

FINANCIAL RESULTS

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DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activities of the Group and the Company 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 the principal activities during the financial year.

RESULTS FOR THE YEAR

| | GROUP RM '000 | COMPANY RM '000 |
|--|------------------|--------------------|
| Operating profit | 96,998 | 34,891 |
| Interest income | 6,898 | 6,566 |
| Dividend from subsidiary | - | 59,400 |
| Share of results of associated company | 2,779 | - |
| Profit before taxation | 106,675 | 100,857 |
| Taxation | (25,520) | (9,908) |
| Profit for the year after taxation | 81,155 | 90,949 |

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the Statements of Changes in Equity and in the Note 22 to the financial statements.

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.

HOLDING COMPANY

The directors regard Carlsberg Asia Pte Ltd, a company incorporated in the Republic of Singapore, as the holding company. Following the termination as of 1 August 2003 of the joint venture between Carlsberg Breweries A/S and Chang Beverages Pte Ltd, Carlsberg Asia Pte Ltd remains a wholly owned subsidiary of Carlsberg Breweries A/S, a company incorporated in Denmark. Carlsberg Breweries A/S is now the ultimate holding company of Carlsberg Brewery Malaysia Berhad.

DIVIDENDS

Dividends paid by the Company since 31 December 2002 were as follows:

| | GROUP/COMPANY RM '000 |
|--|--------------------------|
| In respect of the financial year ended 31 December 2002: | |
| A final dividend of 15 sen per share less tax | 16,494 |
| A special dividend of 50 sen per share, tax exempt | 76,362 |
| In respect of the financial year ended 31 December 2003: | |
| An interim dividend of 10 sen per share less tax | 11,003 |
| | 103,859 |

DIRECTORS' REPORT (CONTD.)

DIVIDENDS (cont'd)

The directors propose the payment of the following final dividends in respect of the financial year ended 31 December 2003:

- (a) a final dividend of 15 sen per share less tax, amounting to RM16,510,392;
- (b) a special dividend of 25 sen per share less tax, amounting to RM27,517,320; and
- (c) a special dividend of 25 sen per share, tax exempt, amounting to RM38,218,500.

The amounts stated in respect of proposed dividends have been calculated based on the number of outstanding shares in issue and fully paid, of 152,874,000 ordinary shares.

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 (then) Kuala Lumpur Stock Exchange and the (then) Registrar of Companies approved the Scheme on 19 June 1998, 30 September 1998 and 26 October 1998 respectively. The Scheme was in force for a period of five (5) years and expired on 25 October 2003.

The main features of the Scheme were as follows:

The Scheme was for eligible employees, including full-time executive directors with at least twelve months of continuous service. Administration of the Scheme was by the 'ESOS Committee' appointed by the Board.

The aggregate number of new shares under the Scheme had not exceeded three per cent of the issued and paid-up share capital of the Company. Options were in multiples of 1,000 shares, and not to exceed 100,000 shares to any individual employee. The options granted were exercisable between the third anniversary of the Scheme and its expiry.

Options granted had an Option Price based on the five-day average of the mean open market quotations shown in the daily official list of the (then) Kuala Lumpur Stock Exchange, and in no event less than the par value. The shares issued upon exercise of an option ranked pari passu with existing shares issued, except for any dividends for which entitlement dates were prior to the date of exercise of the options.

The Scheme expired on 25 October 2003.

Up to the expiry of the Scheme on 25 October 2003, options to subscribe for 1,265,000 ordinary shares of RM1.00 each in the Company had been granted to eligible employees of the Group. Of this total, a director had been granted options to subscribe for 27,000 ordinary shares at RM8.09 per share.

Up to the expiry of the Scheme, 1,039,000 ordinary shares of RM1.00 each had been issued at RM8.09 per share for cash, upon exercise of options granted pursuant to the Scheme, of which 27,000 ordinary shares were issued to the director.

Upon the expiry of the Scheme on 25 October 2003, outstanding options granted to subscribe for 226,000 ordinary shares of RM1.00 each in the Company, including those in respect of recipients who had resigned from employment without exercising their options, had lapsed.

DIRECTORS' REPORT (CONTD.)

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:

| | |
|---|--|
| Dato' Jorgen Bornhoft | |
| Chan Hua Eng | |
| Jen. (B) Tan Sri Dato' Mohd. Ghazali bin Dato' Mohd. Seth | |
| Tan Sri Datuk Asmat bin Kamaludin | |
| Bjorn Sondenskov | (Appointed on 1.4.2003) |
| Chin Voon Loong | (Resigned as alternate director for Mogens Thomsen on 1.4.2003; appointed as a director on 1.4.2003) |
| Dato' Lim Say Chong | (Appointed on 21.5.2003) |
| Jesper Bjoern Madsen | (Appointed on 21.5.2003) |
| Y.A.M. Tunku Naquiyuddin ibni Tuanku Ja'afar | (Resigned on 16.5.2003) |
| Paul Bergqvist | (Resigned on 19.5.2003) |
| Mogens Thomsen | (Resigned on 20.5.2003) |

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was 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, which expired on 25 October 2003.

DIRECTORS' INTERESTS

The following 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, interests in shares in the Company:

| Direct interest in the Company | At 1.1.2003 | Acquired during the year | Disposed | At 31.12.2003 |
|---|------------------------------------|--------------------------|-----------|-------------------------|
| Chin Voon Loong | 20,000 | 7,000 | (10,000) | 17,000 |
| Jesper Bjoern Madsen | 4,500 | - | - | 4,500 |
| Indirect interest in the Company | At 1.1.2003 or date of appointment | Acquired during the year | Disposed | At 31.12.2003 |
| Tan Sri Datuk Asmat bin Kamaludin | 4,000 | - | - | 4,000 |
| Dato' Lim Say Chong | 28,000 | - | - | 28,000 |
| Options to subscribe for Ordinary Shares of RM1 each of the Company | At 1.1.2003 | Granted | Exercised | At expiry of the Scheme |
| Chin Voon Loong | 7,000 | - | (7,000) | - |

DIRECTORS' REPORT (CONTD.)

DIRECTORS' INTERESTS (cont'd)

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 Note 7 to the financial statements 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 and Jen. (B) Tan Sri Dato' Mohd. Ghazali bin Dato' Mohd. Seth retire having attained the age of seventy. The Board recommends that they be re-appointed in accordance with Section 129(6) of the Act.

SHARE CAPITAL

During the financial year, the issued and paid-up capital of the Company was increased from 153,684,000 ordinary shares of RM1.00 each to 154,039,000 ordinary shares of RM1.00 each upon the issue of 355,000 shares of RM1.00 each at RM8.09 per share pursuant to the Employees' Share Option Scheme ("the Scheme"). The share premium arising from this issue amounted to RM2,517,000.

Details of the Scheme are disclosed in the section of this report on "Employees' Share Option Scheme". The Scheme expired on 25 October 2003.

SHARE REPURCHASE

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 ended 31 December 1999, repurchased 1,165,000 ordinary shares of RM1.00 each through the (then) Kuala Lumpur Stock Exchange, for an aggregate consideration of RM12,042,622, representing an average price of RM10.34 per share. The lowest and highest prices paid for each share were RM9.75 and RM10.60 respectively. The repurchase of shares was financed by internally generated funds.

The shares repurchased are being retained as treasury shares in accordance with Section 67A of the Companies Act, 1965. During the financial year, no additional shares were repurchased and none of the shares previously repurchased were reissued or distributed as share dividends.

MATERIAL LITIGATION

The Company is involved in the following pending litigation matters:

- (a) On 30 April 1999, a Writ of Summons and Statement of Claim was filed in court by Asia Pacific Breweries Limited/ Guinness Anchor Berhad against the Company over an advertisement that appeared in certain newspapers. The Company had filed its Statement of Defence and the case is still pending trial.

The solicitors have advised that the Company's prospects of successfully defending the suit are good and any damages arising would occur only in the event of a finding against the Company on liability. The solicitors have advised that they are unable to make an estimate for any damages arising as the outcome of the case and damages arising, if any, are within the discretion of the Court.

DIRECTORS' REPORT (CONTD.)

MATERIAL LITIGATION (cont'd)

- (b) On 12 October 1999, the Company filed a Writ of Summons and Statement of Claim against Guinness Anchor Berhad for passing-off and unlawful misrepresentation in respect of their advertisements in the newspapers and other media associating Heineken with the World Cup Golf tournament which was held in Malaysia on 18 to 21 November 1999. The Company had obtained an inter-parte injunction against Guinness Anchor Berhad restraining such advertisements. The case is still pending trial.

The solicitors have advised that the Company has good grounds in proving liability on the part of the defendant, and is in a viable position to succeed at trial in seeking damages and other remedies against the defendant. However, the solicitors have advised that they are not in a position to make an estimate with regard to any potential financial outcome arising as this will be the discretion of the Court.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets 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 not otherwise dealt with in this report or financial statements of the Company and of the Group 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 financial statements 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 of 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 financial statements of the Company and of the Group which would render any amount stated in the financial statements 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.

DIRECTORS' REPORT (CONTD.)

OTHER STATUTORY INFORMATION (cont'd)

(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.

Signed on behalf of the Board in accordance with a resolution of the directors,

CHAN HUA ENG

DIRECTOR

BJORN SONDESKOV

DIRECTOR

Kuala Lumpur, Malaysia

18 February 2004

STATEMENT BY DIRECTORS

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

We, **CHAN HUA ENG** and **BJORN SONDESKOV** being two of the directors of **CARLSBERG BREWERY MALAYSIA BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 58 to 90 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:

- (i) the financial position of the Company and of the Group as at 31 December 2003 and of the results of the business of the Company and of the Group for the year ended on that date;
- (ii) the cash flows of the Company and of the Group for the year ended 31 December 2003.

Signed on behalf of the Board in accordance with a resolution of the directors,

CHAN HUA ENG
DIRECTOR

BJORN SONDESKOV
DIRECTOR

Kuala Lumpur, Malaysia
18 February 2004

STATUTORY DECLARATION

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

I, **CHIN VOON LOONG**, being the officer primarily responsible for the financial management of **CARLSBERG BREWERY MALAYSIA BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 58 to 90 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 18 February 2004

CHIN VOON LOONG
Before me,

SOH AH KAU, AMN
(No. W315)
Commissioner for Oaths

Kuala Lumpur, Malaysia
18 February 2004

AUDITORS' REPORT

TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD

We have audited the accompanying financial statements set out on pages 58 to 90. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:-

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of :
 - (i) the financial position of the Company and of the Group as at 31 December 2003 and of the results and the cash flows of the Company and 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 financial statements and consolidated financial statements.
- (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 financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The Auditors' Reports on the financial statements 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 Act.

ERNST & YOUNG AF: 0039

Chartered Accountants

Sukanta Kumar Dutt 1556/08/04(J)

Partner

Kuala Lumpur, Malaysia

18 February 2004

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

| | Note | GROUP | | COMPANY | |
|---|------|------------------|-----------------|------------------|-----------------|
| | | 2003 RM '000 | 2002 RM '000 | 2003 RM '000 | 2002 RM '000 |
| | | | As restated | | As restated |
| REVENUE | 3 | 876,009 | 838,783 | 560,515 | 526,485 |
| COST OF SALES | 4 | (636,138) | (592,562) | (515,771) | (442,447) |
| GROSS PROFIT | | 239,871 | 246,221 | 44,744 | 84,038 |
| Other operating income | | 442 | 2,376 | 2,359 | 1,791 |
| Sales & distribution costs | | (122,565) | (114,363) | (126) | (122) |
| Administrative expenses | | (19,557) | (16,737) | (11,122) | (8,615) |
| Other operating expenses | | (1,193) | (796) | (964) | (1,096) |
| OPERATING PROFIT | | 96,998 | 116,701 | 34,891 | 75,996 |
| INTEREST INCOME | | 6,898 | 7,859 | 6,566 | 7,360 |
| DIVIDEND FROM SUBSIDIARY COMPANY | | - | - | 59,400 | 108,900 |
| SHARE OF RESULTS OF ASSOCIATED COMPANY | | 2,779 | 2,170 | - | - |
| PROFIT BEFORE TAXATION | 5 | 106,675 | 126,730 | 100,857 | 192,256 |
| TAXATION | 8 | (25,520) | (31,328) | (9,908) | (49,623) |
| PROFIT AFTER TAXATION | | 81,155 | 95,402 | 90,949 | 142,633 |
| BASIC EARNINGS PER SHARE | 10 | | | | |
| - pre tax (sen) | | 69.9 | 83.2 | 66.1 | 126.2 |
| - post tax (sen) | | 53.1 | 62.6 | 59.6 | 93.7 |
| FULLY DILUTED EARNINGS PER SHARE* | 10 | | | | |
| - pre tax (sen) | | N/A | 83.1 | N/A | 126.1 |
| - post tax (sen) | | N/A | 62.6 | N/A | 93.6 |

* Diluted earnings per share for the current year are not presented, as the outstanding options granted under the Employees' Share Option Scheme had lapsed after 25 October 2003, and there are no remaining potential ordinary shares.

The annexed notes form an integral part of these financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2003

| | Note | GROUP | | COMPANY | |
|--------------------------------------|------|-----------------|-----------------|-----------------|-----------------|
| | | 2003 RM '000 | 2002 RM '000 | 2003 RM '000 | 2002 RM '000 |
| | | | As restated | | As restated |
| ASSETS EMPLOYED: | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | 11 | 185,476 | 200,818 | 171,455 | 183,165 |
| SUBSIDIARY COMPANIES | 12 | - | - | 1,909 | 1,909 |
| ASSOCIATED COMPANY | 13 | 14,954 | 13,570 | 10,940 | 10,940 |
| MARKETABLE SECURITIES | 14 | 1,733 | 1,733 | 1,733 | 1,733 |
| CURRENT ASSETS | | | | | |
| Inventories | 15 | 43,904 | 28,600 | 18,080 | 17,774 |
| Trade Receivables | 16 | 119,468 | 125,796 | - | - |
| Other Receivables | 17 | 16,043 | 18,278 | 54,240 | 33,203 |
| Bank balances and deposits | 18 | 239,096 | 266,948 | 226,485 | 252,946 |
| | | 418,511 | 439,622 | 298,805 | 303,923 |
| CURRENT LIABILITIES | | | | | |
| Trade Payables | 19 | 36,665 | 36,430 | 30,937 | 31,281 |
| Other Payables | 20 | 43,251 | 57,918 | 23,965 | 29,029 |
| Taxation | | 6,545 | 8,930 | 6,341 | 9,522 |
| | | 86,461 | 103,278 | 61,243 | 69,832 |
| NET CURRENT ASSETS | | 332,050 | 336,344 | 237,562 | 234,091 |
| | | 534,213 | 552,465 | 423,599 | 431,838 |
| FINANCED BY: | | | | | |
| SHARE CAPITAL | 21 | 154,039 | 153,684 | 154,039 | 153,684 |
| RESERVES | 22 | 369,729 | 389,870 | 260,103 | 270,496 |
| | | 523,768 | 543,554 | 414,142 | 424,180 |
| TREASURY SHARES | 23 | (12,043) | (12,043) | (12,043) | (12,043) |
| SHAREHOLDERS' EQUITY | | 511,725 | 531,511 | 402,099 | 412,137 |
| DEFERRED TAXATION | 24 | 22,488 | 20,954 | 21,500 | 19,701 |
| | | 534,213 | 552,465 | 423,599 | 431,838 |

The annexed notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY OF THE GROUP

FOR THE YEAR ENDED 31 DECEMBER 2003

| GROUP | Note | Share capital RM '000 | Share premium RM '000 | Exchange reserve RM '000 | Capital reserve RM '000 | Treasury shares RM '000 | General reserve RM '000 | Retained earnings RM '000 | Total RM '000 |
|---|------|--------------------------|--------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|------------------------------|------------------|
| At 1 January 2002 | | | | | | | | | |
| As previously reported | | 153,010 | 71 | (1,240) | 10,524 | (12,043) | 5,766 | 380,809 | 536,897 |
| Prior period adjustments | 25 | - | - | - | (1,846) | - | - | 25 | (1,821) |
| As restated | | 153,010 | 71 | (1,240) | 8,678 | (12,043) | 5,766 | 380,834 | 535,076 |
| Exchange differences | | - | - | (816) | - | - | - | - | (816) |
| Issue of ordinary shares pursuant to Employees' Share Option Scheme | | 674 | 4,779 | - | - | - | - | - | 5,453 |
| Transfer of general reserve to retained earnings | 22 | - | - | - | - | - | (5,766) | 5,766 | - |
| Profit for the year | | | | | | | | | |
| As previously reported | | - | - | - | - | - | - | 101,851 | 101,851 |
| Prior period adjustments | 25 | - | - | - | - | - | - | (6,449) | (6,449) |
| As restated | | - | - | - | - | - | - | 95,402 | 95,402 |
| Dividends | | - | - | - | - | - | - | (103,604) | (103,604) |
| At 31 December 2002 | | 153,684 | 4,850 | (2,056) | 8,678 | (12,043) | - | 378,398 | 531,511 |
| At 31 December 2002 | | | | | | | | | |
| As previously reported | | 153,684 | 4,850 | (2,056) | 10,524 | (12,043) | 5,766 | 379,056 | 539,781 |
| Prior period adjustments | 25 | - | - | - | (1,846) | - | - | (6,424) | (8,270) |
| | | 153,684 | 4,850 | (2,056) | 8,678 | (12,043) | 5,766 | 372,632 | 531,511 |
| Transfer of general reserve to retained earnings | 22 | - | - | - | - | - | (5,766) | 5,766 | - |
| As restated | | 153,684 | 4,850 | (2,056) | 8,678 | (12,043) | - | 378,398 | 531,511 |
| Exchange differences | | - | - | 46 | - | - | - | - | 46 |
| Issue of ordinary shares pursuant to Employees' Share Option Scheme | | 355 | 2,517 | - | - | - | - | - | 2,872 |
| Profit for the year | | - | - | - | - | - | - | 81,155 | 81,155 |
| Dividends | 9 | - | - | - | - | - | - | (103,859) | (103,859) |
| At 31 December 2003 | | 154,039 | 7,367 | (2,010) | 8,678 | (12,043) | - | 355,694 | 511,725 |

The annexed notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2003

| COMPANY | Note | Share capital RM '000 | Share premium RM '000 | Capital reserve RM '000 | Treasury shares RM '000 | General reserve RM '000 | Retained earnings RM '000 | Total RM '000 |
|---|------|--------------------------|--------------------------|----------------------------|----------------------------|----------------------------|------------------------------|------------------|
| At 1 January 2002 | | | | | | | | |
| As previously reported | | 153,010 | 71 | 6,593 | (12,043) | 5,766 | 215,852 | 369,249 |
| Prior period adjustments | 25 | - | - | (1,846) | - | - | 252 | (1,594) |
| As restated | | 153,010 | 71 | 4,747 | (12,043) | 5,766 | 216,104 | 367,655 |
| Issue of ordinary shares pursuant to Employees' Share Option Scheme | | 674 | 4,779 | - | - | - | - | 5,453 |
| Transfer of general reserve to retained earnings | 22 | - | - | - | - | (5,766) | 5,766 | - |
| Profit for the year | | | | | | | | |
| As previously reported | | - | - | - | - | - | 147,356 | 147,356 |
| Prior period adjustments | 25 | - | - | - | - | - | (4,723) | (4,723) |
| As restated | | - | - | - | - | - | 142,633 | 142,633 |
| Dividends | | - | - | - | - | - | (103,604) | (103,604) |
| At 31 December 2002 | | 153,684 | 4,850 | 4,747 | (12,043) | - | 260,899 | 412,137 |
| At 31 December 2002 | | | | | | | | |
| As previously reported | | 153,684 | 4,850 | 6,593 | (12,043) | 5,766 | 259,604 | 418,454 |
| Prior period adjustments | 25 | - | - | (1,846) | - | - | (4,471) | (6,317) |
| | | 153,684 | 4,850 | 4,747 | (12,043) | 5,766 | 255,133 | 412,137 |
| Transfer of general reserve to retained earnings | 22 | - | - | - | - | (5,766) | 5,766 | - |
| As restated | | 153,684 | 4,850 | 4,747 | (12,043) | - | 260,899 | 412,137 |
| Issue of ordinary shares pursuant to Employees' Share Option Scheme | | 355 | 2,517 | - | - | - | - | 2,872 |
| Profit for the year | | - | - | - | - | - | 90,949 | 90,949 |
| Dividends | 9 | - | - | - | - | - | (103,859) | (103,859) |
| At 31 December 2003 | | 154,039 | 7,367 | 4,747 | (12,043) | - | 247,989 | 402,099 |

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS OF THE GROUP

FOR THE YEAR ENDED 31 DECEMBER 2003

| | Note | 2003 RM '000 | 2002 RM '000 As restated |
|--|------|-----------------|--------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 106,675 | 126,730 |
| Adjustments for: | | | |
| Interest income | | (6,898) | (7,859) |
| Dividend income | | (75) | (50) |
| Share of profit of associated company | | (2,779) | (2,170) |
| Write-back for diminution in value of investment in associated company | | - | (4,600) |
| Depreciation | | 23,618 | 27,754 |
| Provision / (write-back) of doubtful debts | | 3,444 | (2,173) |
| Gain on disposal of property, plant and equipment | | (368) | (2,299) |
| Operating profit before working capital changes | | 123,617 | 135,333 |
| Working capital changes: | | | |
| Receivables | | 5,119 | (22,794) |
| Inventories | | (15,304) | 12,418 |
| Payables | | (14,432) | 3,716 |
| Cash generated from operations | | 99,000 | 128,673 |
| Taxation paid | | (26,371) | (46,197) |
| Net cash generated from operating activities | | 72,629 | 82,476 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest income | | 6,898 | 7,859 |
| Dividend income - associated company | | 1,441 | 725 |
| - others | | 75 | 50 |
| Proceeds from disposal of property, plant and equipment | | 633 | 6,224 |
| Purchase of property, plant and equipment | | (8,541) | (20,906) |
| Net cash generated from / (used in) investing activities | | 506 | (6,048) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from exercise of share options | | 2,872 | 5,453 |
| Dividends paid | | (103,859) | (103,604) |
| Net cash used in financing activities | | (100,987) | (98,151) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | (27,852) | (21,723) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | 266,948 | 288,671 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 18 | 239,096 | 266,948 |

The annexed notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2003

| | Note | 2003 RM '000 | 2002 RM '000 As restated |
|--|------|-----------------|--------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 100,857 | 192,256 |
| Adjustments for: | | | |
| Depreciation | | 18,243 | 22,503 |
| Interest income | | (6,566) | (7,360) |
| Dividend income | | (60,916) | (109,675) |
| Write-back for diminution in value of investment in associated company | | - | (4,600) |
| Gain on disposal of property, plant and equipment | | (63) | (236) |
| Operating profit before working capital changes | | 51,555 | 92,888 |
| Working capital changes: | | | |
| Receivables | | (21,037) | (21,698) |
| Inventories | | (306) | (346) |
| Payables | | (5,408) | (31,621) |
| Cash generated from operations | | 24,804 | 39,223 |
| Taxation paid | | (11,290) | (24,706) |
| Net cash generated from operating activities | | 13,514 | 14,517 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest income | | 6,566 | 7,360 |
| Dividend income - subsidiary company | | 59,400 | 78,408 |
| - associated company | | 1,441 | 725 |
| - others | | 75 | 50 |
| Proceeds from disposal of property, plant and equipment | | 68 | 257 |
| Transfer of property, plant and equipment to a subsidiary company | | - | 76 |
| Purchase of property, plant and equipment | | (6,538) | (17,243) |
| Net cash generated from investing activities | | 61,012 | 69,633 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from exercise of share options | | 2,872 | 5,453 |
| Dividends paid | | (103,859) | (103,604) |
| Net cash used in financing activities | | (100,987) | (98,151) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | (26,461) | (14,001) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | 252,946 | 266,947 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 18 | 226,485 | 252,946 |

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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 the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Malaysia Securities Exchange Berhad. The registered office of the Company is located at No. 55, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan.

The directors regard Carlsberg Asia Pte Ltd, a company incorporated in the Republic of Singapore, as the holding company. Following the termination as of 1 August 2003 of the joint venture between Carlsberg Breweries A/S and Chang Beverages Pte Ltd, Carlsberg Asia Pte Ltd remains a wholly owned subsidiary of Carlsberg Breweries A/S, a company incorporated in Denmark. Carlsberg Breweries A/S is now the ultimate holding company of Carlsberg Brewery Malaysia Berhad.

The numbers of employees in the Company and in the Group (including executive directors) at the end of financial year were 283 (2002: 292) and 623 (2002: 637) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 February 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements, and Changes in Accounting Policies

The financial statements of the Company and of the Group are prepared under the historical cost convention modified to include the revaluation of certain property, plant and equipment, and comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards issued by the Malaysian Accounting Standards Board (MASB). The Company and the Group have applied certain transitional provisions as allowed under MASB Standard No.15, 'Property, Plant and Equipment', by virtue of which a reporting enterprise is allowed to retain revalued amounts on the basis of 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.

In the preparation of the financial statements, the Company and the Group have adopted the following Approved Accounting Standards that became applicable during the year:

MASB Standard No.25, 'Income Taxes'
MASB Standard No.27, 'Borrowing Costs'
MASB Standard No 28, 'Discontinuing Operations'
MASB Standard No.29, 'Employee Benefits'

The accounting effects of adopting MASB 25 and MASB 29 are as disclosed in the Statements of Changes in Equity, as prior period adjustments, and further in Note 25 to the financial statements. The adoption of MASB 27 and MASB 28 have not given rise to any adjustments to the opening balances of retained earnings of the prior and current year or to changes in comparatives.

(b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements 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 financial statements from the date of acquisition or up to the date of disposal.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Property, Plant and Equipment, and Depreciation

Property, plant and equipment are stated at cost modified by the revaluation of certain land and buildings, less accumulated depreciation, amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

Freehold land is not depreciated.

Leasehold land is depreciated over the periods of the leases ranging from 43 to 99 years.

Depreciation on other property, plant and equipment is calculated on the original cost or subsequent valuation of property, plant and equipment and is charged on a straight line basis at varying rates to write off assets over their estimated economic lives. The principal annual depreciation rates applied are as follows:

| | |
|-------------------------|-----------------------------------|
| Buildings | - 2% - 2.5% |
| Plant and machinery | - at rates varying from 5% to 20% |
| Furniture and equipment | - 20% - 33.3% |
| Motor vehicles | - 20% |

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is charged or credited to the income statement and any attributable portion of the revaluation surplus is taken directly to retained earnings.

(d) Dividends

Dividends from long term investments, and in respect of the Company, from subsidiary and associated companies, are recognised in the income statement upon the right to receipt of such dividends being established.

(e) Inventories

Inventories are stated 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 inventories into store, and for finished goods and work-in-progress, also includes labour and attributable production overheads. In arriving at net realisable value, due allowance is made for all obsolete and slow moving items.

(f) Provision for Doubtful Debts

Known bad debts are written off and provision is made for debts individually reviewed by customer accounts or categories and identified as doubtful.

(g) Provisions for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(h) 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 the balance sheet date, the balances are translated at approximate rates then prevailing. Exchange differences arising are taken to the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Foreign Currencies (cont'd)

Translation 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.

The principal exchange rates used for every unit of foreign currency ruling at the balance sheet date are as follows:

| | 2003 RM | 2002 RM |
|----------------------------|------------|------------|
| Danish Kroner (DKK) | 0.672 | 0.534 |
| Euro (EUR) | 3.926 | 3.039 |
| United States Dollar (USD) | 3.800 | 3.800 |
| Singapore Dollar (SGD) | 2.159 | 2.127 |
| Sri Lanka Rupee (RS) | 0.044 | 0.038 |

(i) Revenue recognition

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

(ii) Interest and rental income

Interest income and rental income are recognised on an accrual basis.

(j) Employment Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by the employees of the Group. Short term accumulated 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 the absences occur.

(ii) Defined contribution plans

Retirement benefits for employees are paid by way of statutory monthly contributions, and where contracted and eligible, at rates over and above the minimum statutory contributions, to the statutory Employees Provident Fund or to an approved, separately funded defined contribution scheme. Contributions are charged to the income statement as and when the obligations arise.

(iii) Equity compensation benefits

The Carlsberg Brewery Malaysia Berhad Employees' Share Option Scheme ("the Scheme") allows the Group's employees to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received. The Scheme expired on 25 October 2003.

(iv) Termination benefits

Termination benefits are recognised as a liability and an expense when the Group has a detailed formal plan for the termination without realistic possibility of withdrawal.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Employment Benefits (cont'd)

(iv) Termination benefits (cont'd)

Prior to the adoption of MASB Standard No.29, 'Employee Benefits' on 1 January 2003, no liability was recognised for the obligations in respect of short-term employee benefits in the form of accumulating compensated absences. The change in accounting policies has been accounted for retrospectively and the effects of the changes are disclosed in Statements of Changes in Equity and Note 25.

(k) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at tax rates that are expected to apply in the period when the asset is anticipated to be realised or the liability is anticipated to be settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Prior to the adoption of MASB 25, 'Income Taxes' on 1 January 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in the Statements of Changes in Equity and Note 25.

(l) Subsidiary Companies

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Subsidiary Companies (cont'd)

Investments in subsidiary companies are stated in the financial statements 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.

(m) 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 financial statements 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 for its share of post-acquisition results and reserves of associated companies.

(n) 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.

(o) Cash and Cash Equivalents

The statements of cash flow, prepared using the indirect method, classify changes in cash and cash equivalents according to operating, investing and financing activities. For the purposes of the cash flow statements, cash and cash equivalents comprise cash on hand and at bank, deposits with licensed financial institutions, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are not subject to significant risk of changes in value.

(p) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets (other than inventories, deferred tax assets, assets arising from employee benefits and financial assets which are reviewed pursuant to the relevant accounting policies) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Marketable Securities

The Group does not own any marketable securities other than those held as long term investments.

(ii) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of outstanding amounts as at the balance sheet date, 31 December, as stated in Note 2(f).

(iii) Trade Payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Equity Instruments

Ordinary shares are classified as equity. The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

When the share capital of the Company is repurchased, the consideration paid, including any attributable transaction costs is presented as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares. Consideration received is presented in the financial statements as a change in equity.

3. REVENUE

Revenue represents the value of the gross sales of goods less returns, discounts and sales tax.

4. COST OF SALES

Cost of sales represents cost of inventories sold.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

5. PROFIT BEFORE TAXATION

| | | GROUP | | COMPANY | |
|--|------|---------|---------|----------|-----------|
| | | 2003 | 2002 | 2003 | 2002 |
| | Note | RM '000 | RM '000 | RM '000 | RM '000 |
| This is stated after charging /(crediting): | | | | | |
| Staff costs | 6 | 32,966 | 30,079 | 18,416 | 17,375 |
| Non-executive directors' remuneration | 7 | 211 | 208 | 211 | 208 |
| Auditors' remuneration | | | | | |
| - statutory audit | | 75 | 74 | 54 | 53 |
| - other services | | 27 | 27 | 19 | 19 |
| Depreciation of property, plant and equipment | | 23,618 | 27,754 | 18,243 | 22,503 |
| Provision / (write-back) for doubtful debts | | 3,444 | (2,173) | - | - |
| Rent of land and buildings | | 414 | 333 | 123 | - |
| Staff retirement benefits | | | | | |
| - defined contribution plans | | 4,333 | 4,190 | 2,394 | 2,370 |
| Write-back for diminution in value of investment in associated company | | - | (4,600) | - | (4,600) |
| Dividend income from | | | | | |
| - subsidiary company (tax exempted) | | - | - | (59,400) | - |
| - subsidiary company (taxable) | | - | - | - | (108,900) |
| - associated company | | - | - | (1,441) | (725) |
| - marketable security (quoted in Malaysia, tax exempted) | | (75) | (50) | (75) | (50) |
| Rental income | | | | | |
| - subsidiary company | | - | - | (780) | (780) |
| - third parties | | - | (27) | - | - |
| Gain on disposal of property, plant and equipment | | (368) | (2,299) | (63) | (236) |

6. STAFF COSTS

Included in staff costs of the Company are executive directors' remuneration amounting to RM1,717,000 (2002 : RM1,485,000) as further disclosed in Note 7.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

7. DIRECTORS' REMUNERATION

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

| | 2003 | | 2002 | |
|-----------------------------|---------------------|-------------------------|---------------------|-------------------------|
| | Executive directors | Non-executive directors | Executive directors | Non-executive directors |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| Total remuneration: | | | | |
| Fees | 60 | 211 | 37 | 208 |
| Gratuity | 312 | - | - | - |
| Retirement benefits | | | | |
| - defined contribution plan | 156 | - | 185 | - |
| Benefits-in-kind | 148 | - | 148 | - |
| Other emoluments | 1,041 | - | 1,115 | - |
| | 1,717 | 211 | 1,485 | 208 |

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

| | 2003 | | 2002 | |
|----------------------------|---------------------|-------------------------|---------------------|-------------------------|
| | Executive directors | Non-executive directors | Executive directors | Non-executive directors |
| Range of Remuneration (RM) | | | | |
| Less than 50,000 | - | 9 | - | 7 |
| 400,001 - 450,000 | - | - | 1 | - |
| 500,001 - 550,000 | 1 | - | - | - |
| 550,001 - 600,000 | 2 | - | - | - |
| 900,001 - 950,000 | - | - | 1 | - |
| | 3 | 9 | 2 | 7 |

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

8. TAXATION

| | Note | GROUP | | COMPANY | |
|---|------|-----------------|-----------------|-----------------|-----------------|
| | | 2003 RM '000 | 2002 RM '000 | 2003 RM '000 | 2002 RM '000 |
| | | | As restated | | As restated |
| Tax expense for the year: | | | | | |
| Malaysian income tax | | 27,714 | 28,600 | 8,868 | 45,842 |
| Deferred tax: | | | | | |
| Relating to origination and reversal of temporary differences | 24 | 1,534 | - | 1,799 | - |
| As previously reported | | - | 350 | - | 350 |
| Prior year adjustments | 25 | - | 6,349 | - | 4,623 |
| As restated | 24 | - | 6,699 | - | 4,973 |
| | | 29,248 | 35,299 | 10,667 | 50,815 |
| Malaysian income tax over provided in prior years | | (3,728) | (3,971) | (759) | (1,192) |
| | | 25,520 | 31,328 | 9,908 | 49,623 |

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2002: 28%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company and of the Group is as follows:

| | GROUP | | COMPANY | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2003 RM '000 | 2002 RM '000 | 2003 RM '000 | 2002 RM '000 |
| | | As restated | | As restated |
| Profit before taxation | 106,675 | 126,730 | 100,857 | 192,256 |
| Taxation at Malaysian statutory rate of 28% (2002: 28%) | 29,869 | 35,484 | 28,240 | 53,832 |
| Income not subject to tax | (274) | (1,874) | (17,163) | (1,238) |
| Expenses not deductible for tax purposes | 720 | 4,210 | 301 | 297 |
| Expenses double deducted for tax purposes | (373) | (459) | (17) | (14) |
| Utilisation of current year's reinvestment allowances | (694) | (2,062) | (694) | (2,062) |
| Overprovision of income tax expense in prior years | (3,728) | (3,971) | (759) | (1,192) |
| Tax expense for the year | 25,520 | 31,328 | 9,908 | 49,623 |

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

9. DIVIDENDS

| | GROUP/COMPANY | | | |
|--|----------------|---------------|----------------|---------------|
| | 2003 | | 2002 | |
| | RM '000 | Sen per share | RM '000 | Sen per share |
| Interim dividend of 10 sen per share less tax (2002: 10 sen per share less tax) | 11,003 | 7.2 | 10,980 | 7.2 |
| Final dividends: | | | | |
| Approved in 2003 in respect of 2002 | | | | |
| - final 15 sen per share less tax | 16,494 | 10.8 | - | - |
| - special 50 sen per share tax exempt | 76,362 | 50.0 | - | - |
| Approved in 2002 in respect of 2001 | | | | |
| - final 15 sen per share less tax | - | - | 16,453 | 10.8 |
| - special 50 sen per share less tax | - | - | 76,171 | 50.0 |
| | 103,859 | 68.0 | 103,604 | 68.0 |

The following final dividends in respect of the year ended 31 December 2003 will be proposed for shareholders' approval at the forthcoming Annual General Meeting:

- (a) a final dividend of 15 sen per share less tax, amounting to RM16,510,392;
- (b) a special dividend of 25 sen per share less tax, amounting to RM27,517,320; and
- (c) a special dividend of 25 sen per share, tax exempt, amounting to RM38,218,500.

The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders will be accounted for in shareholders' equity as appropriations of retained earnings in the financial year ending 31 December 2004.

10. EARNINGS PER ORDINARY SHARE

Basic earnings per share of the Group has been computed by dividing the net profit before and after tax by the weighted average number of shares in issue during the financial year. For the purposes of this computation, the number of shares repurchased and held as treasury shares has been excluded from the number of shares in issue.

| | GROUP | | COMPANY | |
|---|----------------|--------------------|----------------|--------------------|
| | 2003 | 2002 | 2003 | 2002 |
| | | As restated | | As restated |
| Profit before taxation (RM '000) | 106,675 | 126,730 | 100,857 | 192,256 |
| Profit after taxation (RM '000) | 81,155 | 95,402 | 90,949 | 142,633 |
| Weighted average number of ordinary shares in issue ('000) | 152,697 | 152,293 | 152,697 | 152,293 |
| Basic earnings per share | | | | |
| - pre tax (sen) | 69.9 | 83.2 | 66.1 | 126.2 |
| - post tax (sen) | 53.1 | 62.6 | 59.6 | 93.7 |

Information on fully diluted earnings per share for the current year is not presented, as the outstanding options granted under the Employees' Share Option Scheme had lapsed after 25 October 2003, and there are no remaining potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

11. PROPERTY, PLANT AND EQUIPMENT

| GROUP | Freehold land and buildings RM'000 | Long term leasehold land and buildings RM'000 | Short term leasehold land and buildings RM'000 | Plant and machinery RM'000 | Motor vehicles RM'000 | Furniture, office equipment and others RM'000 | Assets in-progress RM'000 | Total 2003 RM'000 | 2002 RM'000 |
|---------------------------------------|---------------------------------------|--|---|-------------------------------|--------------------------|--|------------------------------|-------------------------|----------------|
| COST AND VALUATION | | | | | | | | | |
| At 1 January | 19,345 | 62,543 | 467 | 302,330 | 21,169 | 41,273 | - | 447,127 | 435,747 |
| Additions | 308 | 226 | - | 1,514 | 867 | 1,840 | 3,786 | 8,541 | 20,906 |
| Transfers | - | - | - | 3,786 | - | - | (3,786) | - | - |
| Disposals | - | - | - | (484) | (1,245) | (3,125) | - | (4,854) | (9,526) |
| At 31 December | 19,653 | 62,769 | 467 | 307,146 | 20,791 | 39,988 | - | 450,814 | 447,127 |
| ACCUMULATED DEPRECIATION | | | | | | | | | |
| At 1 January | 312 | 15,198 | 77 | 187,692 | 9,717 | 33,313 | - | 246,309 | 224,156 |
| Charge for the year | 31 | 1,159 | 10 | 14,586 | 4,016 | 3,816 | - | 23,618 | 27,754 |
| Disposals | - | - | - | (479) | (994) | (3,116) | - | (4,589) | (5,601) |
| At 31 December | 343 | 16,357 | 87 | 201,799 | 12,739 | 34,013 | - | 265,338 | 246,309 |
| NET BOOK VALUE | | | | | | | | | |
| At 31 December 2003 | 19,310 | 46,412 | 380 | 105,347 | 8,052 | 5,975 | - | 185,476 | - |
| At 31 December 2002 | 19,033 | 47,345 | 390 | 114,638 | 11,452 | 7,960 | - | - | 200,818 |
| DEPRECIATION CHARGE FOR 2002 | | | | | | | | | |
| | 92 | 1,136 | 9 | 18,535 | 3,766 | 4,216 | - | - | 27,754 |
| ANALYSIS OF COST AND VALUATION | | | | | | | | | |
| At 31 December 2003 | | | | | | | | | |
| Cost | 19,653 | 44,447 | 467 | 307,146 | 20,791 | 39,988 | - | 432,492 | - |
| Valuation - 1981 | - | 18,322 | - | - | - | - | - | 18,322 | - |
| | 19,653 | 62,769 | 467 | 307,146 | 20,791 | 39,988 | - | 450,814 | - |
| At 31 December 2002 | | | | | | | | | |
| Cost | 19,345 | 44,221 | 467 | 302,330 | 21,169 | 41,273 | - | - | 428,805 |
| Valuation - 1981 | - | 18,322 | - | - | - | - | - | - | 18,322 |
| | 19,345 | 62,543 | 467 | 302,330 | 21,169 | 41,273 | - | - | 447,127 |

Of the land and buildings of the Group, RM18,104,000 (2002: RM17,796,000) is in respect of the net book value of the freehold land, RM9,089,000 (2002: RM9,215,000) is in respect of the net book value of the long term leasehold land and RM137,000 (2002: RM141,000) is in respect of the net book value of short term leasehold land.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

| COMPANY | Freehold land and buildings RM'000 | Long term leasehold land and buildings RM'000 | Plant and machinery RM'000 | Motor vehicles RM'000 | Furniture, office equipment and others RM'000 | Assets in-progress RM'000 | Total 2003 RM'000 | Total 2002 RM'000 |
|---------------------------------------|---------------------------------------|--|-------------------------------|--------------------------|--|------------------------------|----------------------|----------------------|
| COST AND VALUATION | | | | | | | | |
| At 1 January | 18,044 | 59,779 | 302,330 | 3,112 | 17,611 | - | 400,876 | 385,088 |
| Additions | 308 | 208 | 1,514 | 146 | 576 | 3,786 | 6,538 | 17,243 |
| Transfers | - | - | 3,786 | - | (2) | (3,786) | (2) | (92) |
| Disposals | - | - | (484) | (111) | (1,613) | - | (2,208) | (1,363) |
| At 31 December | 18,352 | 59,987 | 307,146 | 3,147 | 16,572 | - | 405,204 | 400,876 |
| ACCUMULATED DEPRECIATION | | | | | | | | |
| At 1 January | 135 | 14,707 | 187,692 | 1,257 | 13,920 | - | 217,711 | 196,566 |
| Charge for the year | 12 | 1,109 | 14,586 | 607 | 1,929 | - | 18,243 | 22,503 |
| Transfers | - | - | - | - | (2) | - | (2) | (16) |
| Disposals | - | - | (479) | (111) | (1,613) | - | (2,203) | (1,342) |
| At 31 December | 147 | 15,816 | 201,799 | 1,753 | 14,234 | - | 233,749 | 217,711 |
| NET BOOK VALUE | | | | | | | | |
| At 31 December 2003 | 18,205 | 44,171 | 105,347 | 1,394 | 2,338 | - | 171,455 | - |
| At 31 December 2002 | 17,909 | 45,072 | 114,638 | 1,855 | 3,691 | - | - | 183,165 |
| DEPRECIATION CHARGE FOR 2002 | | | | | | | | |
| | 12 | 1,084 | 18,535 | 603 | 2,269 | - | - | 22,503 |
| ANALYSIS OF COST AND VALUATION | | | | | | | | |
| At 31 December 2003 | | | | | | | | |
| Cost | 18,352 | 41,665 | 307,146 | 3,147 | 16,572 | - | 386,882 | - |
| Valuation - 1981 | - | 18,322 | - | - | - | - | 18,322 | - |
| | 18,352 | 59,987 | 307,146 | 3,147 | 16,572 | - | 405,204 | - |
| At 31 December 2002 | | | | | | | | |
| Cost | 18,044 | 41,457 | 302,330 | 3,112 | 17,611 | - | - | 382,554 |
| Valuation - 1981 | - | 18,322 | - | - | - | - | - | 18,322 |
| | 18,044 | 59,779 | 302,330 | 3,112 | 17,611 | - | - | 400,876 |

Of the land and buildings of the Company, RM17,774,000 (2002: RM17,466,000) is in respect of the net book value of the freehold land, and RM8,520,000 (2002: RM8,638,000) is in respect of the net book value of the long term 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 MASB Standard No.15, 'Property, Plant and Equipment'.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The aggregate net book value of property, plant and equipment, had all assets been stated based on their costs would have been RM180,989,000 (2002: RM196,235,000) in respect of the Group and RM166,968,000 (2002: RM178,582,000) in respect of the Company.

On adoption of MASB Standard No. 25 'Income Taxes' on 1 January 2003, the tax effects in respect of the surplus that arose upon revaluation of properties has been accounted for as disclosed in Note 2 (a), Note 22 (b), Note 24 and Note 25.

12. SUBSIDIARY COMPANIES

| | COMPANY | |
|---|-----------------|-----------------|
| | 2003 RM '000 | 2002 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 | |
|----------------------------------|--|-----------------------------|----------------------|-----------|
| | | | 2003 % | 2002 % |
| Carlsberg Marketing Sdn. Bhd. | Marketing and distribution of beer, stout, shandy and non-alcoholic beverages | Malaysia | 100 | 100 |
| Euro Distributors Sdn. Bhd. | Dormant | Malaysia | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

13. ASSOCIATED COMPANY

| | GROUP | | COMPANY | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2003 RM '000 | 2002 RM '000 | 2003 RM '000 | 2002 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 brought forward | 4,686 | 3,241 | - | - |
| Share of results for the year | 2,779 | 2,170 | - | - |
| Dividends received | (1,441) | (725) | - | - |
| Share of post-acquisition profits and reserves carried forward | 6,024 | 4,686 | - | - |
| Exchange difference on translation of net assets | (2,010) | (2,056) | - | - |
| | 14,954 | 13,570 | 10,940 | 10,940 |
| Represented by Group's share of : | | | | |
| Net tangible assets | 14,821 | 13,437 | | |
| Premium on acquisition | 133 | 133 | | |
| | 14,954 | 13,570 | | |
| Market value as at 31 December | 23,852 | 32,976 | 23,852 | 32,976 |

Details of the associated company are:

| Name | Principal activity | Country of incorporation | Percentage of equity | |
|------------------------------------|--|-----------------------------|----------------------|-----------|
| | | | 2003 % | 2002 % |
| 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

14. MARKETABLE SECURITIES

| | GROUP/COMPANY | |
|------------------------------------|----------------|---------|
| | 2003 | 2002 |
| | RM '000 | RM '000 |
| Shares quoted in Malaysia, at cost | 3,983 | 3,983 |
| Provision for diminution in value | (2,250) | (2,250) |
| | 1,733 | 1,733 |
| Market value at 31 December | 2,355 | 1,568 |

15. INVENTORIES

| | GROUP | | COMPANY | |
|-------------------------------------|---------------|---------|---------------|---------|
| | 2003 | 2002 | 2003 | 2002 |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| Finished goods and work-in-progress | 24,749 | 10,947 | 8,502 | 6,678 |
| Raw, packaging and other materials | 14,398 | 12,636 | 4,974 | 6,079 |
| Spare parts for machinery | 4,757 | 5,017 | 4,604 | 5,017 |
| | 43,904 | 28,600 | 18,080 | 17,774 |

Of the above, spare parts for machinery in respect of the Company and of the Group are stated at net realisable value. During the year, consumption of spare parts and machinery charged in the income statements of the Company and of the Group amounted to RM1.8 million (2002: RM2.2 million).

16. TRADE RECEIVABLES

| | GROUP | | COMPANY | |
|------------------------------|----------------|---------|---------|---------|
| | 2003 | 2002 | 2003 | 2002 |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| Trade debtors | 125,560 | 130,632 | - | - |
| Provision for doubtful debts | | | | |
| - specific | (6,092) | (4,836) | - | - |
| | 119,468 | 125,796 | - | - |

The Group's normal trade credit terms range from 45 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to group of debtors.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

17. OTHER RECEIVABLES

| | GROUP | | COMPANY | |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2003 RM '000 | 2002 RM '000 | 2003 RM '000 | 2002 RM '000 |
| Due from subsidiary company | - | - | 46,234 | 23,395 |
| Due from related companies | 654 | 703 | 53 | - |
| Other debtors and prepayments | 15,389 | 17,575 | 7,953 | 9,808 |
| | 16,043 | 18,278 | 54,240 | 33,203 |

Included in other debtors and prepayments of the Company and of the Group is an amount of RM218,000 (2002: RM238,000) in respect of a housing loan granted to a director of the Company, in accordance with the Housing Loan Scheme applicable to executive staff.

The amount due from subsidiary company is unsecured, interest-free and has no fixed terms of repayment. The amount arose out of inter-company sales, dividends, fund transfers, and other normal inter-company transactions in the normal course of business.

The amounts due from related companies are unsecured, interest-free and have no fixed terms of repayment; they are trade in nature.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to group of debtors.

18. BANK BALANCES AND DEPOSITS

| | GROUP | | COMPANY | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2003 RM '000 | 2002 RM '000 | 2003 RM '000 | 2002 RM '000 |
| Deposits with licensed banks and other financial institutions | 222,818 | 252,556 | 222,291 | 252,556 |
| Cash and bank balances | 16,278 | 14,392 | 4,194 | 390 |
| | 239,096 | 266,948 | 226,485 | 252,946 |

The weighted average interest rates during the financial year and the average maturities of deposits as at 31 December 2003 are as follows:

| | Weighted Average Interest Rates % | | Average Maturities Days | |
|------------------------------|---|---------|----------------------------|---------|
| | Group | Company | Group | Company |
| Licensed banks | 2.77% | 2.75% | 30 | 28 |
| Other financial institutions | 1.68% | 1.68% | 32 | 32 |

Other financial institutions refer to off shore banks.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

19. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days.

20. OTHER PAYABLES

| | GROUP | | COMPANY | |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2003 RM '000 | 2002 RM '000 | 2003 RM '000 | 2002 RM '000 |
| Due to ultimate holding company | 3,884 | - | 3,877 | - |
| Due to holding company | 761 | 11,191 | 751 | 11,191 |
| Due to related companies | 793 | 5,569 | 69 | 3,805 |
| Other creditors and accruals | 37,813 | 41,158 | 19,268 | 14,033 |
| | 43,251 | 57,918 | 23,965 | 29,029 |

The amounts due to the ultimate holding company, holding company and related companies are unsecured, interest-free, have no fixed terms of repayment; they are trade in nature.

Other creditors and accruals for the Group mainly comprise accruals for trade offer incentives of approximately RM14,373,000 (2002: RM11,813,000) and other accrued expenses of RM21,729,000 (2002: RM27,645,000).

21. SHARE CAPITAL

| | Number of ordinary shares of RM1 each | | Amount | |
|-----------------------------|--|--------------|-----------------|-----------------|
| | 2003 '000 | 2002 '000 | 2003 RM '000 | 2002 RM '000 |
| Authorised: | | | | |
| Ordinary shares of RM1 each | | | | |
| At 31 December | 300,000 | 300,000 | 300,000 | 300,000 |
| Issued and fully paid: | | | | |
| Ordinary shares of RM1 each | | | | |
| At 1 January | 153,684 | 153,010 | 153,684 | 153,010 |
| Exercise of share options | 355 | 674 | 355 | 674 |
| At 31 December | 154,039 | 153,684 | 154,039 | 153,684 |

As at 31 December 2003, the number of outstanding shares in issue and fully paid is 152,874,000 ordinary shares of RM1.00 each.

Pursuant to the Employees' Share Option Scheme, options to subscribe for 1,265,000 ordinary shares of RM1 each had been granted to eligible employees of the Group.

Upon expiry of the Scheme on 25 October 2003, 1,039,000 ordinary shares of RM1.00 each had been issued at RM8.09 per share for cash, upon exercise of options granted pursuant to the Scheme.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

21. SHARE CAPITAL (cont'd)

The details of options exercised during the financial year are as follows:

| Exercised Period | Exercised Price RM | Consideration Received RM '000 | Number of options '000 | Fair value of shares issued RM |
|-------------------------|--------------------|--------------------------------|------------------------|--------------------------------|
| Quarter ended 31.3.2003 | 8.09 | 1,011 | 125 | 10.00 to 11.00 |
| Quarter ended 30.6.2003 | 8.09 | 696 | 86 | 10.70 to 11.30 |
| Quarter ended 30.9.2003 | 8.09 | 744 | 92 | 10.80 to 11.10 |
| 1.10.2003 to 25.10.2003 | 8.09 | 421 | 52 | 10.60 to 10.70 |
| | | 2,872 | 355 | |

Upon the expiry of the Scheme on 25 October 2003, outstanding options granted to subscribe for 226,000 ordinary shares of RM1.00 each in the Company, including those in respect of recipients who had resigned from employment without exercising their options, had lapsed.

Details regarding Treasury Shares held are set out in Note 23.

22. RESERVES

| | GROUP | | COMPANY | |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2003 RM '000 | 2002 RM '000 | 2003 RM '000 | 2002 RM '000 |
| | | As restated | | As restated |
| Retained earnings | | | | |
| - Distributable | 343,651 | 366,355 | 235,946 | 248,856 |
| - Non-distributable | 12,043 | 12,043 | 12,043 | 12,043 |
| Total retained earnings | 355,694 | 378,398 | 247,989 | 260,899 |
| Share premium | 7,367 | 4,850 | 7,367 | 4,850 |
| Other reserves: | | | | |
| General reserve | - | - | - | - |
| Capital reserve | 8,678 | 8,678 | 4,747 | 4,747 |
| Exchange reserve | (2,010) | (2,056) | - | - |
| Total reserves | 369,729 | 389,870 | 260,103 | 270,496 |
| Total Distributable Reserves | 343,651 | 366,355 | 235,946 | 248,856 |
| Total Non-distributable Reserves | 26,078 | 23,515 | 24,157 | 21,640 |
| TOTAL RESERVES | 369,729 | 389,870 | 260,103 | 270,496 |

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

22. RESERVES (cont'd)

As at 31 December 2003, the Company has tax exempt profits available for distribution of approximately RM41,526,000 (2002: RM54,493,000), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained earnings as at 31 December 2003.

(a) General Reserve

The general reserve previously held comprised the amount set aside to account for the maximum potential deferred tax liabilities that may arise over and above the amount that had been provided for in the financial statements based on the accounting policies. With the change of accounting policy upon the adoption of MASB 25 (Note 25), the general reserve has been transferred to retained earnings, and the transfer has been presented retrospectively.

The movement of the above transaction is illustrated as follows:

| | GROUP/COMPANY | |
|--|---------------|---------|
| | 2003 | 2002 |
| | RM '000 | RM '000 |
| Balance at 1 January | - | 5,766 |
| General reserve transferred to retained earnings | - | (5,766) |
| Balance at 31 December | - | - |

(b) Capital Reserve

This reserve comprises primarily revaluation reserve on long term leasehold land held by the Company after adjusting for the potential deferred tax liability as required by MASB 25, and capitalisation of a subsidiary company's revenue reserves upon its bonus issue of shares previously.

The movements are as follows:

| | Note | GROUP | | COMPANY | |
|---|------|---------|---------|---------|---------|
| | | 2003 | 2002 | 2003 | 2002 |
| | | RM '000 | RM '000 | RM '000 | RM '000 |
| Balance at 1 January | | | | | |
| Revaluation reserve | | | | | |
| As previously reported | | 6,593 | 6,593 | 6,593 | 6,593 |
| Effect of adopting MASB 25 | 25 | (1,846) | - | (1,846) | - |
| | | 4,747 | 6,593 | 4,747 | 6,593 |
| Capitalisation upon bonus issue by subsidiary | | 3,931 | 3,931 | - | - |
| As restated / | | 8,678 | - | 4,747 | - |
| As previously reported | | - | 10,524 | - | 6,593 |
| Effect of adopting MASB 25 | 25 | - | (1,846) | - | (1,846) |
| As restated / | | 8,678 | 8,678 | 4,747 | 4,747 |
| Balance at 31 December | | | | | |

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

22. RESERVES (cont'd)

(c) Exchange Reserve

The exchange reserve comprises all foreign exchange differences arising from the equity-accounting of a foreign associate.

| | GROUP | | COMPANY | |
|------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2003 RM '000 | 2002 RM '000 | 2003 RM '000 | 2002 RM '000 |
| Balance at 1 January | (2,056) | (1,240) | - | - |
| Foreign exchange differences | 46 | (816) | - | - |
| Balance at 31 December | (2,010) | (2,056) | - | - |

23. TREASURY SHARES

| | GROUP/COMPANY | |
|----------------------------------|-----------------|-----------------|
| | 2003 RM '000 | 2002 RM '000 |
| Balance at 1 January | 12,043 | 12,043 |
| Acquisition of treasury shares | - | - |
| Treasury shares sold/distributed | - | - |
| Balance at 31 December | 12,043 | 12,043 |

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.

During the financial year ended 31 December 1999, the Company repurchased 1,165,000 of its issued shares from the open market. The aggregate consideration paid for the repurchased shares was RM12,042,622, representing an average price of RM10.34 per share. The lowest and the highest prices paid for each share were RM9.75 and RM10.60 respectively. The repurchase transactions were financed by internally generated funds. 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 2003, and none of the previously repurchased shares were reissued or distributed as share dividends.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

24. DEFERRED TAXATION

| | Note | GROUP | | COMPANY | |
|--|------|---------------|-------------|---------------|-------------|
| | | 2003 | 2002 | 2003 | 2002 |
| | | RM '000 | RM '000 | RM '000 | RM '000 |
| | | | As restated | | As restated |
| Balance at 1 January | | 14,384 | 14,034 | 14,384 | 14,034 |
| Prior year adjustments | | | | | |
| Recognised in the retained earnings | 25 | 4,724 | (1,625) | 3,471 | (1,152) |
| Recognised through equity | 25 | 1,846 | 1,846 | 1,846 | 1,846 |
| As restated | | 20,954 | 14,255 | 19,701 | 14,728 |
| Recognised in the income statement during the year | 8 | 1,534 | - | 1,799 | - |
| As previously reported | | - | 350 | - | 350 |
| Prior year adjustments | 25 | - | 6,349 | - | 4,623 |
| As restated | 8 | - | 6,699 | - | 4,973 |
| Balance at 31 December | | 22,488 | 20,954 | 21,500 | 19,701 |
| Presented after appropriate offsetting as follows: | | | | | |
| Deferred tax assets | | (676) | (1,451) | (480) | (1,255) |
| Deferred tax liabilities | | 23,164 | 22,405 | 21,980 | 20,956 |
| | | 22,488 | 20,954 | 21,500 | 19,701 |

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

| | Accelerated Capital Allowances RM '000 | Revaluation of Freehold Land RM '000 | Total RM '000 |
|------------------------------------|---|---|------------------|
| At 1 January 2003 | 21,173 | 1,232 | 22,405 |
| Recognised in the income statement | 787 | (28) | 759 |
| At 31 December 2003 | 21,960 | 1,204 | 23,164 |

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

24. DEFERRED TAXATION (cont'd)

Deferred Tax Assets of the Group:

| | Employees Benefits RM '000 | Other Accruals RM '000 | Total RM '000 |
|------------------------------------|----------------------------------|------------------------------|------------------|
| At 1 January 2003 | (476) | (975) | (1,451) |
| Recognised in the income statement | (3) | 778 | 775 |
| At 31 December 2003 | (479) | (197) | (676) |

Deferred Tax Liabilities of the Company:

| | Accelerated Capital Allowances RM '000 | Revaluation of Freehold Land RM '000 | Total RM '000 |
|------------------------------------|---|---|------------------|
| At 1 January 2003 | 19,724 | 1,232 | 20,956 |
| Recognised in the income statement | 1,052 | (28) | 1,024 |
| At 31 December 2003 | 20,776 | 1,204 | 21,980 |

Deferred Tax Assets of the Company:

| | Employees Benefits RM '000 | Other Accruals RM '000 | Total RM '000 |
|------------------------------------|----------------------------------|------------------------------|------------------|
| At 1 January 2003 | (280) | (975) | (1,255) |
| Recognised in the income statement | (3) | 778 | 775 |
| At 31 December 2003 | (283) | (197) | (480) |

25. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

(a) Changes in Accounting Policies

During the financial year, the Company and the Group applied two new MASB Standards, which became effective from 1 January 2003, and accordingly modified certain accounting policies. The changes in accounting policies which resulted in prior year adjustments are discussed below:

(i) MASB Standard No. 25, 'Income Taxes'

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Company and the Group have commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

25. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (cont'd)

(ii) MASB Standard No. 29, 'Employee Benefits'

The adoption of MASB 29 resulted in the Company and the Group making provisions for obligations in respect of short term employee benefits in the form of accumulated compensated absences. These obligations were not provided for prior to the adoption of MASB 29.

(b) Prior Year Adjustments

The changes in accounting policies have been applied retrospectively and comparatives have been restated. The effects of changes in accounting policies are as follows:

| | GROUP | | COMPANY | |
|--|----------------|---------|----------------|---------|
| | 2003 | 2002 | 2003 | 2002 |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| Effects on retained profits | | | | |
| At 1 January, as previously stated | 379,056 | 380,809 | 259,604 | 215,852 |
| Effects of adopting MASB 25 | (4,724) | 1,625 | (3,471) | 1,152 |
| Effects of adopting MASB 29 | (1,700) | (1,600) | (1,000) | (900) |
| At 1 January, as restated | 372,632 | 380,834 | 255,133 | 216,104 |
| Effects on capital reserve | | | | |
| At 1 January, as previously stated | 10,524 | 10,524 | 6,593 | 6,593 |
| Effects of adopting MASB 25 | (1,846) | (1,846) | (1,846) | (1,846) |
| At 1 January, as restated | 8,678 | 8,678 | 4,747 | 4,747 |
| Effects on net profit for the year: | | | | |
| Net profit before changes in accounting policies | | | | |
| - current year | 81,138 | - | 90,932 | - |
| - as previously reported | - | 101,851 | - | 147,356 |
| Effects of adopting MASB 25 | 28 | (6,349) | 28 | (4,623) |
| Effects of adopting MASB 29 | (11) | (100) | (11) | (100) |
| Net profit for the year | 81,155 | 95,402 | 90,949 | 142,633 |

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

25. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (cont'd)

Comparative amounts as at 31 December 2002 have been restated as follows:

| | Previously Stated RM '000 | Adjustments RM '000 | Restated RM '000 |
|--------------------------|---------------------------------|------------------------|---------------------|
| Group | | | |
| Other payables | 56,218 | 1,700 | 57,918 |
| Deferred tax liabilities | 14,384 | 6,570 | 20,954 |
| Capital reserve | 10,524 | (1,846) | 8,678 |
| Company | | | |
| Other payables | 28,029 | 1,000 | 29,029 |
| Deferred tax liabilities | 14,384 | 5,317 | 19,701 |
| Capital reserve | 6,593 | (1,846) | 4,747 |

26. CAPITAL COMMITMENTS

| | GROUP | | COMPANY | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2003 RM '000 | 2002 RM '000 | 2003 RM '000 | 2002 RM '000 |
| Commitments in respect of expenditure contracted for: | 7,243 | 4,969 | 7,243 | 4,633 |
| Approved by the directors but not contracted for: | 29,621 | 15,999 | 12,703 | 11,381 |

27. OPERATING LEASE COMMITMENTS

The future minimum lease payments under non-cancellable operating leases are as follows:

| | GROUP | | COMPANY | |
|-------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2003 RM '000 | 2002 RM '000 | 2003 RM '000 | 2002 RM '000 |
| In respect of premises: | | | | |
| Not later than 1 year | 339 | 294 | 120 | - |
| Within 1 to 5 years | 89 | 247 | 40 | - |
| | 428 | 541 | 160 | - |

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

| | GROUP | | COMPANY | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2003 RM '000 | 2002 RM '000 | 2003 RM '000 | 2002 RM '000 |
| Transactions with: | | | | |
| Ultimate holding company (as a significant shareholder corporation in 2002) | | | | |
| Carlsberg Breweries A/S | | | | |
| Purchases of materials and products | 521 | 347 | 521 | 327 |
| Reimbursement of expenses | 4,866 | 3,561 | 1,069 | - |
| Holding Company | | | | |
| Carlsberg Asia Pte. Ltd. | | | | |
| Royalties payable | 12,649 | 12,548 | 7,100 | 7,048 |
| Related companies | | | | |
| Carlsberg Singapore Pte. Ltd. | | | | |
| Sales | 5,068 | 4,271 | - | - |
| Advertising and promotion subsidy payable | 1,254 | 867 | - | - |
| Carlsberg Brewery (Guangdong) Ltd. | | | | |
| Purchases | 9,055 | 7,657 | - | - |
| Danbrew Ltd. A/S | | | | |
| Technical consultancy fee payable | 66 | 606 | 66 | 606 |
| Related parties (common directors)* | | | | |
| Purchases from: | | | | |
| UMW Toyota Motor Sdn. Bhd. | 481 | 570 | 196 | 403 |
| Kian Joo Packaging Sdn. Bhd** | 18,578 | 20,288 | 18,578 | 20,288 |
| Subsidiary company | | | | |
| Carlsberg Marketing Sdn Bhd | | | | |
| Sales | - | - | 653,007 | 617,659 |
| Transfer of property, plant and equipment at net book value | - | - | 2 | 76 |
| Management fee received | - | - | 3,600 | 3,600 |
| Rental income | - | - | 780 | 780 |
| Dividend income | | | | |
| - final taxable dividend | - | - | - | 108,900 |
| - final tax exempted dividend | - | - | 59,400 | - |

* With direct or indirect interest in either one or both companies

** Common directorship ceased from 16 May 2003 onwards

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

29. SEGMENT INFORMATION

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

30. CONTINGENCIES: MATERIAL LITIGATION

The Company is involved in the following pending litigation matters:

- (a) On 30 April 1999, a Writ of Summons and Statement of Claim was filed in court by Asia Pacific Breweries Limited/Guinness Anchor Berhad against the Company over an advertisement that appeared in certain newspapers. The Company had filed its Statement of Defence and the case is still pending trial.

The solicitors have advised that the Company's prospects of successfully defending the suit are good and any damages arising would occur only in the event of a finding against the Company on liability. The solicitors have advised that they are unable to make an estimate for any damages arising as the outcome of the case and damages arising, if any, are within the discretion of the Court.

- (b) On 12 October 1999, the Company filed a Writ of Summons and Statement of Claim against Guinness Anchor Berhad for passing-off and unlawful misrepresentation in respect of their advertisements in the newspapers and other media associating Heineken with the World Cup Golf tournament which was held in Malaysia on 18 to 21 November 1999. The Company had obtained an inter-parte injunction against Guinness Anchor Berhad restraining such advertisements. The case is still pending trial.

The solicitors have advised that the Company has good grounds in proving liability on the part of the defendant, and is in a viable position to succeed at trial in seeking damages and other remedies against the defendant. However, the solicitors have advised that they are not in a position to make an estimate with regard to any potential financial outcome arising as this will be the discretion of the Court.

31. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's business whilst managing its foreign exchange and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(a) Foreign Exchange Risks

The objectives of the Group's foreign exchange policies are directed at enabling the Group to manage exposures that arise from transactional activities within a framework of controls that does not expose the Group to unnecessary foreign exchange risks. The Group covers substantially all foreign exchange exposures arising from its foreign currency payables and on cash flows to be applied in anticipated transactions denominated in foreign currencies, through foreign currency deposits.

(b) Credit Risks

Credit risks, or the risk of counter parties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Trade receivables are monitored on an ongoing basis through Group management reporting procedures. All deposits are placed with licensed financial institutions, which are assessed for acceptable creditworthiness.

The Group does not have any significant exposure to any individual customer or counter party nor does it have any major concentration of credit risk related to any financial instrument.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

31. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Fair Values

The aggregate value of financial assets and financial liabilities which are not carried at fair value on the balance sheets of the Company and of the Group are represented as follows:

| | Note | GROUP | | COMPANY | |
|-------------------------|------|----------------------------|-----------------------|----------------------------|-----------------------|
| | | Carrying Amount RM '000 | Fair Value RM '000 | Carrying Amount RM '000 | Fair Value RM '000 |
| Financial Assets | | | | | |
| Associated company | 13 | 14,954 | 23,852 | 10,940 | 23,852 |
| Marketable securities | 14 | 1,733 | 2,355 | 1,733 | 2,355 |

The following methods and assumptions are used to estimate the fair value of each class of financial instruments, where applicable, for which it is practical to estimate that value:

(i) Bank Balances and Deposits and Trade and Other Receivables/ Payables

The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

(ii) Marketable Securities

The fair value of quoted shares is determined by reference to stock exchange quoted market prices at the close of business on the balance sheet date.

No separate disclosure of fair value is made for amounts due from/to subsidiary and related companies as it is not practicable to determine their fair values with sufficient reliability since these balances have no fixed terms of payment. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

32. COMPARATIVES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been adjusted as a result of changes in accounting policies as disclosed in Note 2(a) and Note 25.

Additionally;

- (i) interest income, which had previously been included within 'Other operating income' has been separately classified in the presentation of the Income Statements for the year, and accordingly, the related comparatives have been reclassified.
- (ii) the comparatives for 'other services' within 'remuneration paid to auditors' has been restated from RM10,000 to RM19,000 for the Company, and from RM10,000 to RM27,000 for the Group, upon specific billings received for amounts previously accrued.

PARTICULARS OF GROUP PROPERTIES

The Properties included in land and buildings at 31 December 2003 (note 11 to the Accounts) and their net book values are indicated below:-

| Address | Description | Area | Date of acquisition or revaluation | Land Tenure | Approx.Age of Buildings (Years) | Net Book Value RM'000 |
|---|------------------------|-------------|------------------------------------|-------------------------------|---------------------------------|-----------------------|
| 55, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan | Brewery and Offices | 20.00 acres | 31/3/81 (revaluation) | Leasehold expiring 23.2.2070 | 33 | 34,505 |
| 25, Jalan Kilang Dua, Kawasan MIEL, Jelapang, 30100 Ipoh, Perak Darul Ridzuan | Office and Warehouse | 0.33 acre | 4/10/90 (acquisition) | Leasehold expiring 15.9.2072 | 26 | 369 |
| 10, Pinggiran Tunku, Bukit Tunku, 50480 Kuala Lumpur, Wilayah Persekutuan | Residential – Bungalow | 0.64 acre | 1/4/91 (acquisition) | Freehold | 32 | 1,943 |
| 83, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim | Office and Warehouse | 0.34 acre | 20/5/91 (acquisition) | Freehold | 11 | 733 |
| Plot 42, off Lot 2817, Jalan Jelawat, Bandar Seberang Jaya, 13700 Prai, Butterworth | Office and Warehouse | 0.75 acre | 15/3/92 (acquisition) | Leasehold expiring 18.8.2073 | 11 | 1,635 |
| Lot 6, No.34, Towering Industrial Estate, Mile 4½, Jalan Penampang, 88300 Kota Kinabalu, Sabah | Office and Warehouse | 0.06 acre | 28/3/95 (acquisition) | Leasehold expiring 31.12.2037 | 24 | 380 |
| 394, Taman AST, Jalan Labu, 70200 Seremban, Negeri Sembilan Darul Khusus | Office and Warehouse | 0.04 acre | 23/12/96 (acquisition) | Freehold | 9 | 372 |
| Lot 22, Jalan Pengapit 15/19, 40200 Shah Alam, Selangor Darul Ehsan | Factory and Office | 1.81 acres | 12/3/96 (acquisition) | Leasehold expiring 23.2.2082 | 13 | 9,684 |
| 25, Jalan IM 14/3, Kawasan Perindustrian Ringan Indera Mahkota, 25200 Kuantan, Pahang Darul Makmur | Office and Warehouse | 0.05 acre | 17/12/97 (acquisition) | Leasehold expiring 29.3.2097 | 6 | 219 |
| 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 | 24/7/98 (acquisition) | Freehold | - | 15,954 |
| Lot 1071, Mukim Damansara, District of Petaling Selangor Darul Ehsan | Land | 1.3 acres | 18/9/2003 | Freehold | - | 308* |
| | | | | | | 66,102 |

* Initial downpayment for a total sum of RM2.9 million

CARLSBERG SALES OFFICES AND DEPOTS IN MALAYSIA

as at 31 December 2003



PENANG

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

BUTTERWORTH

Plot 42, off Lot 2817,
Jalan Jelawat,
Bandar Seberang Jaya,
13700 Prai, Butterworth.
Tel: 04-390 3077
Fax: 04-399 1488

IPOH

25, Jalan Kilang Dua
Kawasan MIEL, Jelapang,
30100 Ipoh,
Perak Darul Ridzuan.
Tel: 05-526 4622/526 2385
Fax: 05-526 4090

CENTRAL

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

SEREMBAN

394, Taman AST,
Jalan Labu, 70200 Seremban,
Negeri Sembilan Darul Khusus.
Tel: 06-762 0319/762 9102
Fax: 06-764 3895

MELAKA

23-23A, Jalan Malinja 1,
Taman Malinja, Bukit Baru,
75150 Melaka.
Tel: 06-282 7709/284 1530
Fax: 06-282 7930

BATU PAHAT

24, Jalan Tukas Satu,
Taman Soga,
83000 Batu Pahat,
Johor Darul Takzim.
Tel: 07-433 2463
Fax: 07-433 2464

JOHOR BAHRU

83, Jalan Seroja 39,
Taman Johor Jaya,
81100 Johor Bahru,
Johor Darul Takzim.
Tel: 07-355 5078
Fax: 07-354 6092

KOTA BAHRU

5591-F, Jalan Sultan Yahya Putra,
Wakaf Siku, 15200 Kota Bahru,
Kelantan Darul Naim.
Tel: 09-744 0624
Fax: 09-744 0624

MENTAKAB

2, Jalan Keruing,
Taman Rimba,
28400 Mentakab,
Pahang Darul Makmur.
Tel: 09-277 3976

KUANTAN

25, Jalan IM14/3,
Kawasan Perindustrian Ringan
Indera Mahkota,
25200 Kuantan,
Pahang Darul Makmur.
Tel: 09-508 8348/508 8349
Fax: 09-508 8343

KOTA KINABALU

Lot 6, No.34,
Towering Industrial Estate,
Mile 4 1/2, Jalan Penampang,
88300 Kota Kinabalu, Sabah.
Tel: 088-715 091/715 019
Fax: 088-717 480

TAWAU

TB 7542, Lot 2, Da Hua Garden,
Phase 3, Jalan Bunga Raya,
91000 Tawau, Sabah.
Tel: 089-714 986
Fax: 089-714 686

SANDAKAN

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

KUCHING

287, Section 9, KTLD,
Ground & 1st Floor Rubber Road,
93762 Kuching, Sarawak.
Tel: 082-425 319/425 320
Fax: 082-421 660

ANALYSIS OF SHAREHOLDINGS

as at 29 February 2004

| Size of Holdings | No. of Shareholders | % of Shareholders | No. of Shares | % of Shares |
|-----------------------|---------------------|-------------------|---------------|-------------|
| 1 - 999 | 933 | 19.13 | 210,404 | 0.14 |
| 1,000 - 10,000 | 3,072 | 62.98 | 8,795,570 | 5.75 |
| 10,001 - 100,000 | 765 | 15.68 | 21,777,608 | 14.25 |
| 100,001 - 7,643,699* | 106 | 2.17 | 37,315,918 | 24.41 |
| 7,643,700 and above** | 2 | 0.04 | 84,774,500 | 55.45 |
| Total | 4,878 | 100.00 | 152,874,000 | 100.00 |

Class of Share : RM1.00 Ordinary Share

Voting Rights : 1 Vote Per Ordinary Share

* Less than 5% of issued shares

** 5% and above of issued shares

Thirty Largest Shareholders

| Name | Number of Shares | % of Shares |
|--|------------------|-------------|
| 1. UOBM Nominees (Asing) Sdn Bhd Carlsberg Asia Pte Ltd | 75,917,500 | 49.66 |
| 2. Silvercord Capital (Singapore) Limited | 8,857,000 | 5.79 |
| 3. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1) | 4,542,660 | 2.97 |
| 4. Citicorp Nominees (Asing) Sdn Bhd CB LDN For First State Asia Pacific Fund | 3,247,600 | 2.12 |
| 5. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 2) | 2,191,000 | 1.43 |
| 6. UOBM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Yoke Fong @ Wong Nyok Fing | 1,100,000 | 0.72 |
| 7. Mak Tian Meng | 1,071,040 | 0.70 |
| 8. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (NON PAR 1) | 1,001,940 | 0.66 |
| 9. HSBC Nominees (Asing) Sdn Bhd General Motors Employees Global Group Pension Trust | 942,000 | 0.62 |
| 10. Citicorp Nominees (Asing) Sdn Bhd American International Assurance Company Limited (P CORE) | 913,500 | 0.60 |
| 11. Citicorp Nominees (Tempatan) Sdn Bhd Prudential Assurance Malaysia Berhad (PAR FUND) | 785,500 | 0.51 |
| 12. Mayban Nominees (Asing) Sdn Bhd DBS Bank For Mrs Theresa Foo Nee Cheng | 774,750 | 0.51 |
| 13. Cartaban Nominees (Asing) Sdn Bhd Mellon Bank, N.A. For Commonwealth Of Massachusetts Pension Reserve Investment Trust | 759,000 | 0.50 |

ANALYSIS OF SHAREHOLDINGS (CONTD.)

as at 29 February 2004

| Name | Number of Shares | % of Shares |
|---|------------------|-------------|
| 14. Tai Tak Estates Sdn Bhd | 750,000 | 0.49 |
| 15. Asia Life (M) Berhad As Beneficial Owner (PF) | 747,500 | 0.49 |
| 16. Cartaban Nominees (Asing) Sdn Bhd | 716,000 | 0.47 |
| Mellon Bank, N.A. For Commonwealth Of Pennsylvania Public School Employees Retirement System | | |
| 17. HSBC Nominees (Asing) Sdn Bhd | 639,200 | 0.42 |
| HSBC BK PLC For Prudential Assurance Company Ltd | | |
| 18. HSBC Nominees (Asing) Sdn Bhd | 506,500 | 0.33 |
| BBH And Co. Boston For Vanguard Global Equity Fund | | |
| 19. HDM Nominees (Asing) Sdn Bhd | 483,750 | 0.32 |
| UOB Kay Hian Pte Ltd For Kwong Soon Engineering Co Pte Ltd | | |
| 20. John Hancock Life Insurance (Malaysia) Berhad | 470,000 | 0.31 |
| 21. UOBM Nominees (Asing) Sdn Bhd | 455,000 | 0.30 |
| Chung Khiaw Bank Nominees (Pte) Ltd For Ko Choon Huat | | |
| 22. Ho Sim Guan | 450,000 | 0.29 |
| 23. Cartaban Nominees (Asing) Sdn Bhd | 421,000 | 0.28 |
| Mellon Bank, N.A. for SBC Pension Benefit Plan | | |
| 24. AMSEC Nominees (Asing) Sdn Bhd | 387,000 | 0.25 |
| Fraser Securities Pte Ltd For The Asia Life Assurance Society Ltd | | |
| 25. Cartaban Nominees (Asing) Sdn Bhd | 356,400 | 0.23 |
| The Governor And Company Of The Bank Of Ireland For Marathon Global Equity Fund | | |
| 26. AM Nominees (Tempatan) Sdn Bhd | 343,000 | 0.22 |
| Pertubuhan Keselamatan Sosial | | |
| 27. Cartaban Nominees (Asing) Sdn Bhd | 341,000 | 0.22 |
| State Street London Fund VE9J For The Local Government Pensions Institution | | |
| 28. HLG Nominee (Tempatan) Sdn Bhd | 329,000 | 0.22 |
| HLG Asset Management Sdn Bhd For Pertubuhan Keselamatan Sosial | | |
| 29. BHLB Trustee Berhad | 318,700 | 0.21 |
| Pacific Income Fund | | |
| 30. Citicorp Nominees (Tempatan) Sdn Bhd | 314,000 | 0.20 |
| Prudential Assurance Malaysia Berhad (PRULINK EQTY FD) | | |
| Total | 110,131,540 | 72.04 |

ANALYSIS OF SHAREHOLDINGS (CONTD.)

as at 29 February 2004

Substantial Shareholders

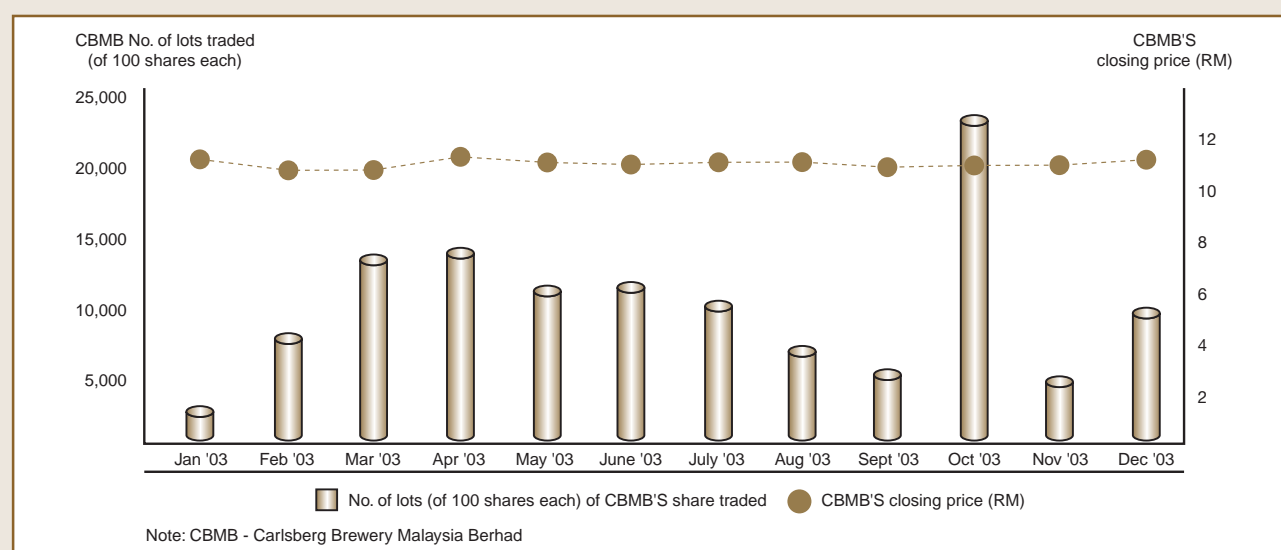
| Name | Direct Interest | |
|--|------------------|-------------|
| | Number of Shares | % of Shares |
| 1. Carlsberg Asia Pte Ltd UOBM Nominees (Asing) Sdn Bhd | 75,917,500 | 49.66 |
| 2. Silvercord Capital (Singapore) Limited | 8,857,000 | 5.79 |
| Total | 84,774,500 | 55.45 |

Share-Buy-Back

| | 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 |
| Total | 1,165,000 | 9.75 | 10.60 | 10.34 | 12,042,622.40 |

No further shares were repurchased during the year ended 31 December 2003. None of the repurchased shares were reissued, cancelled or distributed as share dividends during the period under review.

SHARE PERFORMANCE



MATERIAL CONTRACTS

The particulars of material contracts of the Group with its related parties, subsisting as at 31 December 2003 or entered into since the end of the previous financial year, are as follows:-

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 The 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 Carlsberg Asia Pte Ltd ("CAPL"). CAPL is the holding company of CBMB.

2. A letter from CBMB to CBAS dated 22 September 2000 agreeing to reimburse CBAS for sponsorship contributions.
3. An agreement between CBMB and CAPL dated 1 January 2002 for, inter-alia, the exclusive use of trade names and the supply of technical and commercial assistance by CAPL. The royalties payable by CBMB is based on an agreed formula.
4. An agreement between Carlsberg Marketing Sdn Bhd ("CMSB"), a wholly-owned subsidiary of CBMB, and CAPL dated 1 January 2002 for the appointment of CMSB as sole and exclusive distributor of products manufactured in CBMB's brewery. The royalties payable by CMSB is based on an agreed formula.
5. An agreement between CBMB, CAPL and Carlsberg Singapore Pte Ltd ("CSPL"), a wholly-owned subsidiary of CAPL, dated 2 January 2003 for the production and supply of products manufactured by CBMB to CSPL for sale and distribution in the Republic of Singapore.

There are no material contracts of the Group with the Directors of CBMB subsisting as at 31 December 2003 or entered into since the end of the previous financial year.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Fourth Annual General Meeting of the Company will be held at Selangor 1 Ballroom, Sheraton Subang Hotel & Towers, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan, on Wednesday, 21 April 2004 at 11.00 a.m. for the following purposes:

AGENDA

Ordinary Business

1. To receive and adopt the Audited Accounts for the year ended 31 December 2003 together with the Directors' and Auditors' reports thereon. **Resolution 1**
2. To sanction the declaration of a Final Gross Dividend of 15 sen per share less Malaysian income tax and the Special Gross Dividend of 25 sen per share less Malaysian income tax and the Special Tax Exempt Dividend of 25 sen per share in respect of the year ended 31 December 2003. **Resolution 2**
3. To consider and if thought fit, pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965: **Resolution 3**

"THAT, pursuant to Section 129(6) of the Companies Act, 1965, Mr Chan Hua Eng be re-appointed as a Director of the Company and to hold office until the next Annual General Meeting."
4. To consider and if thought fit, pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965: **Resolution 4**

"THAT, pursuant to Section 129(6) of the Companies Act, 1965, Yang Berbahagia Jen (B) Tan Sri Dato' Mohd. Ghazali bin Dato' Mohd Seth be re-appointed as a Director of the Company and to hold office until the next Annual General Meeting."
5. To re-elect Yang Berbahagia Tan Sri Datuk Asmat Kamaludin who retires pursuant to Article 92(a) of the Company's Articles of Association. **Resolution 5**
6. To re-elect Mr Bjorn Sondenskov who retires pursuant to Article 92(a) of the Company's Articles of Association. **Resolution 6**
7. To re-elect Yang Berbahagia Dato' Lim Say Chong who retires pursuant to Article 92(e) of the Company's Articles of Association. **Resolution 7**
8. To re-elect Mr Jesper B. Madsen who retires pursuant to Article 92(e) of the Company's Articles of Association. **Resolution 8**
9. To approve Directors' fees of RM275,000 per annum. **Resolution 9**
10. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 10**

NOTICE OF ANNUAL GENERAL MEETING (CONTD.)

Special Business

To consider, and if thought fit, pass the following Ordinary Resolutions:

11. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **Resolution 11**

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

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

12. **PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY** **Resolution 12**

"**THAT**, subject to compliance with Section 67A of the Companies Act 1965, the Requirements of the Malaysia Securities Exchange Berhad ("MSEB") 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 RM243.32 million being the combined total of the audited distributable retained earnings and share premium reserves of the Company as at 31 December 2003 which stood at RM235.95 million and RM7.37 million respectively, to purchase on the MSEB up to 14,238,900 ordinary shares of RM1.00 each of the Company ("shares") which together with the 1,165,000 shares already purchased earlier and retained as treasury shares, represents 10% of the enlarged issued and paid-up share capital of 154,039,000 shares **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 the MSEB; 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,

NOTICE OF ANNUAL GENERAL MEETING (CONTD.)

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 the MSEB **AND THAT** such authority from the shareholders would be effective immediately upon passing of this Ordinary Resolution and the aforesaid authority from Shareholders will expire at the conclusion of the next Annual General Meeting ("AGM") unless the authority is renewed by ordinary resolution passed at the said AGM (either unconditionally or subject to condition), or upon the expiration of the period within which the next AGM is required by law to be held or if earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by the MSEB 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".

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

Resolution 13

"**THAT** approval be and is hereby given to the Company and its subsidiaries to enter into and give effect to specified recurrent transactions of a revenue or trading nature and with specified classes of the related parties as stated in Clause 3.3 of the Circular to Shareholders dated 29 March 2004 which are necessary for the Group's day to day operations subject to the following:-

- i) 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;
- ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and such approval shall continue to be in force until:
 - (a) the conclusion of the first Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which such Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by resolution passed at an AGM whereby the authority is renewed;
 - (b) the expiration of the period within which the next AGM of the Company subsequent to

NOTICE OF ANNUAL GENERAL MEETING (CONTD.)

the date it is required to be held pursuant to Section 143(1) of the Malaysian Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

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

whichever is earlier; and

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

NOTICE OF DIVIDEND PAYMENT AND CLOSURE OF REGISTER

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Thirty-Fourth Annual General Meeting to be held on Wednesday, 21 April 2004, the Final Gross Dividend of 15 sen per share less Malaysian income tax and the Special Gross Dividend of 25 sen per share less Malaysian income tax and the Special Tax Exempt Dividend of 25 sen per share in respect of the year ended 31 December 2003 will be payable on 19 May 2004 to members appearing in the Register of Members and Record of Depositors at the close of business on 12 May 2004.

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

- (a) Shares deposited into the depositor's securities account before 12.30 p.m. on 10 May 2004 (in respect of shares which are exempted from mandatory deposit);
- (b) Shares transferred into the depositor's securities account before 4.00 p.m. on 12 May 2004 in respect of transfers;
- (c) Shares bought on the Malaysia Securities Exchange Berhad on a cum entitlement basis according to the Rules of the Malaysia Securities Exchange Berhad.

By Order of the Board
CHIN VOON LOONG

Shah Alam
29 March 2004

NOTICE OF ANNUAL GENERAL MEETING (CONTD.)

Notes:

1. A member entitled to attend and vote at the meeting may appoint ONE person as his proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where the Proxy Form is executed by a corporation, it must be either under its Seal or under the hand of an officer or attorney duly authorised.
3. The Proxy Form must be deposited at the Registered Office at No. 55 Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor, not less than 48 hours before the time set for the meeting.
4. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Malaysian Central Depository Sdn Bhd to make available to the Company pursuant to Article 50 (9b) of the Articles of Association of the Company and Section 7.18 (2) of the Malaysia Securities Exchange Berhad Listing Requirements, a Record of Depositors as at 15 April 2004 and a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 11 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

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

Ordinary Resolution 12 - Proposed Renewal of Share Buy-Back Authority

The detailed text on Resolution 12 on the Proposed Renewal of Share Buy-Back Authority is included in the Circular to Shareholders dated 29 March 2004 which is enclosed together with the Annual Report.

Ordinary Resolution 13 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The detailed text on Resolution 13 on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is included in the Circular to Shareholders dated 29 March 2004 which is enclosed together with the Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.28(2) of the Malaysia Securities Exchange Berhad Listing Requirements.

Please refer to "Directors' Profile" on pages 5 to 7 of this Annual Report for details of Directors who are standing for re-appointment or re-election.

A total of four Board meetings were held in the year ended 31 December 2003:

| Date | Time | Place |
|------------------|------------|--|
| 20 February 2003 | 3.45 p.m. | Carlsberg Brewery Malaysia Berhad, Shah Alam |
| 21 May 2003 | 10.00 a.m. | Carlsberg Brewery Malaysia Berhad, Shah Alam |
| 20 August 2003 | 10.30 a.m. | Carlsberg Brewery Malaysia Berhad, Shah Alam |
| 17 November 2003 | 10.30 a.m. | Carlsberg Brewery Malaysia Berhad, Shah Alam |

Details of Directors attendance at the Board Meetings held in the year ended 31 December 2003 are as follows:

| Directors | No. of meetings attended |
|--|--------------------------|
| Dato' Jorgen Bornhoft | 4/4 |
| Chan Hua Eng | 4/4 |
| Jen (B) Tan Sri Dato' Mohd Ghazali bin Dato' Mohd Seth | 4/4 |
| Tan Sri Datuk Asmat bin Kamaludin | 3/4 |
| Dato' Lim Say Chong (appointed on 21.5.2003) | 2/2 |
| Jesper B. Madsen (appointed on 21.5.2003) | 2/2 |
| Bjorn Sondenskov (appointed on 1.4.2003) | 3/3 |
| Chin Voon Loong (appointed on 1.4.2003) | 3/3 |
| Y.A.M. Tunku Naquiyuddin ibni Tuanku Ja'afar (resigned on 16.5.2003) | 1/1 |
| Paul Assar Bergqvist (resigned on 19.5.2003) | 1/1 |
| Mogens Thomsen (resigned on 20.5.2003) | 1/1 |

PROXY FORM



CARLSBERG BREWERY MALAYSIA BERHAD

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

No. of Shares Held

I/We, _____

of _____

being a member of the abovenamed Company, hereby appoint _____

of _____

or failing him _____

of _____

as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Fourth Annual General Meeting of the Company to be held on Wednesday, 21 April 2004 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 |
|---------------|--|-----|---------|
| Resolution 1 | Adoption of the Directors' and Auditors' Reports and Audited Accounts for the year ended 31 December 2003. | | |
| Resolution 2 | Declaration of Final Dividend and Special Dividends. | | |
| Resolution 3 | Re-appointment of Mr Chan Hua Eng as Director. | | |
| Resolution 4 | Re-appointment of Yang Berbahagia Jen. (B) Tan Sri Dato' Mohd. Ghazali bin Dato' Mohd. Seth as Director. | | |
| Resolution 5 | Re-election of Yang Berbahagia Tan Sri Datuk Asmat Kamaludin as Director. | | |
| Resolution 6 | Re-election of Mr Bjorn Sondenskov as Director. | | |
| Resolution 7 | Re-election of Yang Berbahagia Dato' Lim Say Chong as Director. | | |
| Resolution 8 | Re-election of Mr Jesper B. Madsen as Director. | | |
| Resolution 9 | Approval of Directors' fees of RM 275,000 per annum. | | |
| Resolution 10 | Re-appointment of Ernst & Young as auditors and to authorise the Directors to fix their remuneration. | | |
| Resolution 11 | Authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965. | | |
| Resolution 12 | Proposed renewal of Share Buy-Back authority. | | |
| Resolution 13 | Proposed shareholders' mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature | | |

As witness my/our hand the _____ day of _____ 2004.

Signed by the said _____

In the presence of _____

Notes:

1. A member entitled to attend and vote at the meeting may appoint ONE person as his proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where the Proxy Form is executed by a corporation, it must be either under its Seal or under the hand of an officer or attorney duly authorised.
3. The Proxy Form must be deposited at the Registered Office at No. 55 Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor, not less than 48 hours before the time set for the meeting.
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*affix
stamp
here*

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

second fold

不怕跌倒，所以屹立不倒。

麻坡关圣宫龙狮团，十二次世界冠军。



黑皇

气势磅礴 独步天下

补益独到 真材实料

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No. 9210-K)

No. 55, Persiaran Selangor,

Section 15, 40200 Shah Alam

Selangor Darul Ehsan, Malaysia

www.carlsberg.com.my

