,059	415,865
Additions		–	–	373	1,451	331	451	5,262	7,868
Disposals		–	–	–	(1)	(518)	(12)	–	(531)
Written off		–	–	–	(162)	–	(84)	–	(246)
Transfers		–	–	2,487	2,052	–	284	(4,823)	–
Transfer to a subsidiary		–	–	–	–	(131)	–	–	(131)
At 31 December 2009/ 1 January 2010, restated		**10,399**	**18,952**	**52,937**	**315,680**	**3,814**	**17,545**	**3,498**	**422,825**
Additions		**–**	**–**	**149**	**6,591**	**363**	**527**	**6,891**	**14,521**
Disposals		**–**	**–**	**–**	**–**	**(1,852)**	**(320)**	**–**	**(2,172)**
Written off		**–**	**–**	**–**	**(98)**	**–**	**(93)**	**–**	**(191)**
Transfer to a subsidiary		**–**	**–**	**–**	**–**	**(157)**	**–**	**–**	**(157)**
At 31 December 2010		**10,399**	**18,952**	**53,086**	**322,173**	**2,168**	**17,659**	**10,389**	**434,826**
Depreciation									
At 1 January 2009, restated		2,471	–	18,836	248,063	1,882	15,011	–	286,263
Depreciation for the year	15	118	–	1,171	9,674	738	970	–	12,671
Disposals		–	–	–	(1)	(285)	(7)	–	(293)
Written off		–	–	–	(150)	–	(78)	–	(228)
Transfer to a subsidiary		–	–	–	–	(92)	–	–	(92)
At 31 December 2009/ 1 January 2010, restated		**2,589**	**–**	**20,007**	**257,586**	**2,243**	**15,896**	**–**	**298,321**
Depreciation for the year	15	**118**	**–**	**1,295**	**9,176**	**564**	**833**	**–**	**11,986**
Disposals		**–**	**–**	**–**	**–**	**(1,531)**	**(315)**	**–**	**(1,846)**
Written off		**–**	**–**	**–**	**(93)**	**–**	**(92)**	**–**	**(185)**
Transfer to a subsidiary		**–**	**–**	**–**	**(12)**	**(92)**	**–**	**–**	**(104)**
At 31 December 2010		**2,707**	**–**	**21,302**	**266,657**	**1,184**	**16,322**	**–**	**308,172**
Carrying amounts									
At 1 January 2009, restated		7,928	18,952	31,241	64,277	2,250	1,895	3,059	129,602
At 31 December 2009/ 1 January 2010, restated		**7,810**	**18,952**	**32,930**	**58,094**	**1,571**	**1,649**	**3,498**	**124,504**
At 31 December 2010		**7,692**	**18,952**	**31,784**	**55,516**	**984**	**1,337**	**10,389**	**126,654**

3. Property, Plant and Equipment (Continued)

3.1 Analysis of cost and valuation for leasehold land and buildings

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Buildings				
Cost	**45,775**	45,610	**44,808**	44,659
Valuation – 1981	**8,278**	8,278	**8,278**	8,278
	54,053	53,888	**53,086**	52,937
Leasehold land				
Cost	**527**	527	**355**	355
Valuation – 1981	**10,044**	10,044	**10,044**	10,044
	10,571	10,571	**10,399**	10,399

The Group has availed itself to the transitional provision when the MASB first issued FRS 116_{2004}, Property, Plant and Equipment in 2000. Due to the absence of historical records, the Group is not able to provide the carrying amounts of the revalued leasehold land and buildings had they been carried under the cost model.

3.2 Land

The carrying amounts of leasehold land at 1 January 2009 and 31 December 2009 have been adjusted following the adoption of the amendments to FRS 117, Leases, where leasehold land, in substance is a finance lease, has been reclassified from prepaid lease payments to property, plant and equipment.

4. Intangible Assets

Group	Note	Goodwill RM'000	Distribution rights RM'000	Computer software RM'000	Total RM'000
Cost					
At 1 January 2009		6,364	–	8,111	14,475
Additions		–	–	634	634
Acquisition of a subsidiary	21	36,043	338,910	151	375,104
Effect of movements in exchange rates		–	–	(15)	(15)
At 31 December 2009/1 January 2010		**42,407**	**338,910**	**8,881**	**390,198**
Additions	21	**23,452**	**–**	**1,254**	**24,706**
Written off		**–**	**–**	**(34)**	**(34)**
Effect of movements in exchange rates		**(469)**	**(7,429)**	**(14)**	**(7,912)**
At 31 December 2010		**65,390**	**331,481**	**10,087**	**406,958**
Amortisation					
At 1 January 2009		–	–	6,186	6,186
Amortisation for the year	15	–	–	1,253	1,253
Effect of movements in exchange rates		–	–	(13)	(13)
At 31 December 2009/1 January 2010		**–**	**–**	**7,426**	**7,426**
Amortisation for the year	15	**–**	**–**	**1,125**	**1,125**
Written off		**–**	**–**	**(34)**	**(34)**
Effect of movements in exchange rates		**–**	**–**	**(11)**	**(11)**
At 31 December 2010		**–**	**–**	**8,506**	**8,506**
Carrying amounts					
At 1 January 2009		6,364	–	1,925	8,289
At 31 December 2009/1 January 2010		**42,407**	**338,910**	**1,455**	**382,772**
At 31 December 2010		**65,390**	**331,481**	**1,581**	**398,452**

4. Intangible Assets (Continued)

Company	Note	Computer software RM'000
Cost		
At 1 January 2009		6,824
Additions		257
At 31 December 2009/1 January 2010		**7,081**
Additions		**343**
At 31 December 2010		**7,424**
Amortisation		
At 1 January 2009		5,062
Amortisation for the year	15	1,090
At 31 December 2009/1 January 2010		**6,152**
Amortisation for the year	15	**726**
At 31 December 2010		**6,878**
Carrying amounts		
At 1 January 2009		1,762
At 31 December 2009/1 January 2010		**929**
At 31 December 2010		**546**

4.1 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 amount of goodwill allocated to each unit is as follows:

	Group	
	2010 RM'000	2009 RM'000
Subsidiaries		
Luen Heng F & B Sdn. Bhd.	**5,000**	5,000
Carlsberg Singapore Pte. Ltd.	**59,026**	36,043
Subsidiary of a jointly-controlled entity		
Carlsberg Cottingham Ltd. (formerly known as Cottingham & Co. Ltd.)	**1,364**	1,364
	65,390	42,407

The recoverable amounts of the cash generating unit ("CGU"), Luen Heng F & B Sdn. Bhd., Carlsberg Singapore Pte. Ltd. and Carlsberg Cottingham Ltd. were determined based on value in use calculations. The recoverable amounts for each CGU was higher than the carrying amount of the identifiable net assets and goodwill allocated and hence no impairment loss was recognised during the year.

Value in use of the CGU was determined by discounting the future cash flows generated from the continuing use of the CGU.

4. Intangible Assets (Continued)

4.1 Impairment testing for cash-generating units containing goodwill (Continued)

The key assumptions used for the significant CGUs are as follows:

Luen Heng F&B Sdn. Bhd.

- Cash flows were projected based on 9 years business projections to perpetuity and discounted at 9%, which is the weighted average cost of capital for domestic market.
- Growth in revenue is projected to contract by 19.3% in 2011, followed by increases by 7%, 5% and 4% year on year from 2012 to 2014 respectively and to remain constant from 2015 to 2019. Decrease in 2011 projection is to take into consideration the one-off significant increase in revenue in 2010.
- Gross profit margin is projected at 18%, 19%, 20% and 21% from 2011 to 2014 respectively and to remain constant from 2015 to 2019.
- The entity will continue its operations indefinitely and thus a projection beyond 9 years is used with the assumption of an average growth rate of 4% for year 10 onwards to obtain the terminal projections.

Carlsberg Singapore Pte. Ltd. ("CSPL")

- CSPL would have the continuing rights to distribute Carlsberg products in Singapore beyond 20 years.
- Cash flows were projected based on 9 years business projections to perpetuity and discounted at 10%, which is the weighted average cost of capital for foreign market.
- Growth in revenue is projected to increase by 3% and 0.6% from 2011 to 2012 respectively and increase by an average of 2.8% from 2014 to 2019.
- Gross profit margin is projected to remain constant throughout the years of projections.
- Long term growth rate of 1% per annum was applied to the discrete and terminal year projections taking into consideration Singapore's historical and projected inflation rates.

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

Management uses 9 years business projections as these are readily available information and was used in the initial purchase price allocation during the acquisition of CSPL. The terminal value is estimated based on the final year of the projected cash flow to perpetuity.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amounts to exceed the recoverable amounts of the CGUs. Based on this review, there is no evidence of impairment on the Group's goodwill.

4.2 Distribution rights

Distribution rights is in relation to the rights for the distribution and sale of Carlsberg products in Singapore arising from the acquisition of a new subsidiary, Carlsberg Singapore Pte. Ltd. ("CSPL"). Pursuant to the acquisition, Carlsberg Breweries A/S ("CBAS") has waived, for a period of 20 years from the completion date, its right to terminate the license granted by CBAS to CSPL to use the Carlsberg trademark and rights to distribute Carlsberg products in Singapore. After the expiry of the 20 years period (ie. from 2029 onwards), the distribution rights will continue unless terminated by either party upon 12 months prior written notice.

Management has assessed that it is unlikely that CBAS, its immediate holding company, will terminate the distribution rights after the 20 years period. Accordingly, the distribution rights is deemed to have an indefinite useful life and is not amortised.

Notes to the Financial Statements

4. Intangible Assets (Continued)

4.2 Distribution rights (Continued)

For the purpose of impairment testing, the recoverable amount of the distribution rights is estimated using the present value of expected future free cash flows generated by the distribution rights and based on the key assumptions as detailed in Note 4.1- Carlsberg Singapore Pte. Ltd..

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

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the distribution rights to exceed the recoverable amount of the distribution rights. Based on this review, there is no evidence of impairment on the distribution rights.

5. Investments in Subsidiaries

	Company	
	2010 RM'000	2009 RM'000
Unquoted shares - at cost	**393,672**	370,220

Increase in the investments in subsidiaries is attributed to the final purchase consideration paid during the year for the acquisition of Carlsberg Singapore Pte. Ltd. ("CSPL") amounting to SGD10 million, which was determined subsequent to the finalisation of the final adjustment to the working capital of CSPL.

The following are the subsidiaries of the Group:

Name of company	Principal activities	Country of incorporation	Effective ownership interest 2010	Effective ownership interest 2009
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%**	70%
Carlsberg Singapore Pte. Ltd. #	Importation and marketing of beer and liquor products	Singapore	**100%**	100%

Audited by a member firm of KPMG International.

In conjunction with the investment undertaken in Luen Heng F&B Sdn. Bhd. ("LHFB"), the Company entered into a call and put option with LHFB's corporate shareholder, Luen Heng Agency Sdn. Bhd., allowing the acquisition of both parties' interest in LHFB, at any time after three (3) years of the date of the acquisition. The purchase consideration is to be based on LHFB's fair value which is to be determined by an international firm of accountants.

6. Investment in an Associate

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Quoted shares outside Malaysia	**19,936**	19,936	**19,936**	19,936
Share of post-acquisition reserves	**6,401**	4,404	**–**	–
	26,337	24,340	**19,936**	19,936
Market value				
Quoted shares outside Malaysia	**97,626**	46,069	**–**	–

Name of company	Principal activities	Country of incorporation	Effective ownership interest 2010	Effective ownership interest 2009
Lion Brewery (Ceylon) PLC	Manufacturing, marketing and distribution of beer, stout, shandy and non-alcoholic beverages	Sri Lanka	**24.6%**	24.6%

Summary financial information on associate:

	2010 RM'000	2009 RM'000
Revenue (100%)	**141,386**	81,939
Profit (100%)	**22,195**	8,903
Total assets (100%)	**177,479**	144,236
Total liabilities (100%)	**66,817**	81,191

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

7. Investment in a Jointly-Controlled Entity

	Company 2010 RM'000	Company 2009 RM'000
At cost:		
Unquoted shares	**5,366**	5,366
Less: Impairment loss	**(5,366)**	(5,366)
	–	–

7. Investment in a Jointly-Controlled Entity (Continued)

Name of company	Principal activities	Country of incorporation	Proportion of ownership interest 2010	2009
Carlsberg Distributors Taiwan Limited ("CDTL")	Packaging, marketing, and distribution of beer, stout, shandy and non-alcoholic beverages	Taiwan	**50%**	50%
Subsidiary of CDTL				
Carlsberg Cottingham Ltd.	Distribution of premium beers, hard liquor products and other beverages	Taiwan	**75%**	75%

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

	2010 RM'000	2009 RM'000
Long-term assets, net	**1,755**	1,748
Current assets, net	**6,662**	5,242
Current liabilities, net	**(14,045)**	(10,115)
Group's share of net liabilities	**(5,628)**	(3,125)
Revenue, net	**15,267**	12,988
Expenses, net	**(17,770)**	(15,167)
Decrease in the Group's profit for the year	**(2,503)**	(2,179)

8. Inventories

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
At cost:				
Finished goods	**32,129**	45,101	**6,536**	9,178
Work-in-progress	**2,518**	824	**2,518**	824
Raw, packaging and other materials	**9,634**	6,996	**9,461**	6,819
Spare parts for machinery	**4,553**	5,669	**3,904**	5,669
	48,834	58,590	**22,419**	22,490

9. Receivables, Deposits and Prepayments

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Non-current					
Loan to a subsidiary	9.1	**–**	–	**10,100**	10,190
Current					
Trade					
Trade receivables		**178,696**	170,284	**–**	–
Allowance for impairment loss/doubtful debts	9.2	**(3,496)**	(3,300)	**–**	–
		175,200	166,984	**–**	–
Amount due from a subsidiary	9.3	**–**	–	**44,835**	101,699
Amount due from related companies	9.3	**2,952**	10,580	**115**	168
		178,152	177,564	**44,950**	101,867
Non-trade					
Amount due from related companies	9.3	**–**	209	**–**	–
Other receivables	9.4	**5,728**	17,787	**2,276**	6,322
Deposits		**7,142**	8,400	**6,384**	6,850
Prepayments		**16,201**	13,631	**17**	15
		29,071	40,027	**8,677**	13,187
		207,223	217,591	**53,627**	115,054

9.1 Loan to a subsidiary

The loan to a subsidiary is unsecured, and carries 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. The loan is not expected to be repaid by the subsidiary within the next twelve months.

9.2 Allowance for impairment loss

Allowance for impairment loss is considered on a debtor by debtor basis and in compliance with the Group's credit control and accounting policy. All debtors under legal cases are fully provided for, net of collaterals, and all confirmed bad debts are fully written off against the allowance for impairment loss (see Note 22).

The net allowance for impairment loss has been recognised in the following line item in statement of comprehensive income.

	Note	Group 2010 RM'000	Group 2009 RM'000
Sales and distribution costs	15	**(609)**	(749)

9.3 Amounts due from a subsidiary and related companies

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

9.4 Other receivables

Included in other receivables of the Group and of the Company is an amount of Nil (2009: RM113,462) in respect of a housing loan granted to a Director of the Company in accordance with the Housing Loan Scheme applicable to executive staff.

Notes to the Financial Statements

10. Cash and Cash Equivalents

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Deposits with licensed banks	**29,133**	58,446	**16,545**	58,446
Cash and bank balances	**72,237**	60,139	**18,125**	1,483
	101,370	118,585	**34,670**	59,929

11. Share Capital and Reserves

Share capital

	Group and Company Amount 2010 RM'000	Number of shares 2010 '000	Amount 2009 RM'000	Number of shares 2009 '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

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 and the Company (see Note 11.4), all rights are suspended until those shares are reissued.

Reserves

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Non-distributable reserves:					
Share premium		**7,367**	7,367	**7,367**	7,367
Other reserves:					
Capital reserve	11.1	**8,678**	8,678	**4,747**	4,747
Foreign currency translation reserve	11.2	**(17,322)**	(7,233)	**–**	–
Share option reserve	11.3	**476**	524	**773**	501
Treasury shares	11.4	**(12,043)**	(12,043)	**(12,043)**	(12,043)
		(12,844)	(2,707)	**844**	572
Distributable reserves:					
Retained earnings	11.5	**438,232**	363,464	**381,068**	293,244
		425,388	360,757	**381,912**	293,816

11. Share Capital and Reserves (Continued)

11.1 Capital reserve

The capital reserve comprises revaluation reserve on long term leasehold properties 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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revaluation reserve	**4,747**	4,747	**4,747**	4,747
Capitalisation upon bonus issue by a subsidiary	**3,931**	3,931	**–**	–
	8,678	8,678	**4,747**	4,747

11.2 Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

11.3 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options by the holding company. The grant date fair value of the share options granted to these employees is recognised as an employee expense in profit or loss and a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. Any recharge by Carlsberg A/S in excess of the initial capital contribution initially recognised in the equity is treated as a capital distribution and would be recorded directly in equity.

11.4 Treasury shares

In 1999 via a resolution passed in a general meeting, the Company repurchased 2,330,000* of its issued share capital from the open market. The aggregate consideration paid for the repurchased shares was RM12,043,000, 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 2010 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*

11.5 Retained earnings

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 2010 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 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

Notes to the Financial Statements

12. Deferred Tax Liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Group						
Distribution rights	**–**	–	**(56,376)**	(57,640)	**(56,376)**	(57,640)
Property, plant and equipment						
– capital allowance	**–**	–	**(16,931)**	(15,882)	**(16,931)**	(15,882)
– revaluation	**–**	–	**(1,025)**	(1,025)	**(1,025)**	(1,025)
Others	**1,505**	2,219	**–**	–	**1,505**	2,219
Tax assets/(liabilities)	**1,505**	2,219	**(74,332)**	(74,547)	**(72,827)**	(72,328)
Set off of tax	**(1,505)**	(2,219)	**1,505**	2,219	**–**	–
Net tax liabilities	**–**	–	**(72,827)**	(72,328)	**(72,827)**	(72,328)
Company						
Property, plant and equipment						
– capital allowance	**–**	–	**(15,031)**	(14,786)	**(15,031)**	(14,786)
– revaluation	**–**	–	**(1,025)**	(1,025)	**(1,025)**	(1,025)
Others	**547**	1,323	**–**	–	**547**	1,323
Tax assets/(liabilities)	**547**	1,323	**(16,056)**	(15,811)	**(15,509)**	(14,488)
Set off of tax	**(547)**	(1,323)	**547**	1,323	**–**	**–**
Net tax liabilities	**–**	–	**(15,509)**	(14,488)	**(15,509)**	(14,488)

Movement in temporary differences during the year

	At 1.1.2009 RM'000	Recognised in profit or loss (note 17) RM'000	Acquisition of a subsidiary (note 21) RM'000	At 31.12.2009 RM'000	Exchange differences RM'000	Recognised in profit or loss (note 17) RM'000	At 31.12.2010 RM'000
Group							
Distribution rights	–	–	(57,640)	(57,640)	1,264	–	**(56,376)**
Property, plant and equipment	(18,742)	1,932	(97)	(16,907)	–	(1,049)	**(17,956)**
Others	1,523	696	–	2,219	–	(714)	**1,505**
	(17,219)	2,628	(57,737)	(72,328)	1,264	(1,763)	**(72,827)**
Company							
Property, plant and equipment	(17,172)	1,361	–	(15,811)	–	(245)	**(16,056)**
Others	811	512	–	1,323	–	(776)	**547**
	(16,361)	1,873	–	(14,488)	–	(1,021)	**(15,509)**

12. Deferred Tax Liabilities (Continued)

Unrecognised deferred tax assets

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

	Group	
	2010 RM'000	2009 RM'000
Unutilised tax losses	**7,272**	4,768

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

13. Payables and Accruals

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade					
Trade payables		**142,980**	113,752	**43,706**	66,584
Amount due to immediate holding company	13.1	**7,351**	5,354	**982**	3,109
Amount due to related companies	13.1	**5,903**	4,369	**3,112**	2,640
Amount due to a subsidiary	13.1	**–**	–	**–**	97
		156,234	123,475	**47,800**	72,430
Non-trade					
Other payables		**27,405**	19,430	**6,943**	4,549
Accrued expenses		**28,303**	21,266	**13,301**	10,636
Amount due to ultimate holding company	13.1	**470**	–	**222**	–
Amount due to related companies	13.1	**496**	176,196	**457**	175,730
		56,674	216,892	**20,923**	190,915
		212,908	340,367	**68,723**	263,345

13.1 Amounts due to immediate holding company, ultimate holding company, related companies and a subsidiary

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

Included in the amount due to related companies in 2009 was an amount due to Carlsberg Asia Pte. Ltd. amounting to RM175,108,000, representing the present value of the balance of the deferred purchase consideration on the acquisition of Carlsberg Singapore Pte. Ltd., which was subsequently paid on 1 March 2010.

Notes to the Financial Statements

14. Loans and Borrowings

	Interest rates % p.a.	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Current - unsecured					
Short term bank loan	2.96 – 3.09	**10,645**	8,586	**–**	–
Revolving credits	2.96 – 3.09	**42,306**	–	**40,306**	–
		52,951	8,586	**40,306**	–

15. Operating Profit

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Operating profit arrived at after charging:					
Allowance for impairment loss					
on trade receivables	9	**609**	749	**–**	–
Amortisation of intangible assets	4	**1,125**	1,253	**726**	1,090
Auditors' remuneration					
– Audit services		**162**	150	**91**	79
Depreciation of property,					
plant and equipment	3	**17,698**	19,154	**11,986**	12,671
Property, plant and equipment written off		**30**	735	**6**	18
Finance cost		**4,594**	875	**3,108**	875
Inventories written off		**257**	604	**257**	441
Personnel expenses (including					
key management personnel):					
– Contributions to Group's defined					
contribution plan		**494**	474	**248**	249
– Contributions to Employees					
Provident Fund		**5,705**	5,733	**2,378**	2,485
– Wages, salaries and others		**55,932**	50,243	**25,588**	21,589
Rental of land and buildings		**1,441**	2,761	**312**	365
Net foreign exchange loss		**1,056**	175	**–**	127
Share-based payments		**427**	524	**495**	501

15. Operating Profit (Continued)

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Operating profit arrived at after crediting:					
Bad debts recovered		**602**	527	**–**	–
Dividend income from an unquoted subsidiary in Malaysia		**–**	–	**114,980**	59,400
Dividend income from a foreign quoted associate		**–**	–	**1,652**	–
Gain on disposal of property, plant and equipment		**1,350**	1,990	**618**	64
Interest income		**1,084**	4,021	**1,176**	3,486
Net foreign exchange gain		**–**	–	**129**	–
Rental income from subsidiary		**–**	–	**840**	840

16. Key Management Personnel Compensation

The key management personnel compensation are as follows:

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Directors:				
– Fees	**116**	286	**116**	286
– Remuneration	**1,486**	1,607	**1,486**	1,607
– Other short term employee benefits (including estimated monetary value of benefits-in-kind)	**1,231**	976	**1,231**	976
	2,833	2,869	**2,833**	2,869
– Post-employment benefits	**103**	140	**103**	140
– Share-based payments	**167**	402	**167**	402
	3,103	3,411	**3,103**	3,411
Other key management personnel:				
– Short term employee benefits	**3,248**	3,499	**1,802**	1,925
– Post-employment benefits	**144**	137	**72**	70
– Share-based payments	**162**	498	**111**	373
	3,554	4,134	**1,985**	2,368
	6,657	7,545	**5,088**	5,779

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

Notes to the Financial Statements

17. Tax expense

Recognised in profit or loss

Components of tax expense include:

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Current tax expense					
Malaysian					
– current year		**31,447**	28,136	**11,635**	3,563
– (over)/under provision in prior years		**(702)**	212	**(76)**	95
Overseas					
– current		**9,905**	115	**–**	–
Total current tax		**40,650**	28,463	**11,559**	3,658
Deferred tax expense					
Origination and reversal of temporary differences		**(280)**	(2,733)	**(269)**	(2,118)
Under provision in prior years		**2,043**	105	**1,290**	245
Total deferred tax recognised in profit or loss	12	**1,763**	(2,628)	**1,021**	(1,873)
Total tax expense		**42,413**	25,835	**12,580**	1,785

Reconciliation of tax expense

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Profit before tax	**176,536**	102,560	**158,878**	62,805
Share of profit after tax of equity accounted associate	**(5,460)**	(2,190)	**–**	–
Profit before tax excluding share of profit after tax of equity accounted associate	**171,076**	100,370	**158,878**	62,805
Tax at Malaysian tax rate of 25% (2009: 25%)	**42,769**	25,093	**39,720**	15,701
Effect of tax in foreign jurisdiction	**(4,214)**	(119)	**–**	–
Tax exempt income	**–**	–	**–**	(14,908)
Non taxable income	**(29)**	(707)	**(28,745)**	–
Non-deductible expenses	**4,588**	762	**449**	461
Double deduction on permitted expenses	**(2,616)**	(495)	**–**	–
Tax incentives	**–**	(73)	**–**	(73)
Other items	**(52)**	399	**(58)**	264
Current year losses for which no deferred tax asset was recognised	**626**	658	**–**	–
	41,072	25,518	**11,366**	1,445
Under provision in prior years	**1,341**	317	**1,214**	340
Tax expense	**42,413**	25,835	**12,580**	1,785

18. Earnings Per Ordinary Share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share as at 31 December 2010 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	
	2010 RM'000	2009 RM'000
Profit for the year attributable to shareholders	**133,242**	76,142

Weighted average number of ordinary shares

	Group	
	2010 '000	2009 '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)	**43.58**	24.90

19. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2010			
Interim 2010 ordinary	**3.8**	**11,466**	**8 October 2010**
Special interim 2010 ordinary	**1.9**	**5,732**	**8 October 2010**
Final 2009 ordinary	**5.6**	**17,198**	**18 May 2010**
Special Final 2009 ordinary	**7.9**	**24,078**	**18 May 2010**
Total amount		**58,474**	
2009			
Interim 2009 ordinary	3.8	11,466	6 October 2009
Final 2008 ordinary	5.6	17,198	18 May 2009
Total amount		28,664	

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

	Sen per share (net of tax)	Total amount RM'000
Final ordinary	5.6	17,198
Final ordinary - special	32.3	98,604
Total amount		115,802

20. Operating Segments

The Group has three reportable segments, which are the Group's geographical segments. The strategic business units offer similar products but are managed separately because they require different marketing strategies due to the geographical locations. For each of the strategic business units, the Group's Managing Director (the chief operating decision maker) reviews internal management reports at least on a quarterly basis.

Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

The following summary describes the operations in each of the Group's reportable segments:

- Malaysia – Includes manufacturing, marketing and distribution of both alcoholic and non-alcholic beverages.
- Singapore – Includes marketing and distribution of both alcoholic and non-alcoholic beverages.
- Others – Includes marketing and distribution of both alcoholic and non-alcoholic beverages in geographical locations other than Malaysia and Singapore.

Segment assets, liabilities and capital expenditures

Segment assets, liabilities and capital expenditures information are not included in the internal management reports nor provided regularly to the Group's Managing Director. Hence no disclosure is made.

	Malaysia RM'000	Singapore RM'000	Others RM'000	Consolidated total RM'000
2010				
Segment profit/(loss)	**124,393**	**52,744**	**(2,172)**	**174,965**
Included in the measure of segment profit are:				
Revenue from external customers	**1,038,432**	**314,459**	**15,267**	**1,368,158**
Inter-segment revenue	**52,586**	**–**	**–**	**52,586**
Depreciation and amortisation	**(18,021)**	**(664)**	**(138)**	**(18,823)**
Not included in the measure of segment profit but provided to Managing Director:				
Finance costs	**(4,140)**	**(74)**	**(380)**	**(4,594)**
Interest income	**1,084**	**–**	**–**	**1,084**
Income tax expense	**(32,399)**	**(10,014)**	**–**	**(42,413)**
Share of profit of equity accounted associate, net of tax	**–**	**–**	**5,460**	**5,460**
2009				
Segment profit/(loss)	97,995	1,706	(2,477)	97,224
Included in the measure of segment profit are:				
Revenue from external customers	986,203	46,292	12,988	1,045,483
Inter-segment revenue	768	–	–	768
Depreciation and amortisation	(20,116)	(124)	(167)	(20,407)

20. Operating Segments (Continued)

	Malaysia RM'000	Singapore RM'000	Others RM'000	Consolidated total RM'000
Not included in the measure of segment profit but provided to Managing Director:				
Finance costs	(875)	–	–	(875)
Interest income	4,014	7	–	4,021
Income tax expense	(25,709)	(99)	(27)	(25,835)
Share of profit of equity accounted associate, net of tax	–	–	2,190	2,190

Reconciliations of reportable segment revenues and profit or loss

	2010 RM'000	2009 RM'000
Profit		
Total segment profit	**174,965**	97,224
Inter-segment elimination	**(379)**	–
Finance costs	**(4,594)**	(875)
Interest income	**1,084**	4,021
Share of profit of equity accounted associate, net of tax	**5,460**	2,190
Consolidated profit before tax	**176,536**	102,560

No reconciliation is performed for reportable segment revenue to consolidated total revenue as there is no difference.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investments in associates) and deferred tax assets.

Geographical location	Revenue RM'000	Non-current assets RM'000
2010		
Malaysia	**1,012,901**	**147,966**
Singapore	**314,459**	**392,972**
Hong Kong	**13,792**	**–**
Taiwan	**15,267**	**1,753**
Other countries	**11,739**	**–**
	1,368,158	**542,691**

Notes to the Financial Statements

20. Operating Segments (Continued)

Geographical location	Revenue RM'000	Non-current assets RM'000
2009		
Malaysia	976,902	143,107
Singapore	46,292	376,689
Taiwan	12,988	1,748
Other countries	9,301	–
	1,045,483	521,544

Major customers

The Group does not transact with a single external customer amounting to 10% or more than the Group's total revenue.

21. Acquisition of a Subsidiary

In the previous year, the Company completed the acquisition of Carlsberg Singapore Pte. Ltd. ("CSPL").

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

	Pre acquisition carrying amounts RM'000	Fair value adjustments RM'000	Recognised values on acquisition RM'000
Property, plant and equipment	1,691	–	1,691
Other investment	356	–	356
Intangible assets	151	338,910	339,061
Inventories	10,843	–	10,843
Receivables, deposits and prepayments	57,496	–	57,496
Cash and cash equivalents	24,459	146	24,605
Deferred tax liabilities	(97)	(57,640)	(57,737)
Payables and accruals	(30,501)	–	(30,501)
Loans and borrowings	(120)	–	(120)
Current tax liabilities	(5,762)	–	(5,762)
Net identifiable assets and liabilities	58,516	281,416	339,932
Goodwill on acquisition			36,043
Total purchase consideration*			375,975
Cash acquired			(24,605)
Present value of the deferred purchase consideration payable			(175,108)
Cash flow on acquisition, net of cash acquired			176,262

* *Includes professional fees of RM1,740,000 and the effect of discounting the deferred purchase consideration amounting to RM1,748,000.*

21. Acquisition of a Subsidiary (Continued)

Pre-acquisition carrying amounts were determined based on applicable FRSs immediately before the acquisition. The values of assets and liabilities recognised on acquisition are their estimated fair values.

The deferred purchase consideration of RM175,108,000 was fully settled during the year.

On 27 July 2010, subsequent to the finalisation of the final adjustment relating to the working capital of CSPL pursuant to the clause stated in the purchase agreement, the Company paid an additional SGD10,000,000 or equivalent to approximately RM23,452,000.

22. Financial Instruments

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

22.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables (L&R);

(b) Other financial liabilities measured at amortised cost (OL).

	Carrying amount RM'000	L&R/ (OL) RM'000	Others RM'000
2010			
Financial assets			
Group			
Trade and other receivables	**207,223**	**191,022**	**16,201**
Cash and cash equivalents	**101,370**	**101,370**	**–**
	308,593	**292,392**	**16,201**
Company			
Trade and other receivables	**53,627**	**53,610**	**17**
Cash and cash equivalents	**34,670**	**34,670**	**–**
Loan to a subsidiary	**10,100**	**10,100**	**–**
	98,397	**98,380**	**17**
2010			
Financial liabilities			
Group			
Loans and borrowings	**(52,591)**	**(52,591)**	**–**
Trade and other payables	**(212,908)**	**(212,908)**	**–**
	(265,499)	**(265,499)**	**–**
Company			
Loans and borrowings	**(40,306)**	**(40,306)**	**–**
Trade and other payables	**(68,723)**	**(68,723)**	**–**
	(109,029)	**(109,029)**	**–**

22. Financial Instruments (Continued)

22.2 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

22.3 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the 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.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables, net of impairment loss, as at the end of the reporting period by geographical region was:

	Group 2010 RM'000
Malaysia	**123,202**
Singapore	**51,036**
Others	**962**
	175,200

Impairment losses

The ageing of receivables as at the end of the reporting period was:

Group 2010	Gross RM'000	Individual impairment RM'000	Net RM'000
Not past due	**139,982**	**–**	**139,982**
Past due 1 – 30 days	**11,925**	**–**	**11,925**
Past due 31 – 60 days	**18,544**	**–**	**18,544**
Past due 61 – 90 days	**2,850**	**–**	**2,850**
Past due more than 90 days	**5,395**	**(3,496)**	**1,899**
	178,696	**(3,496)**	**175,200**

22. Financial Instruments (Continued)

22.3 Credit risk (Continued)

The movements in the allowance for impairment losses of receivables during the financial year were:

	Group 2010 RM'000
At 1 January	**(3,300)**
Impairment loss recognised	**(1,612)**
Impairment loss reversed	**1,003**
Impairment loss written off	**413**
At 31 December	**(3,496)**

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries were not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these advances have been overdue for less than a year. Non-current loans to subsidiaries are not overdue.

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

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

Cash and cash equivalents are placed with licensed financial institutions.

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that cash and cash equivalents were not recoverable.

22. Financial Instruments (Continued)

22.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Group	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000
2010				
Payables and accruals	**212,908**	**–**	**212,908**	**212,908**
Bank borrowings	**52,951**	**2.96% – 3.09%**	**54,553**	**54,553**
	265,859	**–**	**267,461**	**267,461**

Company	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000
2010				
Payables and accruals	**68,723**	**–**	**68,723**	**68,723**
Bank borrowings	**40,306**	**2.96% – 3.09%**	**40,618**	**40,618**
	109,029	**–**	**109,341**	**109,341**

22.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's and the Company's financial position or cash flows.

22.5.1 Currency risk

The Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar (USD).

Risk management objectives, policies and processes for managing the risk

The Group and the Company did not hedge any foreign trade receivables and trade payables denominated in foreign currency during the year. In respect of other monetary assets and liabilities held in currencies other than Ringgit Malaysia, the Group ensures that the net exposure is kept to an acceptable level.

Currency risk sensitivity analysis

The exposure to currency risk of Group entities which do not have a USD functional currency is not material and hence, sensitivity analysis is not presented.

22. Financial Instruments (Continued)

22.5 Market risk (Continued)

22.5.2 Interest rate risk (Continued)

The Group's and the Company's borrowings are not exposed to a risk of change in their fair values due to changes in interest rates. The Group's and the Company's borrowings are exposed to a risk of change in cash flows due to changes in interest rate. Receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk
The Group's and the Company's borrowings are short-term in nature. As such, the Group and the Company do not engage in any hedging activities to manage interest risk fluctuations.

Exposure to interest rate risk
The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fixed rate instruments				
Financial liabilities	**(52,951)**	(8,586)	**(40,306)**	–
Deposits with licensed banks	**29,133**	58,446	**16,545**	58,446
Floating rate instruments				
Loan to a subsidiary	**–**	–	**(10,100)**	(10,190)

Interest rate for loan to a subsidiary is disclosed in Note 9.

Interest rate risk sensitivity analysis
The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

The exposure to interest rate risk arising from floating rate instruments is not material, and hence, sensitivity analysis is not presented.

22.6 Fair value of financial instruments

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

The fair value of the loan to a subsidiary of the Company approximates its carrying value. Sensitivity analysis of floating rate instruments is also not presented.

Notes to the Financial Statements

23. Capital Management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with regulatory requirements.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

24. Operating Leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Less than one year	**343**	2,417	**343**	77
Between one and five years	**65**	642	**65**	–
	408	3,059	**408**	77

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.

25. Capital Commitments

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Capital expenditure commitments				
Plant and equipment				
Authorised but not contracted for	**330**	1,376	**119**	883
Contracted but not provided for and payable:				
Within one year	**–**	1,021	**–**	849
	330	2,397	**119**	1,732

26. Related Parties

Identity of related parties

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

The Group has a related party relationship with the holding company and its related corporations, its subsidiaries (see Note 5), an associate (see Note 6), a jointly-controlled entity (see Note 7), 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.

26. Related Parties (Continued)

Details of the related party relationships, which are having related party transactions with the Group are as follows:

	Transaction value year ended 31 December		Balance outstanding as at 31 December	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Group				
Immediate holding company			**(7,351)**	(5,354)
Management fees payable	**3,217**	1,338		
Purchases of materials and products	**505**	573		
Reimbursement of expenses	**4,356**	5,963		
Royalties payable	**32,486**	19,939		
Jointly-controlled entity			**–**	15
Sale of goods and services	**–**	1,568		
Reimbursement of expenses	**–**	385		
Related companies				
Acquisition of CSPL	**–**	375,983	**–**	(175,108)
Purchases of materials and products	**30,989**	10,757	**(3,093)**	(2,833)
Purchases of services	**489**	410	**(490)**	(410)
Sale of goods and services	**13,792**	3		
Rental of premises	**754**	757		
Purchases of materials and services	**918**	583	**(202)**	(212)
Company				
Immediate holding company			**(982)**	(3,109)
Management fees payable	**1,966**	1,287		
Purchases of materials and products	**505**	547		
Reimbursement of expenses	**2,071**	4,153		
Royalties payable	**5,110**	4,567		
Subsidiaries			**44,835**	101,699
Sale of goods and services	**755,695**	665,185		
Transfer of property, plant and equipment to at net book value	**53**	39		
Management fee received	**11,500**	11,500		
Rental income	**840**	840		
Dividend income	**114,980**	59,400		
Interest received	**425**	406		
Loan	**–**	–	**10,100**	10,190
Related companies				
Acquisition of CSPL	**–**	375,983	**–**	(175,108)
Purchases of services	**452**	410	**(452)**	(410)
Purchases of materials and products	**21,569**	9,603	**(3,112)**	(2,639)

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.

Notes to the Financial Statements

27. Significant Changes in Accounting Policies

27.1 FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows:

Inter-company loans

Prior to the adoption of FRS 139, inter-company loans were recorded at cost. With the adoption of FRS 139, inter-company loans are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Finance income and costs are recognised in profit or loss using the effective interest method.

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

There has been no significant impact with the change in accounting policy.

27.2 FRS 8, Operating Segments

As of 1 January 2010, the Group determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 8. Previously operating segments were determined and presented in accordance with FRS 114_{2004}, Segment Reporting.

Comparative segment information has been re-presented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

27.3 FRS 101, Presentation of Financial Statements (revised)

The Group applies FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per share.

27. Significant Changes in Accounting Policies (Continued)

27.4 FRS 117, Leases

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic earnings per ordinary share for the current and prior periods.

28. Comparative Figures

28.1 FRS 101, Presentation of Financial Statements (revised)

Arising from the adoption of FRS 101 (revised), income statements for the year ended 31 December 2009 have been re-presented as statement of comprehensive income. All non-owner changes in equity that were presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity.

28.2 FRS 117, Leases

Following the adoption of the amendment to FRS 117, certain comparatives have been re-presented as follows:

	Group			
	31.12.2009		1.1.2009	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Cost				
Property, plant and equipment	138,420	130,498	148,158	139,548
Prepaid lease payments	–	7,922	–	8,610

	Company			
	31.12.2009		1.1.2009	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Cost				
Property, plant and equipment	124,504	116,694	129,602	121,674
Prepaid lease payments	–	7,810	–	7,928

A third statement of financial position is not presented as the effect of the reclassification is not judged to be material to the Group and Company.

29. Supplementary Information on the Breakdown of Realised and Unrealised Profits or Losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2010, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group 2010 RM'000	Company 2010 RM'000
Total retained earnings of the Company and its subsidiaries:		
– realised	**518,844**	**395,814**
– unrealised	**(74,471)**	**(14,746)**
	444,373	**381,068**
Total retained earnings of an associate:		
– realised	**5,460**	**–**
	449,833	**381,068**
Total accumulated losses of jointly-controlled entity:		
– realised	**(10,309)**	**–**
– unrealised	**(42)**	**–**
	439,482	**381,068**
Less: Consolidation adjustments	**(1,250)**	**–**
Total retained earnings	**438,232**	**381,068**

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by Malaysian Institute of Accountants on 20 December 2010.

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 84 to 133 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 2010 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 29 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Dato' Chin Voon Loong
Director

Soren Ravn
Managing Director

Shah Alam
18 March 2011

Statutory Declaration

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

I, **Lew Yoong Fah**, 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 84 to 134 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 18 March 2011.

Lew Yoong Fah

Before me:
Charanjit Kaur A/P Pritam Singh
(No. W606)
Commissioner of Oaths

Kuala Lumpur
18 March 2011

Independent Auditors' Report

TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD

Report on the Financial Statements

We have audited the financial statements of Carlsberg Brewery Malaysia Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 84 to 133.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgement, 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 2010 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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in note 5 to the financial statements.

(c) 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.

(d) The 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.

Independent Auditors' Report

TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 29 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Thong Foo Vung
Approval Number: 2867/08/12(J)
Chartered Accountant

Petaling Jaya, Selangor
18 March 2011

Carlsberg Malaysia's Sales Offices

Alor Setar
C/O Chuan Leong Trading (Kedah) Sdn Bhd
30 Pengkalan Kapal,
05000 Alor Setar, Kedah.
Tel : 04-732 1025 / 734 3712
Fax : 04-734 3318

Butterworth
No. 6, Lengkok Kikik 1,
Taman Inderawasih,
13600 Prai, Butterworth.
Tel : 04-390 3077 / 390 5231
Fax : 04-399 1488

Ipoh
No. 87, Rishah Permai 1,
Taman Rishah Permai,
30100 Ipoh, Perak.
Tel : 05-281 3700 / 281 3713
Fax : 05-281 4116

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

Kuantan
No. 25, Jalan IM14/3,
Kawasan Perindustrian Ringan,
Indera Mahkota,
25200 Kuantan, Pahang.
Tel : 09-508 8348 / 508 8349
Fax : 09-508 8343

Mentakab
C/O Lit Tat Trading Sdn Bhd
PT 1303B, Jalan Industrial 4,
Taman Industrial Park,
28400 Mentakab, Pahang.
Tel : 09-278 3710
Fax : 09-278 3161

Shah Alam
Lot 22, Jalan Pengapit 15/9,
Seksyen 15,
40200 Shah Alam,
Selangor.
Tel : 03-5522 6688
Fax : 03-5510 1135

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

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

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

Johor Bahru
No. 41G, 41-01 & 41-02,
Jalan Austin Perdana 2/22,
Taman Mount Austin,
81100 Johor Bahru, Johor.
Tel : 07-355 5078 / 354 0485 / 354 6079
Fax : 07-354 6092

Kota Kinabalu
34, Towering Industrial Estate,
Mile 4 1/2, Jalan Penampang,
88300 Kota Kinabalu,
P.O. Box 13435,
88838 Kota Kinabalu, Sabah.
Tel : 088-715 091 / 715 019
Fax : 088-717 480

Sandakan
Ground Floor, Lot 2, Block 2,
Bangunan Yuan Li, Mile 1.5,
Jalan Utara,
90000 Sandakan, Sabah.
Tel : 089-201 011
Fax : 089-201 013

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

Kuching
No. 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, Sarawak.
Tel/Fax : 084-213 892

Particulars of Group Properties

The Properties included in land and buildings as at 31 December 2010 (Note 3 to the Financial Statements) and their net book values are indicated below :-

Address	Description	Area (Acres)	Existing Use	Land Tenure	Approx. Age of Building (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	40	30,898	31/3/81 (revaluation)
Lot 6, No. 34 Towering Industrial Estate, Mile 4 1/2, Jalan Penampang, 88300 Kota Kinabalu, Sabah.	Land and Building	0.06	Office and Warehouse	Leasehold expiring 31.12.2037	31	326	28/3/95 (acquisition)
394, Taman AST, Jalan Labu, 70200 Seremban, Negeri Sembilan Darul Khusus.	Land and Building	0.04	Office and Warehouse	Freehold	16	334	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	20	8,679	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	13	185	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	1.30	Factory	Freehold	–	2,999	18/9/03 (acquisition)
						59,374	

Analysis of Shareholdings

AS AT 28 FEBRUARY 2011

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	643	5.28	6,804	0.00
100 - 1,000	3,790	31.11	3,041,624	0.99
1,001 - 10,000	5,987	49.14	23,984,983	7.84
10,001 - 100,000	1,547	12.70	47,575,911	15.56
100,001 - 15,287,399*	215	1.76	75,206,178	24.60
15,287,400 and above**	1	0.01	155,932,500	51.00
TOTAL	**12,183**	**100.00**	**305,748,000**	**100.00**

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

Thirty Largest Shareholders

Name	No. of Shares	% of Shares
1. UOBM Nominees (Asing) Sdn Bhd Carlsberg Breweries A/S	155,932,500	51.00
2. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	9,085,320	2.97
3. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 2)	4,382,000	1.43
4. Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For American International Assurance Berhad	2,014,200	0.66
5. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund J728 for SPDR S&P Emerging Asia Pasific ETF	1,851,003	0.61
6. Cartaban Nominees (Asing) Sdn Bhd State Street London Fund MATF For Marathon New Global Fund PLC	1,585,900	0.52
7. HSBC Nominees (Asing) Sdn Bhd Exempt An For The Bank of New York Mellon (Mellon Acct)	1,547,200	0.51
8. Tai Tak Estates Sdn Bhd	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. Tokio Marine Life Insurance Malaysia Bhd As Beneficial Owner (PF)	1,376,700	0.45

Analysis of Shareholdings

AS AT 28 FEBRUARY 2011

Thirty Largest Shareholders (Continued)

Name	No. of Shares	% of Shares
11. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Non Par 1)	1,200,000	0.39
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. HSBC Nominees (Asing) Sdn Bhd Exempt An For Skandinaviska Enskilda Banken AB (Danish Clients)	915,000	0.30
16. UOBM Nominees (Asing) Sdn Bhd Chung Khiaw Bank Nominees (Pte) Ltd For Ko Choon Huat	910,000	0.30
17. Kam Poh Realty Sdn Bhd	685,000	0.22
18. Citigroup Nominees (Asing) Sdn Bhd Exempt An For OCBC Securities Private Limited (Client A/C-NR)	669,556	0.22
19. Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Small Cap Series	655,600	0.21
20. Sin Mong Chon & Sons Sdn Bhd	614,000	0.20
21. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For OSK-UOB Thematic Growth Fund (6210-401)	600,000	0.20
22. CIMSEC Nominees (Asing) Sdn Bhd Exempt An For CIMB Securities (Singapore) Pte Ltd (Retail Clients)	595,798	0.19
23. Amanahraya Trustees Berhad Public Dividend Select Fund	585,300	0.19
24. HSBC Nominees (Asing) Sdn Bhd Exempt An For Clariden Leu Ltd. (SG-Clients NR)	559,998	0.18
25. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For OSK-UOB Kidsave Trust (3621)	546,700	0.18
26. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad HwangDBS Investment Management Berhad For Malaysian Timber Council	509,900	0.17
27. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For HwangDBS Select Income fund (4850)	502,600	0.16
28. G.T.Y. Holdings Sdn Bhd	500,000	0.16
29. Soon Ah Khun @ Soon Lian Huat	500,000	0.16
30. AMSEC Nominees (Tempatan) Sdn Bhd AmFraser Securities Pte Ltd For Chong Kah Yung (1854)	491,100	0.16
TOTAL	**194,642,875**	**63.66**

Analysis of Shareholdings

AS AT 28 FEBRUARY 2011

Substantial Shareholder

Name	Direct Interest No. of Shares	Direct Interest % of Shares
1. Carlsberg Breweries A/S	155,932,500	51.00

Directors' Interests

Name	Direct No. of Shares	Direct % of Shares	Indirect No. of Shares	Indirect % of Shares
1. Dato' Lim Say Chong	–	–	52,000 #	0.02

Deemed interested by virtue of shares held by his daughter.

None of the other Directors holding office as at 28 February 2011 had any interest in shares whether direct or indirect in the Company.

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 2010 or entered into since the end of the previous financial year ending 31 December 2009, 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 Limited, should certain events occur. The purchase consideration is to be based on an agreed formula and in any event, to be a minimum of the original purchase price paid by CBMB.

   CAS is the holding company of Carlsberg Breweries A/S ("**CBAS**"), which in turn is the holding company 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. Both Mr Soren Ravn and Dato' Chin Voon Loong who are Directors of CBMB are also the directors of CDTL.

3. A shareholders agreement between CBMB, Luen Heng Agency Sdn Bhd ("**LHA**") and Luen Heng F & B Sdn Bhd ("**LHFB**") dated 26 November 2008 for CBMB and LHA to participate in the equity of LHFB whereupon CBMB holds 70% equity shareholding consisting of 2,100,000 ordinary shares of RM1.00 each. Both Mr Soren Ravn and Dato' Chin Voon Loong who are Directors of CBMB are also the directors of LHFB.

List of Recurrent Related Party Transactions

The breakdown of the aggregate value of the recurrent related party transactions entered into by the Group pursuant to the shareholders' mandate obtained during the 40th AGM held on 27 April 2010 is as follows:

Related Party	Nature of Transaction	Actual Value Transacted (RM' million)
CBAS	Reimbursement of sponsorship, global insurance and staff-related expenses to CBAS	4.4
CBAS	Purchase of raw materials (hops, yeasts, aroma etc) and related services from CBAS	0.5
CBAS	Provision of administrative support and property leasing services to CBAS	0.79
CBAS	Provision of administrative support services from CBAS	3.2
CBAS	Royalties payable to CBAS for interalia, the exclusive use of trademark licences and supply of technical and commercial assistance	34.1
CBGL	Purchase of beverage products from CBGL	0.35
DMG	Purchase of raw materials (malts) from DMG	6.4
CUKL	Purchase of beverage products and services from CUKL	0.1
DMG Polska	Purchase of raw materials (malts) from Polska	1.7
SSSp	Purchase of raw materials (malts) from SSSp	0.9
CIT	Purchase of IT services from CIT	0.3
CGPAG	Purchase of materials and services (A&P items) from CGPAG	5.9

Abbreviations:

CBAS - Carlsberg Breweries A/S
CBGL - Carlsberg Brewery (Guangdong) Ltd
CGPAG - Carlsberg Group Procurement AG
CIT - Carlsberg IT A/S
CUKL - Carlsberg UK Limited
DMG - Danish Malting Group A/S
DMG Polska - Danish Malting Group Polska
SSSp - Slodownia Strzegom Sp.z.o.o.

Notes:

1) The above actual value of the recurrent related party transactions is for the period from 27 April 2010 to 9 March 2011.

2) The nature of relationship between the above related parties and the Company is as follows:

   (i) CBAS is the holding company and major shareholder of the Company, holding an equity interest of 51.0% in the Company as at 9 March 2011.

   (ii) CBGL, DMG, DMG Polska, CIT, CUKL, SSSp and CGPAG are subsidiaries of CBAS and do not hold any direct equity interest in the Company as at 9 March 2011.

Notice of 41st Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-first (41st) Annual General Meeting of the Company will be held at Ballroom Selangor 2 & 3, Grand Dorsett Subang Hotel, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Tuesday, 26 April 2011 at 11.00 a.m. for the following purposes:

Agenda:

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Directors' and Auditors' reports thereon. **Ordinary Resolution 1**

2. To approve a payment of a Final Dividend of 7.5 sen per RM0.50 share less Malaysian income tax and a Special Dividend of 43 sen per RM0.50 share less Malaysian income tax in respect of the financial year ended 31 December 2010. **Ordinary Resolution 2**

3. To approve the payment of Directors' fees of RM116,000 for the financial year ended 31 December 2010. **Ordinary Resolution 3**

4. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

Special Business

5. To consider, and if thought fit, pass with or without modifications, the following Resolution:- **Ordinary Resolution 5**

   RE-ELECTION OF DIRECTOR
   "THAT Dato' Chin Voon Loong, who retires pursuant to Article 92(a) of the Articles of Association of the Company, be and is hereby re-elected as Director of the Company."

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

   RE-APPOINTMENT OF DIRECTORS
   "THAT pursuant to Section 129 of the Companies Act, 1965, the following Directors who are over the age of seventy (70) years, be and are hereby re-appointed as Directors of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company:

   (a) Dato' Lim Say Chong **Ordinary Resolution 6**

   (b) Datuk M.R. Gopala Krishnan C.R.K. Pillai". **Ordinary Resolution 7**

7. To consider, and if thought fit, pass with or without modifications, the following Resolution:

   AUTHORITY FOR DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 **Ordinary Resolution 8**
   "**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 and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this Resolution in any one financial year does not exceed 10% of the issued and paid-up share capital of the Company for the time being;

   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 **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

8. To consider, and if thought fit, pass with or without modifications, the following Resolution:

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

"**THAT**, subject to compliance with the provisions Section 67A of the Companies Act 1965, the requirements of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("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 RM376.4 million being the combined total of the audited distributable retained earnings and share premium reserves of the Company as at 31 December 2010 which stood at RM369.0 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:

(a) 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

(b) upon the expiration of the period within which the next AGM is required by law to be held; or

(c) if earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authority;

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary including the opening and maintaining of a central depositories account(s) under the Securities Industry (Central Depositories) Act, 1991, and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company".

Notice of 41st Annual General Meeting

9. To consider, and if thought fit, pass with or without modifications, the following Resolution:

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

"**THAT** approval be and is hereby given to the Company and its subsidiaries to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature and with specified classes of the related parties as stated in Section 3.3 of the Circular to Shareholders dated 4 April 2011 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 THAT 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 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 THAT 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."

10. **PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION** **Special Resolution 1**

"**THAT** the proposed amendments to the Articles of Association of the Company ("Proposed Amendments") as set out below be and are hereby approved and adopted:

(a) Article 66(d) – Instrument Appointing a Proxy

The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the Office, or such other place within Malaysia as is specified for that the purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote; otherwise the person so named shall not be entitled to vote in respect thereof.

(b) Article 99 – Dividend Warrants

Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder who is named on the Register of Members or Record of Depositors or to such person and to such address as the holder may in writing direct or by way of telegraphic transfer or electronic transfer or remittance to such account as designated by such holder or the person entitled to such payment. Every such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall be made payable to the order of the person to whom it is sent and the payment of any such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall operate as a good and full discharge to the Company in respect of the payment represented thereby, notwithstanding that in the case of payment by cheque or warrant, it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall be sent at the risk of the person entitled to the money thereby represented.

AND THAT the Directors of the Company, be and are hereby authorised to assent to any modifications, variations and/or amendments as may be considered necessary to give full effect to the Proposed Amendments to the Articles of Association of the Company."

11. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

Notice Of Dividend Payment and Closure of Register

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Forty-first (41st) Annual General Meeting to be held on Tuesday, 26 April 2011, a Final Dividend of 7.5 sen per RM0.50 share less Malaysian income tax and a Special Dividend of 43 sen per RM0.50 share less Malaysian income tax in respect of the financial year ended 31 December 2010 will be payable on 20 May 2011 to shareholders registered in the Register of Members and Record of Depositors at the close of business on 5 May 2011.

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 2011 in respect of ordinary transfers;

(b) Shares deposited into the Depositor's securities account before 12.30 p.m. on 3 May 2011 (in respect of shares which are exempted from mandatory deposit); and

(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

Lew Yoong Fah (MIA 10936)
Secretary

Shah Alam
4 April 2011

Notice of 41st Annual General Meeting

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 and if not a member, need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies in a particular case.
2. If a member having appointed a proxy to attend a general meeting attends such meeting in person, the appointment of such proxy shall be null and void in respect of such meeting and his proxy shall not be entitled to attend such meeting.
3. 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.
4. The Proxy Form must be deposited at the Registered Office at No. 55 Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor, not less than forty-eight (48) hours before the time set for holding the meeting.
5. 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(9)(b) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 20 April 2011 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

Explanatory Notes on Special Business

(i) Ordinary Resolution 5 – Re-election of Director

The business on re-election of Director that is to be transacted at the Annual General Meeting is deemed special pursuant to Article 51 of the Articles of Association of the Company.

(ii) Ordinary Resolutions 6 and 7 – Re-appointment of Directors pursuant to Section 129 of the Companies Act, 1965

The proposed Ordinary Resolutions 6 and 7 in relation to the re-appointment of Dato' Lim Say Chong and Datuk M.R. Gopala Krishnan C.R.K. Pillai respectively, if passed, will enable both Dato' Lim Say Chong and Datuk M.R. Gopala Krishnan C.R.K. Pillai to continue in office until conclusion of the next Annual General Meeting.

(iii) Ordinary Resolution 8 – 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 in the Company up to and not exceeding in total ten per cent (10%) of the issued and paid-up 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.

This mandate is a renewal of the last mandate granted to the Directors at the Fortieth (40th) Annual General Meeting held on 27 April 2010 and which will lapse at the conclusion of the Forty-first (41st) Annual General Meeting.

As at the date of this Notice, no new shares in the Company were issued pursuant to the last mandate.

The renewal of this mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital and/or acquisitions.

(iv) Ordinary Resolution 9 – Proposed Renewal of Share Buy Back Authority

The detailed text on Ordinary Resolution 9 on the Proposed Renewal of Share Buy Back Authority is included in the Circular to Shareholders dated 4 April 2011 which is enclosed together with the Annual Report.

(v) Ordinary Resolution 10 – Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

The detailed text on Ordinary Resolution 10 on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is included in the Circular to Shareholders dated 4 April 2011 which is enclosed together with the Annual Report.

(vi) Special Resolution 1 – Proposed Amendment to the Articles of Association

The proposed amendments to the Articles of Association will enable the Company to implement the Electronic Dividend ("eDividend") to comply with the directive of Bursa Malaysia Securities Berhad dated 19 February 2010 and for administrative purpose.

Form of Proxy

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

NO. OF SHARES HELD	

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

of ____

being a member of the abovenamed Company, hereby appoint ______________________________

I.C/Passport No. ______________ of ______________________________

or failing him/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 Forty-first (41st) Annual General Meeting of the Company to be held on Tuesday, 26 April 2011 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	Receipt of the Directors' and Auditors' Reports and Audited Financial Statements for the financial year ended 31 December 2010.		
Ordinary Resolution 2	Payment of Final and Special Dividends.		
Ordinary Resolution 3	Approval of Directors' fees of RM116,000 for the financial year ended 31 December 2010.		
Ordinary Resolution 4	Re-appointment of KPMG as auditors and to authorise the Directors to determine their remuneration.		
Ordinary Resolution 5	Re-election of Dato' Chin Voon Loong as Director.		
Ordinary Resolution 6	Re-appointment of Dato' Lim Say Chong as Director.		
Ordinary Resolution 7	Re-appointment of Datuk M.R. Gopala Krishnan C.R.K. Pillai as Director.		
Ordinary Resolution 8	Authority for Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965.		
Ordinary Resolution 9	Proposed renewal of Share Buy-Back authority.		
Ordinary Resolution 10	Proposed shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature.		
Special Resolution 1	Proposed Amendments to the Articles of Association.		

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 ______________ 2011.

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 and if not a member, need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies in a particular case.
2. If a member having appointed a proxy to attend a general meeting attends such meeting in person, the appointment of such proxy shall be null and void in respect of such meeting and his proxy shall not be entitled to attend such meeting.
3. 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.
4. The Proxy Form must be deposited at the Registered Office at No. 55 Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor, not less than forty-eight (48) hours before the time set for holding the meeting.
5. 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(9)(b) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 20 April 2011 and only 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

second fold

Corporate Information

Directors

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

Soren Ravn
Managing Director

Dato' Chin Voon Loong
D.S.P.N.
Deputy Managing Director

Datuk M.R. Gopala Krishnan C.R.K. Pillai
P.J.N.
Senior Independent Non-Executive Director

Roy Enzo Bagattini
Non-Executive Director

Graham James Fewkes
Non-Executive Director

Company Secretary

Lew Yoong Fah
(MIA No. 10936)

Auditors

KPMG (Firm No. AF 0758)
Chartered Accountants
Level 10, KPMG Tower,
8, First Avenue, Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan.
Tel : +603 7721 3388
Fax : +603 7721 3399

Principal Bankers

AmBank (M) Berhad
(Company No. 8515-D)

Citibank Berhad
(Company No. 297089)

Public Bank Berhad
(Company No. 1295)

The Royal Bank of Scotland Berhad
(Company No. 301932-A)

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
Website : www.carlsberg.com.my

Share Registrar

Symphony Share Registrars Sdn Bhd
(Company No. 378993-D)
Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor Darul Ehsan
Tel : +603 7841 8000
Fax : +603 7841 8151/ 8152

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad

Carlsberg Brewery Malaysia Berhad (9210-K)
No. 55, Persiaran Selangor, Section 15,
40200 Shah Alam, Selangor Darul Ehsan,
Malaysia.
Tel : +603 5522 6688
Fax : +603 5519 1931
www.carlsberg.com.my
www.carlsbergmalaysia.com.my