

## DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited accounts of the Company and of the Group for the year ended 31 December 1999.

### PRINCIPAL ACTIVITIES

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

### ACCOUNTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Operating profit	<b>137,158</b>	<b>63,709</b>
Dividend from subsidiary company	<b>–</b>	<b>99,000</b>
Share of results of associated company	<b>777</b>	<b>–</b>
Profit before taxation	<b>137,935</b>	<b>162,709</b>
Taxation	<b>–</b>	<b>(27,720)</b>
Profit for the year after taxation	<b>137,935</b>	<b>134,989</b>
Retained profit brought forward	<b>209,140</b>	<b>98,023</b>
	<b>347,075</b>	<b>233,012</b>
Dividends paid and proposed, less tax	<b>(109,321)</b>	<b>(109,321)</b>
Retained profit carried forward	<b>237,754</b>	<b>123,691</b>

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

In the opinion of the Directors, the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

### DIVIDENDS

During the financial year, the following dividends were paid by the Company:

- (a) A final dividend of 15% per share less tax, amounting to RM16,524,000 in respect of the previous year as proposed in the Directors' Report of that year;
- (b) A special dividend of 80% per share less tax, amounting to RM88,128,000 in respect of the previous year as proposed in the Directors' Report of that year; and
- (c) An interim dividend of 10% per share less tax, amounting to RM10,932,120 in respect of the financial year.

The Directors propose the payment of dividends of 90% per share less tax, comprising:

- (a) a final dividend of 15% per share less tax, amounting to RM16,398,180; and
- (b) a special dividend of 75% per share less tax, amounting to RM81,990,900.

## **EMPLOYEES' SHARE OPTION SCHEME**

At an Extraordinary General Meeting held on 23 April 1998, the shareholders of the Company approved the establishment of an Employees' Share Option Scheme ("the Scheme") for eligible employees of the Group. The Securities Commission, the Kuala Lumpur Stock Exchange and the Registrar of Companies approved the Scheme on 19 June 1998, 30 September 1998 and 26 October 1998 respectively.

The main features of the Scheme are as follows:

- (a) Eligible employees are those employees and full-time executive directors of the Group who are confirmed and with at least twelve calendar months of continuous service in the Group prior to the Date of Offer.
- (b) The aggregate number of new shares to be issued under the Scheme shall not exceed three per cent of the issued and paid-up share capital of the Company.
- (c) The Scheme shall continue to be in force for a duration of five years from 26 October 1998.
- (d) The Scheme shall be administered by the ESOS and Remuneration Committee consisting of such persons as shall be appointed by the Board of Directors from time to time.
- (e) Options shall be granted in multiples of 1,000 shares and no option shall be granted for less than 1,000 shares or more than 100,000 shares to any individual employee.
- (f) Options granted can only be exercised at any time after the third anniversary of the Scheme until the Scheme expires.
- (g) The Option Price shall be the average of the mean open market quotations (calculated at the average of the highest and lowest prices as traded on the Kuala Lumpur Stock Exchange for the day) of the shares as shown in the daily official list issued by the KLSE for the five market days immediately preceding the Date of Offer, and in no event be less than the par value of the share.
- (h) The new shares to be allotted upon exercise of any of the options will upon allotment rank pari passu in all respects with the then existing issued shares of the Company except for dividends or distributions the entitlement date of which is prior to the date of exercise of the option and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.

Pursuant to the Scheme, as of 31 December 1999, options to subscribe for 1,265,000 ordinary shares of RM1.00 each in the Company have been granted to eligible employees of the Group. Of this total, an alternate director had been granted options to subscribe for 27,000 ordinary shares at RM8.09 per share. None of the options granted had been exercised as of 31 December 1999.

## DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

John Madsen, R. (Chairman)  
Chan Hua Eng, OBE, R.  
Jen. (B) Tan Sri Dato' Mohd. Ghazali bin  
Dato' Mohd. Seth, PMN, PSM, SPMJ, SIMP,  
DHMS, PNBS, JMN, PPC, PGAT, jssc, psc  
Y.A.M. Tunku Naquiyuddin ibni Tuanku Ja'afar D.K., (Appointed on 16.7.99)  
D.K.Y.R., S.P.N.S., P.P.T.  
Flemming Lindelov, R.  
Michael Iuul, R.  
Mogens Thomsen  
Dato' Jorgen Bornhoft, DPTJ  
Martin Cecil  
(Alternate director for Flemming Lindelov, R.)  
Chin Voon Loong  
(Alternate director for Mogens Thomsen)  
Fong Kok Keong (Appointed on 31.5.99)  
(Alternate director for John Madsen, R.)  
Fong Kit Chiu (Resigned on 31.5.99)  
(Alternate director for John Madsen, R.)

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than benefits which might arise from the options to subscribe for ordinary shares in the Company granted pursuant to the Employees' Share Option Scheme.

None of the Directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act, 1965, an interest in shares and/or debentures of the Company, except for the following Director:

Options to subscribe for Ordinary Shares of RM1 each of the Company				
	<u>At 1.1.99</u>	<u>Granted</u>	<u>Exercised</u>	<u>At 31.12.99</u>
Chin Voon Loong	27,000	—	—	27,000

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the accounts or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any 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 required to be disclosed by Section 169(8) of the Companies Act, 1965.

In accordance with Section 129(2) of the Companies Act, 1965, Mr Chan Hua Eng, OBE, R. and Jen. (B) Tan Sri Dato' Mohd. Ghazali Seth, PMN, PSM, SPMJ, SIMP, DHMS, PNBS, JMN, PPC, PGAT, jssc, psc retire having attained the age of seventy. The Board recommends that they be re-appointed in accordance with Section 129(6) of the Act.

**SIGNIFICANT EVENT: SHARE BUY-BACK**

Pursuant to the authority granted by an ordinary resolution passed in the Annual General Meeting held on 29 April 1999, the Company had during the financial year bought back 1,165,000 ordinary shares of RM1.00 each through the Kuala Lumpur Stock Exchange, for an aggregate consideration of RM12,042,622, financed by internally generated funds. The lowest and highest prices paid for each share were RM9.75 and RM10.60 respectively.

The shares bought back are being retained as treasury shares in accordance with Sections 67A of the Companies Act, 1965. During the financial year, none of the shares bought back were reissued or distributed as share dividends.

**OTHER STATUTORY INFORMATION**

- (a) Before the profit and loss account and balance sheet of the Company and of the Group were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the Company and the Group inadequate to any substantial extent;
  - (ii) the values attributed to current assets in the accounts of the Company and of the Group misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Company and the Group misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or accounts of the Company and of the Group which would render any amount stated in the accounts misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Company or of the Group which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liabilities in respect of the Company or of the Group which have arisen since the end of the financial year.

(f) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company and of the Group to meet their obligations as and when they fall due;
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company or of the Group for the financial year in which this report is made.

**AUDITORS**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

On behalf of the Board,

JOHN MADSEN, R.

Director

DATO' JORGEN BORNHOFT, DPTJ

Director

Kuala Lumpur, Malaysia

23 March 2000

# PROFIT AND LOSS ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1999

		Group		Company	
	Note	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>Turnover</b>	3	<b>842,330</b>	777,679	<b>550,237</b>	519,935
<b>Operating Profit</b>		<b>137,158</b>	151,177	<b>63,709</b>	66,025
<b>After charging/(crediting):</b>					
Auditors' remuneration		74	74	53	53
Directors' emoluments	4	1,932	1,890	1,932	1,890
Depreciation of fixed assets		24,369	23,726	19,835	18,992
Provision for doubtful debts		4,345	3,848	—	—
Rent of land and buildings		234	277	—	—
Dividend income from investments (tax exempt)					
- quoted in Malaysia		(100)	(100)	(100)	(100)
- quoted outside Malaysia		—	—	(494)	—
Rental income					
- subsidiary company		—	—	(180)	(180)
- others		(881)	(919)	(881)	(919)
(Gain)/loss on disposal of fixed assets		(1,600)	838	(155)	965
Interest income		(10,624)	(21,692)	(10,241)	(21,336)
<b>Dividend from subsidiary company</b>		—	—	<b>99,000</b>	99,000
<b>Share of results of Associated Company</b>		<b>777</b>	677	—	—
<b>Profit before taxation</b>		<b>137,935</b>	151,854	<b>162,709</b>	165,025
<b>Taxation</b>	5	—	(37,400)	<b>(27,720)</b>	(39,720)
<b>Profit after taxation</b>		<b>137,935</b>	114,454	<b>134,989</b>	125,305
<b>Retained profit brought forward</b>		<b>209,140</b>	210,354	<b>98,023</b>	88,386
<b>Dividends</b>	6	<b>347,075</b> <b>(109,321)</b>	324,808 (115,668)	<b>233,012</b> <b>(109,321)</b>	213,691 (115,668)
<b>Retained profit carried forward</b>	18	<b>237,754</b>	209,140	<b>123,691</b>	98,023
<b>Earnings in sen per ordinary share of RM1 each</b>	7				
- pre tax		<b>90.7</b>	99.3	<b>107.0</b>	107.9
- post tax		<b>90.7</b>	74.8	<b>88.8</b>	81.9

The notes on pages 33 to 42 form an integral part of these accounts.

# BALANCE SHEETS

AS AT 31 DECEMBER 1999

		Group		Company	
	Note	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>ASSETS EMPLOYED:</b>					
<b>FIXED ASSETS</b>	8	<b>200,925</b>	176,439	<b>182,049</b>	159,969
<b>SUBSIDIARY COMPANIES</b>	9	—	—	<b>1,909</b>	1,909
<b>ASSOCIATED COMPANY</b>	10	<b>13,307</b>	14,094	<b>10,940</b>	10,940
<b>LONG TERM INVESTMENT</b>	11	<b>1,733</b>	1,733	<b>1,733</b>	1,733
<b>CURRENT ASSETS</b>					
Stocks	12	<b>43,578</b>	52,492	<b>20,917</b>	22,977
Debtors	13	<b>132,031</b>	78,316	<b>11,702</b>	9,676
Dividend receivable from subsidiary company		—	—	<b>71,280</b>	71,280
Bank balances and deposits	14	<b>210,653</b>	303,680	<b>196,429</b>	288,151
		<b>386,262</b>	434,488	<b>300,328</b>	392,084
<b>CURRENT LIABILITIES</b>					
Creditors	15	<b>81,753</b>	79,842	<b>43,840</b>	39,906
Amount due to subsidiary company	16	—	—	<b>60,898</b>	131,318
Taxation		<b>13,643</b>	49,319	<b>4,791</b>	15,343
Proposed dividend		<b>98,389</b>	104,652	<b>98,389</b>	104,652
		<b>193,785</b>	233,813	<b>207,918</b>	291,219
<b>NET CURRENT ASSETS</b>		<b>192,477</b>	200,675	<b>92,410</b>	100,865
		<b>408,442</b>	392,941	<b>289,041</b>	275,416
<b>FINANCED BY:</b>					
<b>SHARE CAPITAL</b>	17	<b>153,000</b>	153,000	<b>153,000</b>	153,000
<b>RESERVES</b>	18	<b>255,451</b>	227,907	<b>136,050</b>	110,382
<b>TREASURY SHARES</b>	17	<b>(12,043)</b>	—	<b>(12,043)</b>	—
		<b>396,408</b>	380,907	<b>277,007</b>	263,382
<b>DEFERRED TAXATION</b>	19	<b>12,034</b>	12,034	<b>12,034</b>	12,034
		<b>408,442</b>	392,941	<b>289,041</b>	275,416

The notes on pages 33 to 42 form an integral part of these accounts.

# CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 1999

	Note	1999 RM'000	1998 RM'000
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		137,935	151,854
Adjustments for:			
Interest income		(10,624)	(21,692)
Dividend income		(100)	(100)
Share of profit of associated company		(777)	(677)
Depreciation		24,369	23,726
(Gain)/loss on disposal of fixed assets		(1,600)	838
Provision for doubtful debts		4,345	3,848
Operating profit before working capital changes		153,548	157,797
Working capital changes:			
Debtors		(58,060)	13,859
Stocks		8,914	(4,278)
Creditors		1,911	(1,675)
Cash generated from operations		106,313	165,703
Taxation paid		(35,676)	(40,887)
Net cash from operating activities		70,637	124,816
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>			
Interest income		10,624	21,692
Dividend income		100	100
Dividends from associated company		494	–
Proceeds from disposal of fixed assets		2,145	444
Purchase of fixed assets		(49,400)	(43,549)
Net cash used in investing activities		(36,037)	(21,313)
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>			
Purchase of treasury shares		(12,043)	–
Dividends paid		(115,584)	(66,096)
Net cash used in financing activities		(127,627)	(66,096)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(93,027)	37,407
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		303,680	266,273
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	210,653	303,680

The notes on pages 33 to 42 form an integral part of these accounts.



# NOTES TO THE ACCOUNTS

## 1. BASIS OF ACCOUNTING

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The accounts of the Company and of the Group are prepared under the historical cost convention modified to include the revaluation of certain fixed assets, and comply with approved accounting standards issued by the Malaysian Accounting Standards Board. In the current financial year, the Company and the Group applied certain transitional provisions in IAS 16 (Revised), Property, Plant and Equipment, by virtue of which a reporting enterprise is allowed to retain revalued amounts on the basis of their previous revaluations (subject to continuity in depreciation policy and the requirement to write an asset down to its recoverable amount), if it does not further revalue such assets.

## 2. ACCOUNTING POLICIES

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### (i) Basis of Consolidation

The consolidated accounts incorporate the accounts of the Company and all its subsidiary companies for the year to 31 December. The results of subsidiary companies acquired or disposed of are included in the consolidated accounts from the date of acquisition or up to the date of disposal.

As at the balance sheet date, there exist no goodwill or reserve on consolidation arising from investments in subsidiaries.

### (ii) Depreciation

Depreciation is calculated on the original cost or subsequent valuation of fixed assets and is charged on a straight line basis at varying rates to write off assets over their estimated economic lives and in the case of leasehold land over the period of the lease.

Freehold land is not depreciated.

The principal annual depreciation rates used are as follows:

Buildings	– 2%
Plant and machinery	– at rates varying from 5% to 20%
Furniture and equipment	– 20%
Motor vehicles	– 20%

### (iii) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Cost includes the actual cost of materials and incidentals in bringing the stocks into store and for finished goods and work-in-progress, it also includes labour and attributable production overheads. In arriving at net realisable value, due allowance is made for all obsolete and slow moving items.

### (iv) Foreign Currencies

#### Transactions in Foreign Currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the respective transactions and where settlement has not taken place at year end, the balances are translated at approximate rates then prevailing. Exchange differences arising are taken to the profit and loss account.

#### Translations of Foreign Currency Financial Statements

The Group's share of net assets and results of foreign associated companies are translated at rates of exchange ruling at the balance sheet date. The translation differences arising are taken to Exchange Reserve.

### (v) Retirement Benefits

Retirement benefits are paid to employees by way of monthly contributions to the Employees Provident Fund over and above the statutory contributions or to an approved external funded defined contribution scheme. Contributions are charged to the profit and loss account as and when they fall due.

**(vi) Deferred Taxation**

Deferred taxation is provided by the liability method on the difference between the net book value of assets eligible for capital allowances and the tax written down value of those assets, and on other timing differences existing at the balance sheet date expected to crystallise in the foreseeable future.

**(vii) Long Term Investments**

Long term investments are stated at cost unless in the opinion of the Directors there has been a permanent diminution in value, in which case provision is made for the diminution in value.

Dividends from long term investment are recognised in the accounts upon receipt.

**(viii) Associated Companies**

An associated company is defined as a company, not being a subsidiary company, in which the Group has a long term interest of not less than 20% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

Investments in associated companies are stated in the accounts of the Company at cost unless, in the opinion of the Directors, there has been a permanent diminution in value, in which case an appropriate provision is made. The Group equity accounts its share of post-acquisition results and reserves of associated companies.

Dividends from associated companies are recognised in the accounts of the Company when the right to receive has been established.

**(ix) Cash and Cash Equivalents**

The statement of cash flows classifies changes in cash and cash equivalents according to operating, investing and financing activities. The Group does not consider any of its assets other than deposits with licensed financial institutions and cash and bank balances to meet the definition of cash and cash equivalents. The statement of cash flows is prepared using the indirect method.

### **3. TURNOVER**

Turnover represents the value of the gross sales of goods less returns.

### **4. DIRECTORS' EMOLUMENTS**

Directors' emoluments shown in the profit and loss account are made up as follows:

	<b>Group</b>		<b>Company</b>	
	<b>1999</b>	1998	<b>1999</b>	1998
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Fees	<b>134</b>	144	<b>134</b>	144
Other emoluments paid to full time service executives of the Company who are also directors or alternate directors	<b>1,798</b>	1,746	<b>1,798</b>	1,746
	<b>1,932</b>	1,890	<b>1,932</b>	1,890

The estimated value of benefits-in-kind provided to Directors of the Company amounted to RM346,000 (1998: RM269,000).

## 5. TAXATION

	<b>Group</b>		<b>Company</b>	
	<b>1999</b>	1998	<b>1999</b>	1998
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Malaysian taxation based on results for the year:				
– current	–	37,400	<b>27,720</b>	39,720

The Company's tax charge for the year is in respect of tax on dividend income.

There is no further tax liability anticipated for the Company's and for the Group's current financial year because it constitutes the basis period for the year of assessment 2000 (preceding year basis), in respect of which tax on income other than dividend income is waived.

## 6. DIVIDENDS

	<b>Group/Company</b>	
	<b>1999</b>	1998
	<b>RM'000</b>	RM'000
Interim dividend of 10% per share less tax (1998 – 10% per share less tax)	<b>10,932</b>	11,016
Proposed dividend of 90% (1998 - 95%) per share made up of:		
– final 15% per share less tax (1998 – 15% per share less tax)	<b>16,398</b>	16,524
– special 75% per share less tax (1998 – special 80% per share less tax)	<b>81,991</b>	88,128
	<b>109,321</b>	115,668

## 7. EARNINGS PER ORDINARY SHARE

Earnings per share has been computed based on net profit before and after tax, and on the weighted average number of shares in issue during the year, of 152,000,000 (1998: 153,000,000). For the purposes of this computation, the number of shares bought back and held as treasury shares has been excluded from the number of shares in issue.

## 8. FIXED ASSETS

GROUP	Plant, Land and buildings machinery etc.		Total	
	RM'000	RM'000	1999 RM'000	1998 RM'000
<b>COST AND VALUATION:</b>				
At 1 January	61,838	276,748	338,586	304,303
Additions	14,372	35,028	49,400	43,549
Disposals	–	(5,215)	(5,215)	(9,266)
At 31 December	76,210	306,561	382,771	338,586
<b>ACCUMULATED DEPRECIATION:</b>				
At 1 January	11,851	150,296	162,147	146,405
Charge for the year	1,050	23,319	24,369	23,726
Disposals	–	(4,670)	(4,670)	(7,984)
At 31 December	12,901	168,945	181,846	162,147
<b>NET BOOK VALUE:</b>				
At 31 December 1999	63,309	137,616	200,925	–
At 31 December 1998	49,987	126,452	–	176,439
<b>ANALYSIS OF COST AND VALUATION:</b>				
At 31 December 1999				
Cost	57,888	306,561	364,449	–
Valuation – 1981	18,322	–	18,322	–
	76,210	306,561	382,771	–
At 31 December 1998				
Cost	43,516	276,748	–	320,264
Valuation – 1981	18,322	–	–	18,322
	61,838	276,748	–	338,586

Of the land and buildings of the Group, RM9,594,447 (1998 : RM9,721,000) is in respect of the net book value of long leasehold land.

## 8. FIXED ASSETS (continued)

COMPANY	Land and buildings RM'000	Plant, machinery etc. RM'000	Total 1999 RM'000	1998 RM'000
<b>COST AND VALUATION:</b>				
At 1 January	52,910	244,461	297,371	265,017
Additions	14,363	28,097	42,460	41,248
Disposals	–	(2,171)	(2,171)	(8,894)
At 31 December	67,273	270,387	337,660	297,371
<b>ACCUMULATED DEPRECIATION:</b>				
At 1 January	10,972	126,430	137,402	126,025
Charge for the year	907	18,928	19,835	18,992
Disposals	–	(1,626)	(1,626)	(7,615)
At 31 December	11,879	143,732	155,611	137,402
<b>NET BOOK VALUE:</b>				
At 31 December 1999	55,394	126,655	182,049	–
At 31 December 1998	41,938	118,031	–	159,969
<b>ANALYSIS OF COST AND VALUATION:</b>				
At 31 December 1999				
Cost	48,951	270,387	319,338	–
Valuation – 1981	18,322	–	18,322	–
	67,273	270,387	337,660	–
At 31 December 1998				
Cost	34,588	244,461	–	279,049
Valuation – 1981	18,322	–	–	18,322
	52,910	244,461	–	297,371

Of the land and buildings of the Company, RM8,992,769 (1998 : RM9,111,000) is in respect of the net book value of long leasehold land.

The leasehold land and buildings of the Company and of the Group were valued by the Directors in 1981 based on professional appraisals by an independent valuer using open market values. These assets have continued to be stated on the basis of their 1981 valuations, as allowed by the transitional provisions of International Accounting Standard No. 16, Property, Plant and Equipment, issued by the Malaysian Accounting Standards Board.

## 9. SUBSIDIARY COMPANIES

	1999 RM'000	1998 RM'000
Investment in subsidiary companies, at cost	1,909	1,909

The subsidiaries of the Company are:-

Name	Principal Activity	Country of Incorporation	Percentage of Equity	
			1999 %	1998 %
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
Ultimate World Sdn. Bhd.	Dormant	Malaysia	100	100

## 10. ASSOCIATED COMPANY

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Investment in associated company quoted outside Malaysia:				
Group's share of net assets at acquisition	10,807	10,807		
Premium on acquisition	133	133		
Cost of investment	10,940	10,940	10,940	10,940
Share of post acquisition profits and reserves retained	1,454	677		
Dividends received	(494)	—		
Exchange difference on translation of net assets	1,407	2,477		
	13,307	14,094		
Market value as at 31 December	13,018	25,157	13,018	25,157

## 10. ASSOCIATED COMPANY (continued)

Details of the associated company are:-

Name	Principal Activity	Country of Incorporation	Percentage of Equity	
			1999 %	1998 %
The Lion Brewery Ceylon Limited	Manufacturing, marketing and distribution of beer, stout, shandy and non-alcoholic beverages	Sri Lanka	24.6	24.6

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

## 11. LONG TERM INVESTMENTS

	Group/Company	
	1999 RM'000	1998 RM'000
Quoted shares, at cost	3,983	3,983
Provision for diminution in value	(2,250)	(2,250)
	<u>1,733</u>	<u>1,733</u>
Market value at 31 December	<u>3,075</u>	<u>2,800</u>

## 12. STOCKS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Finished goods and work-in-progress	25,214	33,517	6,504	8,334
Raw, packaging and other materials	12,619	12,655	8,668	8,323
Spare parts for machinery	5,745	6,320	5,745	6,320
	<u>43,578</u>	<u>52,492</u>	<u>20,917</u>	<u>22,977</u>

## 13. DEBTORS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Trade debtors	118,900	67,978	–	–
Provision for doubtful debts	(7,382)	(5,525)	–	–
	<u>111,518</u>	<u>62,453</u>	<u>–</u>	<u>–</u>
Other debtors and prepayments	20,513	15,863	11,702	9,676
	<u>132,031</u>	<u>78,316</u>	<u>11,702</u>	<u>9,676</u>

#### 14. BANK BALANCES AND DEPOSITS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Deposits with licensed banks	191,823	285,658	191,071	286,829
Cash and bank balances	18,830	18,022	5,358	1,322
	210,653	303,680	196,429	288,151

#### 15. CREDITORS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Trade creditors	38,412	31,787	28,325	24,864
Other creditors and accruals	43,341	48,055	15,515	15,042
	81,753	79,842	43,840	39,906

#### 16. AMOUNT DUE TO SUBSIDIARY COMPANY

The amount due to a subsidiary company is unsecured, interest-free and has no fixed terms of repayment. The amount arose out of inter-company sales, dividends and other normal inter-company transactions.

#### 17. SHARE CAPITAL

	Group/Company	
	1999 RM'000	1998 RM'000
Authorised:		
300,000,000 Ordinary shares of RM1 each	300,000	300,000
Issued and fully paid:		
153,000,000 Ordinary shares of RM1 each	153,000	153,000

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

During the year, the Company repurchased 1,165,000 of its issued shares capital from the open market. The average price paid for the shares repurchased was RM10.34 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

Of the 153,000,000 issued and fully paid ordinary shares, 1,165,000 are held as treasury shares by the Company in accordance with Section 67A of the Companies Act, 1965. These treasury shares had been acquired at an aggregate consideration of RM12,042,622. As at 31 December 1999, the number of outstanding shares in issue and fully paid is 151,835,000 ordinary shares of RM1.00 each.



## 18. RESERVES

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>(A) Retained earnings:</b>				
Distributable	225,711	209,140	111,648	98,023
Non-distributable	12,043	–	12,043	–
	<u>237,754</u>	<u>209,140</u>	<u>123,691</u>	<u>98,023</u>
The non-distributable retained earnings have been allocated based on the cost of treasury shares held.				
<b>(B) General reserve:</b>				
Balance at 1 January and 31 December	<u>5,766</u>	<u>5,766</u>	<u>5,766</u>	<u>5,766</u>
<b>(C) Capital reserve:</b>				
Balance at 1 January and 31 December	<u>10,524</u>	<u>10,524</u>	<u>6,593</u>	<u>6,593</u>
<b>(D) Exchange reserve:</b>				
Exchange difference on translation of group's share of net assets in associated company				
At 1 January	2,477	–	–	–
Current year movement	(1,070)	2,477	–	–
At 31 December	<u>1,407</u>	<u>2,477</u>	<u>–</u>	<u>–</u>
<b>Total Distributable Reserves</b>	<b>231,477</b>	<b>214,906</b>	<b>117,414</b>	<b>103,789</b>
<b>Total Non-distributable Reserves</b>	<b>23,974</b>	<b>13,001</b>	<b>18,636</b>	<b>6,593</b>
<b>TOTAL RESERVES</b>	<b><u>255,451</u></b>	<b><u>227,907</u></b>	<b><u>136,050</u></b>	<b><u>110,382</u></b>

Based on estimated tax credits available and prevailing tax rates applicable to dividends, all of the distributable reserves of the Company are available for distribution by way of dividends without incurring additional tax liability.

The ability of the Company to distribute its retained earnings is subject to restrictions contained in Section 365 of the Companies Act, 1965. In general (unless exempted from the Section), a company is allowed to declare dividends (after making deductions for income tax, if any) for a financial year of an amount not exceeding the after-tax profit of that financial year or not exceeding the average dividends declared in respect of the two financial years immediately preceding that financial year, whichever is the greater. Any after-tax profit not declared as dividends for any financial year commencing on or after 1 July 1997 may be accumulated and paid out as dividends in any subsequent financial year.

Although it was announced on 29 October 1999 in the 2000 Budget Speech that the aforesaid restrictions were to be removed with immediate effect, the amendment to Section 365 of the Companies Act, 1965 has thus far not been gazetted.

## 19. DEFERRED TAXATION

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Balance at 1 January and 31 December	<b>12,034</b>	12,034	<b>12,034</b>	12,034

The Group's maximum potential liability to deferred taxation as at 31 December 1999 is estimated to be RM17,800,000 (1998 : RM17,800,000), of which RM5,766,000 (1998 : RM5,766,000) has been set aside in General Reserve after taking account of the above provision for deferred taxation.

## 20. CAPITAL COMMITMENTS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Commitments in respect of expenditure contracted for:-				
Enhancement costs of computer hardware and software to address Year 2000 compliance	–	1,000	–	1,000
Others	<b>14,285</b>	27,846	<b>14,285</b>	27,798
	<b>14,285</b>	28,846	<b>14,285</b>	28,798
Approved by the directors but not contracted for:-	<b>35,241</b>	16,068	<b>29,095</b>	5,154

## 21. SIGNIFICANT RELATED COMPANY TRANSACTIONS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Transactions with a subsidiary company				
Sales	–	–	<b>549,786</b>	519,423
Management fees receivable	–	–	<b>2,400</b>	2,400

## 22. SEGMENTAL INFORMATION

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

## 23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

## STATEMENT BY DIRECTORS

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

We, JOHN MADSEN, R. and DATO' JORGEN BORNHOFT, DPTJ, being two of the Directors of CARLSBERG BREWERY MALAYSIA BERHAD, do hereby state that in the opinion of the Directors, the accounts set out on pages 30 to 42 are drawn up in accordance with approved accounting standards so as to give a true and fair view of:

- (i) the state of affairs of the Company and of the Group as at 31 December 1999 and of the results of the business of the Company and of the Group for the year ended on that date;
- (ii) the cashflows of the Group for the year ended 31 December 1999.

On behalf of the Board,

JOHN MADSEN, R.  
Director

DATO' JORGEN BORNHOFT, DPTJ  
Director

Kuala Lumpur, Malaysia.  
23 March 2000

## STATUTORY DECLARATION

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

I, CHIN VOON LOONG, being the person primarily responsible for the financial management of CARLSBERG BREWERY MALAYSIA BERHAD, do solemnly and sincerely declare that the accounts set out on pages 30 to 42 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed CHIN VOON LOONG at Kuala Lumpur in the Federal Territory on 23 March 2000.

CHIN VOON LOONG

Before me,

ZAINAL ABIDIN BIN MD. NOOR, PPN (NO. W254)  
Commissioner for Oaths,

Kuala Lumpur, Malaysia.  
23 March 2000

# AUDITORS' REPORT TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD

We have audited the accounts set out on pages 30 to 42. These accounts are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these accounts based on our audit.

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

In our opinion:-

- (a) the accounts are properly drawn up in accordance with the provisions of the Companies Act, 1965 and approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the state of affairs of the Company and of the Group as at 31 December 1999 and of the results of the Company and of the Group and the cashflows of the Group for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the accounts and consolidated accounts.

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

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

The Auditors' Reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.

ERNST & YOUNG AF:0039  
Public Accountants

Sukanta Kumar Dutt 1556/8/00(J)  
Partner

Kuala Lumpur, Malaysia.  
23 March 2000

## PARTICULARS OF GROUP PROPERTIES

The Properties included in land and buildings at 31 December 1999 (note 8 to the Accounts) and their net book values are indicated below:-

Address	Description	Area	Land Tenure	Approx. Age of Buildings (years)	RM'000
55, Persiaran Selangor, Section 15, 40200 Shah Alam Selangor Darul Ehsan	Brewery and Offices	20.00 acres	Leasehold expiring 23.2.2070	29	29,845
Lot 6 Subang Hi-Tech Industrial Park, Batu Tiga, 40150 Shah Alam Selangor Darul Ehsan	Office and Warehouse	1.12 acres	Freehold	8	3,902
25, Jalan Kilang 2, Jelapang, 30100 Ipoh Perak Darul Ridzuan	Office and Warehouse	0.33 acre	Leasehold expiring 15.9.2072	22	382
10, Pinggiran Tunku, Bukit Tunku, 50480 Kuala Lumpur Wilayah Persekutuan	Residential -bungalow	0.64 acre	Freehold	28	1,990
83, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Baru Johor Darul Takzim	Office and Warehouse	0.34 acre	Freehold	7	789
Plot 42, Off Lot 2817, Jalan Jelawat, Bandar Seberang Jaya, 13700 Prai Butterworth	Office and Warehouse	0.75 acre	Leasehold expiring 18.8.2073	7	1,786
34, Towering Industrial Estate, Mile 4 1/2, Jalan Penampang, 88300 Kota Kinabalu Sabah	Office and Warehouse	0.06 acre	Leasehold expiring 31.12.2037	20	420
394, Taman AST, Jalan Labu, 70200 Seremban Negeri Sembilan Darul Khusus	Office and Warehouse	0.04 acre	Freehold	5	393
Lot 22, Jalan Pengapit 15/19, 40200 Shah Alam Selangor Darul Ehsan	Factory and Office	1.81 acres	Leasehold expiring 23.2.2082	9	7,613
25, Jalan Indera Mahkota 14/3, Kawasan Perindustrian Ringan Indera Mahkota 25200 Kuantan Pahang Darul Makmur	Office and Warehouse	0.05 acre	Leasehold expiring 29.3.2097	2	240
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 acres	Freehold	—	15,949
					<hr/> 63,309 <hr/>

# ANALYSIS OF SHAREHOLDINGS AS AT 22 MARCH 2000

## SIZE OF HOLDINGS

Shareholdings (No. of Shares)	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
less than 500	355	11.02	52,129	0.03
500 – 5,000	1,655	51.40	3,633,507	2.38
5,001 – 10,000	386	11.99	2,942,939	1.92
10,001 – 100,000	707	21.96	21,360,150	13.96
100,001 – 1,000,000	108	3.35	30,545,735	19.97
1,000,001 & above	9	0.28	94,465,540	61.74
<b>Total</b>	<b>3,220</b>	<b>100.00</b>	<b>153,000,000</b>	<b>100.00</b>

Class of Share : RM1 Ordinary Share  
Voting Rights : 1 Vote Per Ordinary Share

## TWENTY LARGEST SHAREHOLDERS

Name	Number of Shares	% of Shares
1. Carlsberg A/S	42,361,950	27.69
2. Hap Seng Consolidated Berhad	39,326,250	25.70
3. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (MLF)</i>	3,343,000	2.18
4. Cartaban Nominees (Asing) Sdn. Bhd. <i>Unibank As Copenhagen</i>	3,026,300	1.98
5. UOBM Nominees (Asing) Sdn. Bhd. <i>Bankers Trust Company for BP Pension Trustees Limited</i>	2,000,000	1.31
6. Carlsberg Brewery Malaysia Berhad <i>Share Buy-Back Account</i>	1,165,000	0.76
7. OUB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Yoke Fong @ Wong Nyok Fing</i>	1,100,000	0.72
8. HSBC Nominees (Asing) Sdn. Bhd. <i>CMB LDN for Morgan Stanley Asia-Pacific Fund, Incorporated</i>	1,082,000	0.71
9. Mak Tian Meng	1,061,040	0.69
10. Chase Malaysia Nominees (Asing) Sdn. Bhd. <i>General Motors Employees Global Group Pension Trust</i>	942,000	0.62
11. Cartaban Nominees (Asing) Sdn. Bhd. <i>BSDT Ref CPAFGE 314X2 for Commonwealth of Pennsylvania Public School Employees Retirement System</i>	909,000	0.59
12. Arab Malaysian Nominees (Tempatan) Sdn. Bhd. <i>Arab Malaysian Trustee Bhd for Pacific Pearl Fund</i>	813,000	0.53
13. Cartaban Nominees (Asing) Sdn. Bhd. <i>Lloyds TSB Bank Securities Services Chelmsford for Aberdeen Asia Pacific Unit Trust (Sub 6218)</i>	785,000	0.51
14. Hwang-DBS Custodian Nominees (Asing) Sdn. Bhd. <i>DBS Bank For Mrs Theresa Foo Nee Cheng</i>	774,750	0.51
15. Cartaban Nominees (Asing) Sdn. Bhd. <i>Lloyds TSB Bank Securities Services Chelmsford for Aberdeen Far East Emerging Economies Unit Trust (Sub 6209)</i>	765,000	0.50
16. Cartaban Nominees (Asing) Sdn. Bhd. <i>Boston Safe Deposit and Trust Company For Commonwealth of Massachusetts Pension Reserve Investment Trust</i>	759,000	0.50
17. Tai Tak Estate Sdn. Bhd.	750,000	0.49
18. Overseas Assurance Corporation (Malaysia) Berhad	679,000	0.44
19. Citicorp Nominees (Asing) Sdn. Bhd. <i>American International Assurance Company Limited (P Core)</i>	652,500	0.43
20. Cartaban Nominees (Asing) Sdn. Bhd. <i>Lloyds TSB Bank Securities Services Chelmsford for Aberdeen New Dawn Investment Trust PLC (Sub 6245)</i>	650,000	0.42
<b>Total</b>	<b>102,944,790</b>	<b>67.28</b>

## SUBSTANTIAL SHAREHOLDERS

Name	Number of Shares	% of Shares
1. Carlsberg A/S	42,361,950	27.69
2. Hap Seng Consolidated Berhad	39,326,250	25.70
3. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (MLF)</i>	3,343,000	2.18
<b>Total</b>	<b>85,031,200</b>	<b>55.57</b>

## SHARE BUY-BACK

Month	No. of Shares Purchased (Units)	Purchase Price Per Share (RM)		Average Cost Per Share (RM)	Total Cost (RM)
		Lowest	Highest		
August 99	577,000	9.75	10.30	10.09	5,822,317.83
September 99	588,000	10.30	10.60	10.58	6,220,304.57
<b>Total</b>	<b>1,165,000</b>	<b>9.75</b>	<b>10.60</b>	<b>10.34</b>	<b>12,042,622.40</b>

All shares bought back were retained as treasury shares during the period under review. There had been no resale of treasury shares and no cancellation of shares bought back during the period under review.



# CARLSBERG BREWERY MALAYSIA BERHAD

(Company No. 9210-K)  
(Incorporated in Malaysia)

REPRESENTING
NO. OF SHARES

## FORM OF PROXY

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member of the abovenamed Company, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or failing him  
of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held on Thursday, 27 April 2000 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):

No.		For	Against
1.	To receive and adopt Directors' and Auditors' Report and Audited Accounts for the year ended 31 December 1999.		
2.	To approve the payment of a Final Dividend of 15 sen per share and a Special Dividend of 75 sen per share less Malaysian income tax in respect of the financial year ended 31 December 1999.		
3.	To re-elect Mr Flemming Lindelov who retires in accordance with Article 92(a) of the Company's Articles of Association.		
4.	To re-elect Y.A.M. Tunku Naquiyuddin ibni Tuanku Ja'afar who retires pursuant to Article 92(e) of the Company's Articles of Association.		
5.	To re-appoint Mr Chan Hua Eng in accordance with Section 129 of the Companies Act, 1965.		
6.	To re-appoint of Yang Berbahagia Jen (B) Tan Sri Dato' Mohd. Ghazali Seth in accordance with Section 129 of the Companies Act, 1965.		
7.	To re-appoint of Messrs Ernst & Young as auditors and to authorise the Directors to fix their remuneration.		
8.	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
9.	To authorise the Directors to purchase shares in the Company.		

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2000.

Signed by the said \_\_\_\_\_

In the presence of \_\_\_\_\_

### Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote in his stead. A proxy need not be a member of the Company but in accordance with Section 149 of the Companies Act, 1965, a member shall not be entitled to appoint a person who is not a member of the Company as his proxy unless that person is an advocate, an approved company auditor or a person approved by the Registrar of Companies in a particular case.
2. Where the Proxy Form is executed by a corporation, it must be either under its Seal or under the hand of an officer or attorney duly authorised.
3. The Proxy Form must be deposited at the Registered Office at No. 55 Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor, not less than 48 hours before the time set for the meeting.

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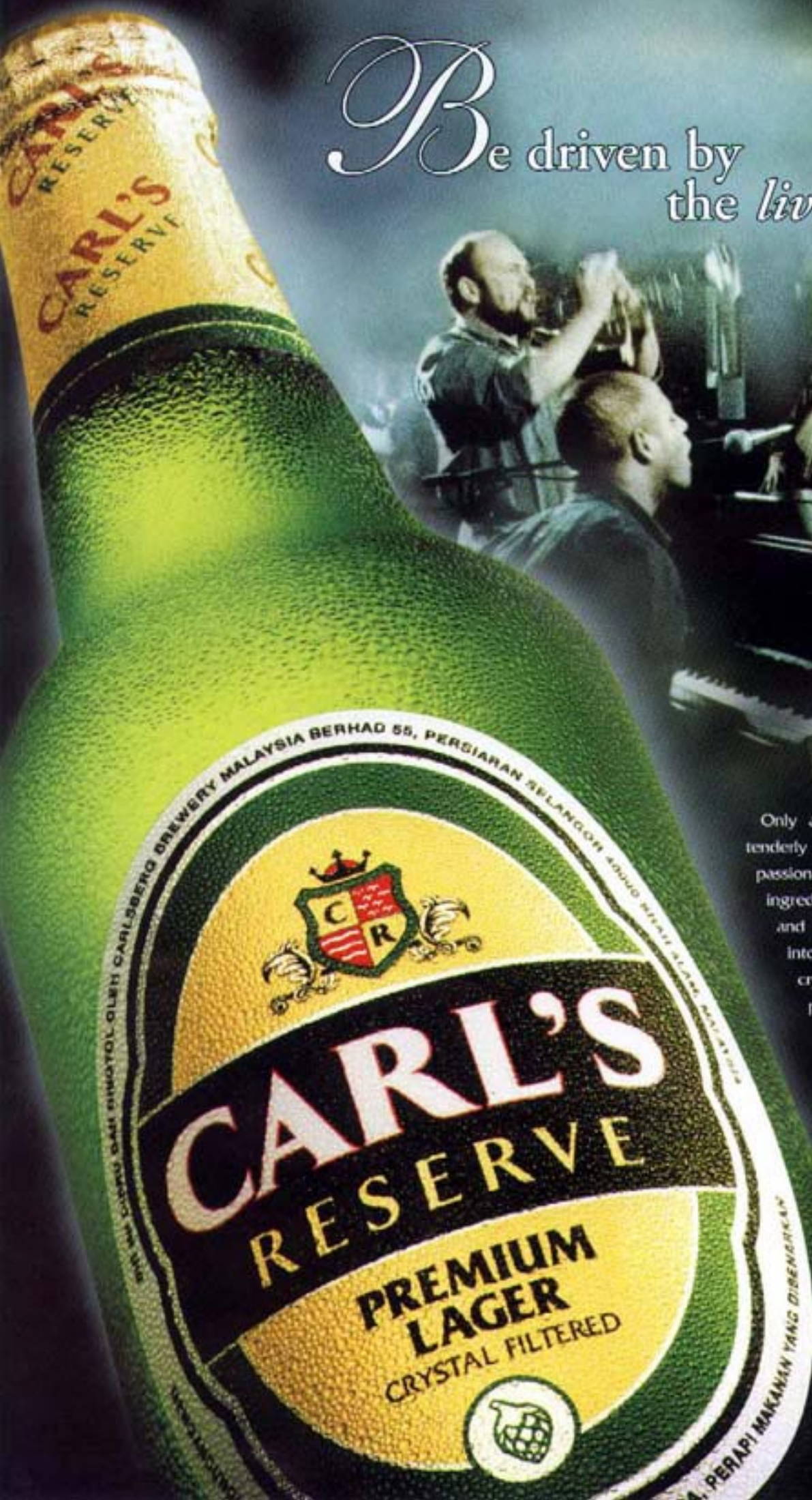
*AFFIX  
STAMP*

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

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*Be driven by  
the lively beat.*



Only a beer that's nurtured so tenderly can strike you with its lively passion. Starting with the finest of ingredients, it is brewed with care and patience until it blossoms into maturity. And it is specially crystal filtered as no other process can bring out its lively, distinctive taste.

Have a Carl's Reserve and feel the beat. And lose your heart to the unique character that lives within.



*So full of life*