

ten-year financial summary

INCOME STATEMENTS (RM - MILLION)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Revenue	609.6	685.9	707.8	771.4	852.0	841.1	838.8	876.0	984.8	1,083.7
Profit Before Tax	129.0	160.0	151.9	137.9	152.2	161.7	126.7	106.7	113.3	112.4
Taxation	37.3	44.2	37.4	-	42.2	35.7	31.3	25.5	24.6	23.7
Profit After Tax	91.7	115.8	114.5	137.9	110.0	126.0	95.4	81.2	88.7	88.7
Transfer From Revenue Reserves	-	-	1.2	-	-	-	-	-	-	-
Dividends	91.7	115.8	115.7	137.9	110.0	126.0	95.4	81.2	88.7	88.7
	43.4	65.8	115.7	109.3	82.0	82.0	103.6	103.9	98.8	110.1
Retained Earnings	48.3	50.0	-	28.6	28.0	44.0	(8.2)	(22.7)	(10.1)	(21.4)

BALANCE SHEETS (RM - MILLION)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Issued and Paid-up Share Capital	102.0	153.0	153.0	153.0	153.0	153.0	153.7	154.0	154.0	154.0
Retained Earnings	211.4	210.3	209.1	237.7	265.8	380.8	378.4	355.7	345.7	324.2
Treasury Shares	-	-	-	(12.0)	(12.0)	(12.0)	(12.0)	(12.0)	(12.0)	(12.0)
General Reserves	5.8	5.8	5.8	5.8	5.8	5.8	-	-	-	-
Non-Distributable Reserves	10.5	10.5	13.0	11.9	11.4	9.3	11.4	14.0	12.8	13.7
Shareholders' Fund	329.7	379.6	380.9	396.4	424.0	536.9	531.5	511.7	500.5	479.9
Deferred Taxation	12.0	12.0	12.0	12.0	12.8	14.0	21.0	22.5	22.9	22.6
	341.7	391.6	392.9	408.4	436.8	550.9	552.5	534.2	523.4	502.5
Property, Plant and Equipment (Net Book Value)	158.9	157.8	176.4	200.9	195.5	211.6	200.8	185.5	176.7	169.6
Investment in Associated Company	11.0	11.0	14.1	13.3	13.4	8.3	13.6	15.0	15.6	18.0
Long Term Investment	-	-	1.7	1.7	1.7	1.7	1.7	1.7	1.7	-
Net Current Assets	171.8	222.8	200.7	192.5	226.2	329.3	336.4	332.0	329.4	314.9
	341.7	391.6	392.9	408.4	436.8	550.9	552.5	534.2	523.4	502.5

FINANCIAL RATIOS

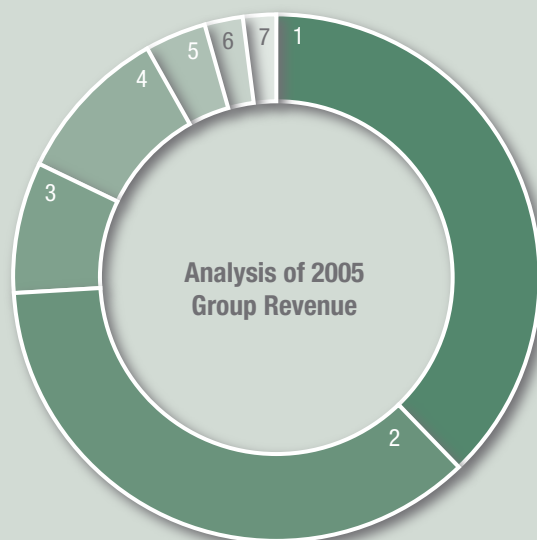
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Pre-Tax Earnings per share (RM)*#	0.42	0.53	0.50	0.46	0.50	0.53	0.42	0.35	0.37	0.37
Post-Tax Earnings per share (RM)*#	0.30	0.38	0.38	0.46	0.36	0.42	0.32	0.27	0.29	0.29
Net Dividend per ordinary share (RM)#	0.14	0.22	0.38	0.36	0.27	0.27	0.34	0.34	0.32	0.36
Net Assets Backing per share (RM)*#	1.08	1.24	1.25	1.31	1.40	1.77	1.74	1.68	1.64	1.57
Dividend Cover, No. of Times (Based on post-tax earnings)	2.10	1.80	1.00	1.30	1.30	1.54	0.92	0.78	0.90	0.81
Return on Shareholders' Fund (%)	27.8	30.5	30.1	34.8	25.9	23.5	18.0	15.9	17.7	18.5
Current Ratio	2.2	2.2	1.9	2.0	2.2	3.8	4.3	5.6	5.5	4.6
Bursa Securities Price at 31 December (RM)#	6.24	6.25	5.45	5.85	5.50	5.40	5.35	5.50	5.30	5.35
Net Dividend Yield (%) ^	2.2	3.4	7.0	6.2	4.9	5.0	6.4	6.2	6.0	6.7

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

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

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

financial highlights

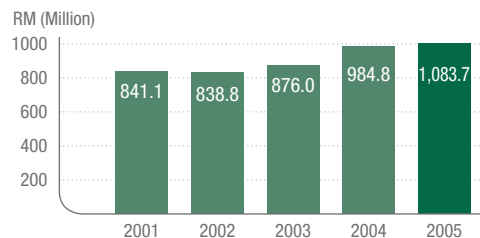


	2004	2005
1. Excise Duties & Ad Valorem Tax	36.4%	38.0%
2. Sales, Distribution & Administration Costs	35.7%	36.0%
3. Profit after Taxation	9.0%	8.2%
4. Raw Materials & Packaging Costs	10.1%	9.5%
5. Employees' Costs	4.0%	3.9%
6. Taxation	2.5%	2.2%
7. Depreciation	2.3%	2.2%

financial highlights (continued)

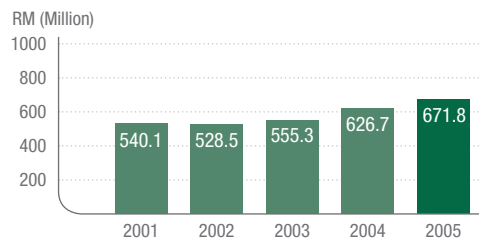
Revenue

Before Excise Duty

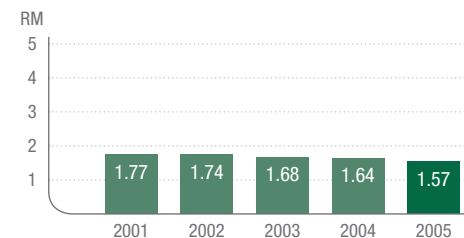


Revenue

After Excise Duty & Ad Varoem Tax

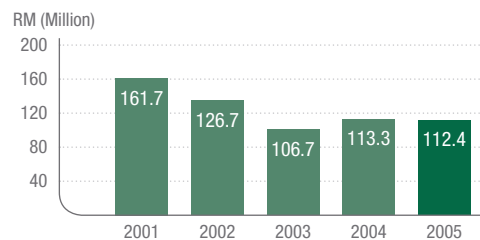


Net Asset Backing Per Share



Profit

Before Tax

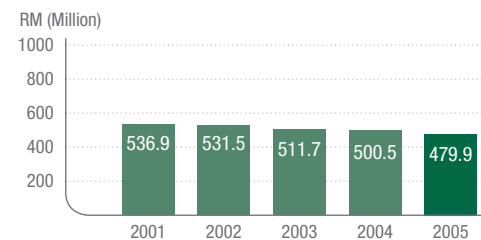


Profit

After Tax



Shareholders' Fund



Earnings Per Share

Pre-Tax

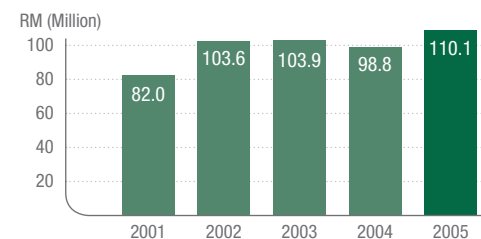


Earnings Per Share

Post-Tax



Dividend Payout



development of investment in carlsberg brewery malaysia berhad shares

YEAR	PARTICULARS	NEW SHARES ISSUED TO A SHAREHOLDER #	CUMULATIVE NUMBER OF SHARES HELD BY A SHAREHOLDER	COST OF INVESTMENT
1971	Initial subscription		1,000	RM1,000
1973	Rights issue : 1 for 2	500	1,500	RM500
1978	Bonus issue : 1 for 2	750	2,250	
1981	Bonus issue : 1 for 2	1,125	3,375	
1988	Bonus issue : 1 for 3	1,125	4,500	
1990	Bonus issue : 1 for 2	2,250	6,750	
1992	Bonus issue : 1 for 3	2,250	9,000	
1994	Bonus issue : 1 for 4	2,250	11,250	
1997	Bonus issue : 1 for 2	5,625	16,875	
2005	Share split : from RM1.00 to RM0.50	-	33,750	
			Current investment of a shareholder	Initial investment of a shareholder
Total number of shares held			33,750	1,500
Closing market price as at 31.12.2005			RM5.35	
Market value of shares held			RM180,563	RM1,500
Cumulative gross dividends received (1971 - 2005)			RM154,425	

Assumption of issue of exact lots for illustrative purposes only

dividend payment history

YEAR	TOTAL DIVIDEND RM'000	DIVIDEND RATE		YEAR	TOTAL DIVIDEND RM'000	DIVIDEND RATE	
		GROSS	NET			GROSS	NET
1978	1,800	21.7%	13.0%	1992	17,391	35.0%	26.3%
1979	2,786	25.8%	15.5%	1993	21,624	35.0%	26.5%
1980	2,700	25.0%	15.0%	1994	23,419	35.0%	27.0%
1981	3,240	25.0%	15.0%	1995	28,050	35.0%	27.5%
1982	4,050	25.0%	15.0%	1996	28,050	35.0%	27.5%
1983	4,590	25.0%	15.0%	1997	46,920	50.0%	42.5%
1984	4,590	25.0%	15.0%	1998	66,096	60.0%	43.2%
1985	4,590	25.0%	15.0%	1999	115,584	105.0%	75.6%
1986	4,590	25.0%	15.0%	2000	109,321	100.0%	72.0%
1987	4,590	25.0%	15.0%	2001	81,991	75.0%	54.0%
1988	5,202	25.0%	15.0%	2002	103,604	75.0%	68.0%
1989	6,630	25.0%	16.3%	2003	103,859	75.0%	68.0%
1990	12,036	35.0%	26.3%	2004	98,756	80.0%	64.6%
1991	16,065	35.0%	26.3%	2005	110,069	100.0%	72.0%

statement of corporate governance

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

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

COMPLIANCE STATEMENT

The Group has not complied with the Principle and Best Practice of the Code set out in the schedule below during the year. The reasons for non-compliance are specified accordingly.

Provision of the Code	Details	Reasons
B. III	Disclosure of details of the remuneration of each director.	<p>The Board has considered this Principle against the backdrop of compliance with a related disclosure required under the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), i.e. that of disclosure of an analysis of Directors’ Remuneration by applicable bands of RM50,000 (refer to section B. III of this statement).</p> <p>The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors’ Remuneration are appropriately served by the ‘band disclosure’ made.</p>
AA.VII	Nomination of a Senior Independent Non-Executive Director to whom concerns may be conveyed.	Given the current composition of the Board, in particular the strong independent element, the Board does not consider it necessary to nominate a recognised Senior Independent Non-Executive Director.

The statement in the ensuing paragraphs describes how the Group has applied the principles and best practices of the Code in 2005.

A. DIRECTORS

I. The Board

An effective Board leads and controls the Group whereby collective decision and/or close monitoring are conducted on issues relating to strategy, performance, resources, standards of conduct and financial matters.

During the year ended 31 December 2005, 4 Board Meetings were held. The following is the record of attendance of the Board Members :-

Directors	No. of meetings attended
Dato’ Lim Say Chong	4/4
Chan Hua Eng	4/4
Gen. (R) Tan Sri Dato’ Mohd Ghazali bin Dato’ Mohd Seth	4/4
Tan Sri Datuk Asmat bin Kamaludin	4/4
Jesper B. Madsen	3/4
Mogens Joenck	4/4
Chin Voon Loong	4/4
Bjorn Sondenskov <i>(resigned on 24.11.2005)</i>	4/4
Dato’ Jorgen Bornhoft <i>(resigned on 22.6.2005)</i>	2/2

The Board intends to meet at least 4 times a year, with additional meetings convened where necessary.

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

statement of corporate governance (continued)

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

1. Audit Committee

The Audit Committee was established on 15 April 1994. Please refer to the Audit Committee Report on pages 51 to 55.

2. Nomination Committee

The Nomination Committee was established on 1 October 2001. There were no meetings held during the year ended 31 December 2005.

Members

Tan Sri Datuk Asmat bin Kamaludin

Chairman (*Independent Non-Executive Director*)

Chan Hua Eng (*Independent Non-Executive Director*)

Dato' Lim Say Chong (*Independent Non Executive Director*)

Jesper B. Madsen (*Non Independent, Non Executive Director*)

Key responsibilities

- Reviewing the Board composition and recommending new nominees to the Board as well as Board committees for the Directors' consideration.
- Assessing the effectiveness of the Board, Board Committees and each Director every year, taking into consideration the required mix of skills and experience and other requisite qualities including core competencies contributed by Non-Executive Directors.

3. Remuneration Committee

The Remuneration Committee, which was established on 18 August 2001, had 2 meetings during the year ended 31 December 2005.

Members

Chan Hua Eng – Chairman (*Independent Non-Executive Director*)

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

Dato' Lim Say Chong (*Independent Non Executive Director*)

Bjorn Sondenskov (*Non Independent, Non Executive Director*)
(resigned on 24.11.2005)

Key responsibilities

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

II. Board Balance

The strong independent element of the Board, whereby 57% are independent, ensures a balance of power and authority. The roles and responsibilities of the Chairman and Managing Director are made clearly distinct to further enhance the existing balance of power and authority. The Chairman holds a Non-Executive position and is primarily responsible for matters pertaining to the Board and the overall conduct of the Group. The Managing Director oversees the running of the Group and the implementation of the Board's decisions and policies.

In 2005, the Board had between 7 to 9 members, comprising 5 to 7 Non-Executive Directors and 2 Executive Directors. Out of these Directors, 4 were Independent Directors, which is in excess of the statutory requirement of one-third. Collectively, the Directors bring a wide range of business, legal, financial and technical experience relevant to the Group. The profile of each Director is summarised under pages 7 to 12.

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

III. Supply of Information

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

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

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

IV. Appointments to the Board

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

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

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

V. Re-election

In accordance with the Company's Articles of Association, all Directors are subject to election at the first Annual General Meeting after their appointment.

The Articles also provide that at least one third of the Directors be subject to re-election by rotation at each Annual General Meeting. Directors over 70 years of age are required to submit themselves for re-appointment at every Annual General Meeting in accordance with Section 129(6) of the Companies Act, 1965.

VI. Training

All Directors have attended the Mandatory Accreditation Programme ("MAP") as required by Bursa Malaysia Securities Berhad. The Directors have attended training programmes and seminars during the year to keep abreast of recent developments in regulations and business practices. During the year, Carlsberg Breweries A/S also briefed the Directors on the Carlsberg worldwide strategy during a meeting in Copenhagen.

B. DIRECTORS' REMUNERATION

I. Remuneration Policy

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

II. Remuneration Procedure

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

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

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

III. Details of Remuneration

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

	2005		2004	
	Executive Directors RM'000	Non-Executive Directors RM'000	Executive Directors RM'000	Non-Executive Directors RM'000
Total remuneration:				
Fees	65	221	73	202
Gratuity	-	-	-	-
Retirement benefits				
- defined contribution plan	79	-	138	-
Benefits-in-kind	126	-	142	-
Other emoluments	1,315	-	1,501	-
	1,585	221	1,854	202

statement of corporate governance (continued)

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

Range of Remuneration (RM)	NUMBER OF DIRECTORS			
	2005		2004	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Less than 50,000	-	7	-	7
550,001 - 600,000	-	-	1	-
600,001 - 650,000	1	-	1	-
650,001 - 700,000	-	-	1	-
900,001 - 950,000	-	-	-	-
950,001 - 1,000,000	1	-	-	-
	2	7	3	7

C. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

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

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

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

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

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

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

D. ACCOUNTABILITY AND AUDIT

I. Financial Reporting

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

A statement by Directors of their responsibilities in preparing the financial statements is set out on page 56 of this Annual Report.

II. Internal Controls

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

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

III. Relationship with Auditors

The role of the Audit Committee in relation to the external auditors is described on pages 52 to 53.

Responsibility

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

Risk Management Framework

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

• *Structure*

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

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

In 2005, the RMWC met 4 times wherein discussions and reviews were conducted on key risks faced by the Group, their corresponding controls and action plans to be taken. The RMWC's feedback was reported to the Management and the Audit Committee on a regular basis.

• *Risk Assessment*

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

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

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

Internal Control System

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

- **Control Environment**

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

- **Control Structure**

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

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

- **Management**

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

- **Internal Audit**

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

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

The Audit Committee Report set out on pages 51 to 55 of this Annual Report contains further details on the principal responsibilities and activities of the Internal Audit Department in 2005.

Audit Committee

The Audit Committee, on behalf of the Board, regularly reviews the measures undertaken on internal control issues identified by the RMWC, Internal Audit, external auditors and Management. During the year, 36 reports were issued by the Internal Audit Department to the Audit Committee for their review.

The Audit Committee Report set out on pages 51 to 55 of this Annual Report contains further details on the activities undertaken by the Audit Committee in 2005.

Board

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

• **Reporting and Information**

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

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

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

• **Monitoring and Review**

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

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

statement on internal control (continued)

Review of Effectiveness

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

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

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

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

This statement is made in accordance with a resolution of the Board of Directors dated 22 February 2006.

MEMBERSHIP AND MEETINGS

The Audit Committee had 4 meetings during the year ended 31 December 2005. The members of the Audit Committee and the record of their attendance are as follows :-

Membership	No. of meetings attended
<ul style="list-style-type: none"> Chan Hua Eng (Chairman/Independent Non-Executive Director) 	4/4
<ul style="list-style-type: none"> Gen. (R) Tan Sri Dato' Mohd Ghazali bin Dato' Mohd. Seth (Member/Independent Non-Executive Director) 	4/4
<ul style="list-style-type: none"> Dato' Lim Say Chong (Member/Independent Non-Executive Director) 	4/4
<ul style="list-style-type: none"> Chin Voon Loong (Member/Executive Director) 	4/4

The Heads of the Finance and Internal Audit Departments attended the meetings for the purpose of briefing the Audit Committee on the activities involving their areas of responsibilities. The Audit Committee was also briefed by the external auditor on the findings of the external audit.

TERMS OF REFERENCE

- Terms of membership
 - The Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than 3 members with the majority being Independent Directors.
 - The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an Independent Non-Executive Director.
 - At least 1 member of the Audit Committee must be or have the following :-
 - a member of the Malaysian Institute of Accountants; or
 - at least 3 years' working experience and have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 or be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - a degree/masters/doctorate in accounting or finance with at least 3 years' post qualification experience in accounting or finance; or
 - at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
 - In the event of any vacancy in the Audit Committee, the Board shall within 3 months of that event, appoint such new members to make up the minimum number of 3 members.

TERMS OF REFERENCE (CONTD.)

- Terms of membership (continued)

5. No alternate director can be appointed as a member of the Audit Committee.
6. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once in every 3 years.

- Authority

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

1. To investigate any matter within its terms of reference. It shall have full and unrestricted access to any information pertaining to the Group, both the internal and external auditors and to all employees of the Group. It shall have the resources required to perform its duties.
2. To obtain external legal or other professional advice and secure the attendance of outsiders with relevant experience to attend, if necessary.
3. To promptly report to the Bursa Malaysia Securities Berhad ("Bursa Securities"), any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Bursa Securities Listing Requirements.

- Functions

The functions of the Audit Committee shall be :

1. to review the following and report the same to the Board of Directors :-
 - (a) with the external auditor, the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal controls;
 - (c) with the external auditor, his audit report, including his management letter and management's response;
 - (d) with the external auditor, any other matter he may wish to discuss (in the absence of management where necessary);
 - (e) the assistance given by the Company's officers to the external auditor;
 - (f) the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - (g) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (h) any appraisal or assessment of the performance of members of the internal audit function;
 - (i) any appointment or termination of senior staff members of the internal audit function;
 - (j) any resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;

- **Functions (continued)**

- (k) the quarterly results and year end financial statements of the Company and of the Group, prior to the approval by the Board, focusing particularly on :-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events;
 - (iii) compliance with accounting standards and other legal requirements;
 - (iv) significant adjustments arising from the audit;
 - (v) going concern assumption;
 - (l) any related party transaction and/or conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (m) any major findings of internal investigations and Management's response;
 - (n) the quarterly reports relating to Risk Assessment and the effectiveness and appropriateness of the Risk Management Framework; and
- 2. to recommend and consider the nomination and appointment of a person or persons as external auditors, the audit fees and any questions of resignation or dismissal; and
- 3. to consider any other functions as may be agreed to by the Audit Committee and the Board of Directors.

- **Meetings**

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

- **Reporting Procedures**

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

**SUMMARY OF ACTIVITIES OF
THE INTERNAL AUDIT FUNCTION
AND THE AUDIT COMMITTEE
DURING THE YEAR ENDED 31
DECEMBER 2005**

- **Internal Audit Function**

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

In attaining such objectives, the following activities were carried out by the Internal Audit Department in 2005 :

1. ascertained the extent of compliance with established policies, procedures and statutory requirements;
2. carried out investigations and special reviews;
3. assessed the means of safeguarding assets and verified their existence.
4. appraised the reliability and usefulness of the information developed within the Group for Management;
5. appraised the policies, procedures and management controls of Carlsberg to ensure that the activities were properly managed and to promote effective controls at reasonable cost.
6. identified opportunities to improve the operations of, and processes within, the Group; and
7. recommended improvements to the existing systems of controls to minimise wastage, extravagance and fraud and to enhance efficiencies by way of issuing audit reports to the appropriate level of management capable of achieving satisfactory results and ensured corrective actions were taken.

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

During the year ended 31 December 2005, the Audit Committee performed its duties as set out in its terms of reference.

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

- Reviewed the external auditors' scope of work and audit plans for the year.
- Reviewed the results of the external audit, the audit report and the management letter, including Management's response.
- Considered and recommended to the Board for approval of the audit fees payable.
- Considered the independence and objectivity of the external auditors. There were no non-audit fees paid to the external auditors in 2005.
- Reviewed the Internal Audit Department's resource requirements, programmes and plan for the year under review and the annual assessment of the Department's performance.
- Reviewed the internal audit reports, recommendations and Management's response. Discussed actions taken with Management to improve the internal controls system based on internal audit findings.

- **Summary of Activities of the Audit Committee (continued)**

- Reviewed the Risk Management Framework and reports summarising the findings from work performed on the identification and assessment of enterprise-wide key risks.
- Reviewed the annual report and audited financial statements of the Company and the Group prior to the submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards approved by MASB.
- Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval. The review and discussions were conducted with the Chief Financial Officer.
- Reviewed the Company's compliance with the Listing Requirements of Bursa Securities, MASB and other relevant legal and regulatory requirements.
- Reviewed pertinent issues of the Group which had a significant impact on the results of the Group which included enhancement and further investment in existing products, cost rationalisation measures and human resource development.
- Reviewed the significant related party transactions entered into by the Group.
- Reviewed the extent of the Group's compliance with the provisions set out under the Malaysian Code on Corporate Governance for the purpose of the Corporate Governance Statement pursuant to the Listing Requirements of Bursa Securities.

responsibility statement by the board of directors

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

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

In preparing the financial statements for the financial year ended 31 December 2005, the Directors have applied appropriate and relevant accounting policies consistently and in accordance with applicable accounting standards and made judgments and estimates that are reasonable and fair.

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

Sharing Our Value

Directors' Report	58
Statement by Directors	62
Statutory Declaration	62
Report of the Auditors	63
Balance Sheets	64
Income Statements	65
Statement of Changes in Equity	66 - 67
Cash Flow Statements	68 - 69
Notes to the Financial Statements	70

directors' report

for the year ended 31 December 2005

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

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

RESULTS

Net profit for the year

GROUP RM '000	COMPANY RM '000
88,676	68,942

RESERVES AND PROVISIONS

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

DIVIDENDS

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

- i) a final dividend of 15 sen per RM1.00 share less tax totalling RM16.5 million, in respect of the year ended 31 December 2004, on 18 May 2005;
- ii) a special final dividend of 70 sen per RM1.00 share less tax totalling RM77.0 million, in respect of the year ended 31 December 2004, on 18 May 2005;
- iii) an interim dividend of 5 sen per RM0.50 share less tax totalling RM11.0 million, in respect of the year ended 31 December 2005, on 7 October 2005; and
- iv) a special interim dividend of 2.5 sen per RM0.50 share less tax totalling RM5.5 million, in respect of the year ended 31 December 2005 on 7 October 2005.

The Directors now recommend the payment of the following dividends:

- i) a final dividend of 7.5 sen per RM0.50 share less tax totalling RM16.5 million, in respect of the year ended 31 December 2005, on 18 May 2006;
- ii) a special final dividend of 17.5 sen per RM0.50 share less tax totalling RM38.5 million, in respect of the year ended 31 December 2005, on 18 May 2006; and
- iii) a special tax exempt dividend of 5 sen per RM0.50 share totalling RM15.3 million, in respect of the year ended 31 December 2005, on 18 May 2006.

DIRECTORS OF THE COMPANY

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

Dato' Lim Say Chong
 Chan Hua Eng
 Gen. (R) Tan Sri Dato' Mohd. Ghazali bin Dato' Mohd. Seth
 Tan Sri Datuk Asmat bin Kamaludin
 Jesper Bjoern Madsen
 Mogens Joenck
 Chin Voon Loong
 Dato' Jorgen Bornhoft (resigned on 22.6.2005)
 Bjorn Sondenskov (resigned on 24.11.2005)
 Soren Ask Nielsen (appointed on 14.3.2006)

The holdings and deemed holdings in the ordinary shares of the Company and its related corporations of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	AT 1.1.2005	NUMBER OF ORDINARY SHARES			AT 31.12.2005
		ACQUIRED	DISPOSED	SHARE SPLIT *	
Direct interest in the Company					
Chan Hua Eng	-	30,000	-	30,000	60,000
Jesper Bjoern Madsen	4,500	-	-	4,500	9,000
Chin Voon Loong	7,000	-	-	7,000	14,000
Indirect interest in the Company					
Dato' Lim Say Chong	28,000	-	-	28,000	56,000
Tan Sri Datuk Asmat bin Kamaludin	4,000	-	4,000	-	-

* On 6 June 2005, each issued ordinary share of RM1.00 each was split into 2 new ordinary shares of RM0.50 each.

None of the other Directors holding office at 31 December 2005 had any interest in the ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

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

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

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

- i) all known bad debts have been written off and adequate provisions made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company's financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (continued)

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2005 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

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

Signed in accordance with a resolution of the Directors:

CHAN HUA ENG
DIRECTOR

DATO' LIM SAY CHONG
DIRECTOR

Kuala Lumpur,
23 March 2006

statement by directors

pursuant to section 169(15) of the companies act, 1965

In the opinion of the Directors, the financial statements set out on pages 64 to 89 are 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 the state of affairs of the Group and of the Company as at 31 December 2005 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

CHAN HUA ENG

DATO' LIM SAY CHONG

Kuala Lumpur,
23 March 2006

statutory declaration

pursuant to section 169(16) of the companies act, 1965

I, **Tom Sand-Kristensen**, the officer primarily responsible for the financial management of Carlsberg Brewery Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 64 to 89 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 23 March 2006

TOM SAND-KRISTENSEN

Before me,

BARATHAN A/L SINNIHAH @ CHINNIAH
AMN, PJK
(No. W202)
Commissioner for Oaths

Kuala Lumpur
23 March 2006

report of the auditors

to the members of carlsberg brewery malaysia berhad

We have audited the financial statements set out on pages 64 to 89. The preparation of the financial statements is the responsibility of the Company's Directors.

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

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 December 2005 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries have been properly kept in accordance with the provisions of the said Act.

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

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

The financial statements of the Company for the financial year ended 31 December 2004 were audited by another firm of accountants whose report dated 23 February 2005 expressed an unqualified opinion on those statements.

KPMG

Firm Number: AF 0758
Chartered Accountants

ADRIAN LEE LYE WANG

Partner
Approval Number: 2679/11/07(J)

Kuala Lumpur,
23 March 2006

balance sheets

as at 31 December 2005

		GROUP		COMPANY	
	Note	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Property, plant and equipment	2	169,565	176,720	151,539	160,645
Investment in subsidiaries	3	-	-	1,909	1,909
Investment in an associate	4	18,011	15,592	10,940	10,940
Other investments	5	-	1,733	-	1,733
Deferred tax assets	12	170	-	-	-
Current assets					
Inventories	6	52,677	42,784	26,899	20,109
Trade and other receivables	7	123,676	117,305	33,776	52,219
Other investments	5	24,745	-	24,745	-
Cash and cash equivalents	8	200,908	242,450	172,504	216,783
		402,006	402,539	257,924	289,111
Current liabilities					
Trade and other payables	9	77,488	62,761	47,898	45,736
Taxation		9,786	10,412	3,886	7,672
		87,274	73,173	51,784	53,408
Net current assets		314,732	329,366	206,140	235,703
		502,478	523,411	370,528	410,930
Financed by:					
Capital and reserves					
Share capital	10	154,039	154,039	154,039	154,039
Treasury shares	10	(12,043)	(12,043)	(12,043)	(12,043)
Reserves	11	337,927	358,473	205,977	247,104
		479,923	500,469	347,973	389,100
Long term and deferred liability					
Deferred tax liabilities	12	22,555	22,942	22,555	21,830
		502,478	523,411	370,528	410,930

The financial statements were approved and authorised for issue by the Board of Directors on 23 March 2006.

The notes set out on pages 70 to 89 form an integral part of, and should be read in conjunction with, these financial statements.

income statements

for the year ended 31 December 2005

	Note	GROUP		COMPANY	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue		1,083,683	984,807	663,387	604,656
Cost of sales		(792,622)	(710,310)	(638,294)	(563,010)
Gross profit		291,061	274,497	25,093	41,646
Other operating income		3,427	1,805	2,793	2,585
Sales and distribution costs		(164,779)	(149,723)	-	(303)
Administrative expenses		(23,725)	(19,572)	(14,246)	(11,176)
Other operating expenses		(2,787)	(4,011)	(2,787)	(4,011)
Operating profit	13	103,197	102,996	10,853	28,741
Interest income		6,219	7,077	5,590	6,537
Dividend from a subsidiary		-	-	79,200	79,200
Share of results of an associate		2,964	3,257	-	-
Profit before taxation		112,380	113,330	95,643	114,478
Tax expense	15	(23,704)	(24,616)	(26,701)	(28,721)
Profit after taxation		88,676	88,714	68,942	85,757
Basic earnings per ordinary share (sen)	16	29.0	29.0	22.5	28.0
Dividends per ordinary share of RM0.50 each - net (sen) (2004: per ordinary share of RM1.00 each)	17	36.0	64.6	36.0	64.6

The notes set out on pages 70 to 89 form an integral part of, and should be read in conjunction with, these financial statements.

statement of changes in equity of the group

for the year ended 31 December 2005

GROUP	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	EXCHANGE RESERVE RM'000	CAPITAL RESERVE RM'000	TREASURY SHARES RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000
At 1 January 2004		154,039	7,367	(2,010)	8,678	(12,043)	355,694	511,725
Exchange differences on translation of the financial statements of foreign entities		-	-	(1,214)	-	-	-	(1,214)
Net profit for the year		-	-	-	-	-	88,714	88,714
Dividends	17	-	-	-	-	-	(98,756)	(98,756)
At 31 December 2004		154,039	7,367	(3,224)	8,678	(12,043)	345,652	500,469
Exchange differences on translation of the financial statements of foreign entities		-	-	847	-	-	-	847
Net profit for the year		-	-	-	-	-	88,676	88,676
Dividends	17	-	-	-	-	-	(110,069)	(110,069)
At 31 December 2005		154,039	7,367	(2,377)	8,678	(12,043)	324,259	479,923

statement of changes in equity of the company

for the year ended 31 December 2005

COMPANY	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	CAPITAL RESERVE RM'000	TREASURY SHARES RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000
At 1 January 2004		154,039	7,367	4,747	(12,043)	247,989	402,099
Net profit for the year		-	-	-	-	85,757	85,757
Dividends	17	-	-	-	-	(98,756)	(98,756)
At 31 December 2004		154,039	7,367	4,747	(12,043)	234,990	389,100
Net profit for the year		-	-	-	-	68,942	68,942
Dividends	17	-	-	-	-	(110,069)	(110,069)
At 31 December 2005		154,039	7,367	4,747	(12,043)	193,863	347,973

The notes set out on pages 70 to 89 form an integral part of, and should be read in conjunction with, these financial statements.

cash flow statements

for the year ended 31 December 2005

Cash flows from operating activities

Profit before taxation

Adjustments for:

Depreciation

Dividend income

Gain on disposal of quoted investments

Gain on disposal of property, plant and equipment

Interest income

Share of profit in an associate

Operating profit before working capital changes

Changes in working capital:

Inventories

Trade and other receivables

Trade and other payables

Cash generated from operations

Income taxes paid

Net cash generated from operating activities

Cash flows from investing activities

Proceeds from disposal of property, plant and equipment

Proceeds from disposal of quoted investments

Purchase of property, plant and equipment

Purchase of marketable securities

Interest income

Dividend received from - subsidiary

- associate

- others

Transfer of property, plant and equipment (from)/to a subsidiary

Net cash (used in)/generated from investing activities

GROUP		COMPANY	
2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
112,380	113,330	95,643	114,478
23,796	22,829	17,674	17,685
(75)	(75)	(80,667)	(80,680)
(583)	-	(583)	-
(2,244)	(1,685)	(217)	(325)
(6,219)	(7,077)	(5,590)	(6,537)
(2,964)	(3,257)	-	-
124,091	124,065	26,260	44,621
(9,893)	1,120	(6,790)	(2,029)
(6,371)	3,832	18,443	(4,389)
14,727	(2,782)	2,162	(2,756)
122,554	126,235	40,075	35,447
(24,887)	(20,295)	(7,586)	(6,963)
97,667	105,940	32,489	28,484
2,502	1,888	236	419
2,316	-	2,316	-
(16,899)	(14,275)	(8,445)	(7,144)
(24,745)	-	(24,745)	-
6,219	7,077	5,590	6,537
-	-	57,024	59,103
1,392	1,405	1,392	1,405
75	75	75	75
-	-	(142)	175
(29,140)	(3,830)	33,301	60,570

		GROUP		COMPANY	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash flows from financing activity					
Dividends paid		(110,069)	(98,756)	(110,069)	(98,756)
Net cash used in financing activity		(110,069)	(98,756)	(110,069)	(98,756)
Net (decrease)/increase in cash and cash equivalents		(41,542)	3,354	(44,279)	(9,702)
Cash and cash equivalents at beginning of year		242,450	239,096	216,783	226,485
Cash and cash equivalents at end of year	(i)	200,908	242,450	172,504	216,783

(i)

(i) Cash and cash equivalents

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

		GROUP		COMPANY	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Deposits placed with licensed banks		171,180	219,732	171,180	215,987
Cash and bank balances		29,728	22,718	1,324	796
		200,908	242,450	172,504	216,783

The notes set out on pages 70 to 89 form an integral part of, and should be read in conjunction with, these financial statements.

notes to the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed off during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or negative goodwill as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Associates

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

The consolidated financial statements include the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

Goodwill on acquisition is calculated based on the fair value of net assets acquired.

d) Property, plant and equipment

Freehold land and capital work-in-progress are stated at cost. All other property, plant and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Depreciation

Freehold land and capital work-in-progress are not amortised. Leasehold land is amortised in equal instalments over the period of the respective leases which range from 43 to 99 years. The straight line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates:

Buildings	2%	-	2.5%
Plant and machinery	5%	-	20%
Motor vehicles			20%
Furniture and office equipment	20%	-	33.3%

(f) Investments

Long term investments other than in subsidiaries and associate are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

Long term investments in subsidiaries and associate are stated at cost in the Company, less impairment loss where applicable.

Current quoted investments are stated at the lower of cost and net realisable value.

(g) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value with weighted average cost being the main basis for cost. Cost of raw materials includes all direct expenditure incurred in bringing the raw materials to their present location and condition. Cost of work-in-progress and finished goods include raw materials, direct labour and an appropriate proportion of fixed and variable manufacturing overheads.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of change in value.

(j) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

(k) Liabilities

Trade and other payables are stated at cost.

(l) Share capital

Repurchase of shares

When shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are reclassified as treasury shares and presented as a deduction from total equity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment

The carrying amounts of assets, other than inventories and financial assets (other than investment in subsidiaries and associate), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement.

(n) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised on the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(o) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

ii) Financial statements of foreign operations

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in equity.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of overseas associate are mainly as follows:

1DKK	RM0.599	(2004 : RM0.689)
1EUR	RM4.578	(2004 : RM4.375)
1USD	RM3.752	(2004 : RM3.800)
1SGD	RM2.270	(2004 : RM2.302)
1RS	RM0.044	(2004 : RM0.044)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Derivative financial instruments

The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge its exposure to foreign exchange risks arising from operational activities.

Derivative financial instruments used for hedging purposes are accounted for on an equivalent basis to the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

Derivatives that do not qualify for hedge accounting are accounted for as trading instruments and marked to market at balance sheet date. Any profit or loss is recognised in the income statement.

(q) Revenue

i) *Goods sold*

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

ii) *Interest income*

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

iii) *Dividend income*

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

(r) Employee benefits

i) *Short term employee benefits*

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

ii) *Defined contribution plans*

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

iii) *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 (continued)

2. PROPERTY, PLANT AND EQUIPMENT

GROUP	FREEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND RM'000	SHORT TERM LEASEHOLD LAND RM'000	BUILDINGS RM'000	PLANT AND MACHINERY RM'000	MOTOR VEHICLES RM'000	FURNITURE AND OFFICE EQUIPMENT RM'000	ASSETS IN-PROGRESS RM'000	TOTAL RM'000
Cost/valuation									
At 1 January 2005	20,794	11,066	172	53,598	309,586	22,371	41,299	513	459,399
Additions	-	-	-	23	2,370	5,909	5,249	3,348	16,899
Disposals	-	-	-	-	(7)	(4,978)	(54)	-	(5,039)
Written off	-	-	-	-	(65)	-	(2,970)	-	(3,035)
Transfers	-	-	-	-	430	-	3,216	(3,646)	-
At 31 December 2005	20,794	11,066	172	53,621	312,314	23,302	46,740	215	468,224
Accumulated Depreciation									
At 1 January 2005	-	2,104	40	15,846	216,188	13,548	34,953	-	282,679
Charge for the year	-	126	4	1,074	14,089	4,098	4,405	-	23,796
Disposals	-	-	-	-	(1)	(4,770)	(30)	-	(4,801)
Written off	-	-	-	-	(64)	-	(2,951)	-	(3,015)
At 31 December 2005	-	2,230	44	16,920	230,212	12,876	36,377	-	298,659
Net Book Value									
At 31 December 2005	20,794	8,836	128	36,701	82,102	10,426	10,363	215	169,565
At 31 December 2004	20,794	8,963	133	37,752	93,398	8,821	6,346	513	176,720
Depreciation charge for the year ended 31 December 2004	-	127	4	1,072	14,389	3,809	3,428	-	22,829

2. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	FREEHOLD LAND RM'000	LONG TERM LEASEHOLD LAND RM'000	BUILDINGS RM'000	PLANT AND MACHINERY RM'000	MOTOR VEHICLES RM'000	FURNITURE AND OFFICE EQUIPMENT RM'000	ASSETS IN-PROGRESS RM'000	TOTAL RM'000
Cost/Valuation								
At 1 January 2005	20,465	10,399	50,214	309,587	3,166	15,287	513	409,631
Additions	-	-	18	2,370	1,141	1,568	3,348	8,445
Disposals	-	-	-	(7)	(540)	(24)	-	(571)
Written off	-	-	-	(65)	-	(2,171)	-	(2,236)
Transfers	-	-	-	430	-	3,216	(3,646)	-
Transfer from a subsidiary	-	-	-	-	297	-	-	297
At 31 December 2005	20,465	10,399	50,232	312,315	4,064	17,876	215	415,566
Accumulated depreciation								
At 1 January 2005	-	1,997	15,089	216,188	2,062	13,650	-	248,986
Charge for the year	-	118	1,005	14,090	627	1,834	-	17,674
Disposals	-	-	-	(1)	(540)	(20)	-	(561)
Written off	-	-	-	(64)	-	(2,163)	-	(2,227)
Transfer from a subsidiary	-	-	-	-	155	-	-	155
At 31 December 2005	-	2,115	16,094	230,213	2,304	13,301	-	264,027
Net book value								
At 31 December 2005	20,465	8,284	34,138	82,102	1,760	4,575	215	151,539
At 31 December 2004	20,465	8,401	35,127	93,398	1,104	1,637	513	160,645
Depreciation charge for the year ended 31 December 2004	-	119	1,004	14,389	638	1,535	-	17,685

notes to the financial statements (continued)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

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.'

The aggregate net book value of property, plant and equipment, had all assets been stated based on their costs would have been RM165,269,000 (2004 - RM172,329,000) in respect of the Group and RM147,243,000 (2004 - RM156,254,000) in respect of the Company.

3. INVESTMENT IN SUBSIDIARIES

Unquoted shares, at cost

COMPANY	
2005 RM'000	2004 RM'000
1,909	1,909

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

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST	
			2005	2004
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%

4. INVESTMENT IN AN ASSOCIATE

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Quoted shares, at cost	10,940	10,940	10,940	10,940
Share of post-acquisition reserves	7,071	4,652	-	-
	18,011	15,592	10,940	10,940
Represented by:				
Group's share of net assets other than goodwill	17,878	15,459	-	-
Goodwill on acquisition	133	133	-	-
	18,011	15,592	-	-
Market value as at 31 December	31,959	26,461	31,959	26,461

NAME OF COMPANY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST	
			2005	2004
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 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 (continued)

5. OTHER INVESTMENTS

Long term

Quoted shares, at cost

Less: Allowance for diminution in value

Market value at 31 December

Current

Unit trust funds

Market value at 31 December

GROUP AND COMPANY	
2005 RM'000	2004 RM'000
-	3,983
-	(2,250)
-	1,733
-	2,115
24,745	-
24,745	-

6. INVENTORIES

Finished goods and work-in-progress

Raw, packaging and other materials

Spare parts for machinery

GROUP		COMPANY	
2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
36,437	21,923	10,717	7,745
9,565	15,272	9,507	6,944
6,675	5,589	6,675	5,420
52,677	42,784	26,899	20,109

During the year, consumption of spare parts for machinery charged to the income statements of the Group and of the Company amounted to RM2.9 million (2004 - RM2.6 million).

7. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade receivables	100,028	101,871	-	-
Allowance for doubtful debts	(6,291)	(5,659)	-	-
	93,737	96,212	-	-
Amount due from a subsidiary	-	-	18,656	40,861
Amounts due from related companies	9,864	5,472	-	1,795
Other receivables, deposits and prepayments	20,075	15,621	15,120	9,563
	123,676	117,305	33,776	52,219

Included in other receivables, deposits and prepayments of the Group and of the Company is an amount of RM179,877 (2004 – RM200,000) in respect of a housing loan granted to a Director of the Company in accordance with the Housing Loan Scheme applicable to executive staff.

Included in allowance for doubtful debts of the Group is an additional allowance made for the year amounting to RM2,414,000 (2004 – RM2,317,000) being off-set against bad debts written off for the year amounting to RM1,782,000 (2004 – RM2,750,000).

Amount due from a subsidiary is trade in nature, unsecured, interest free and has no fixed terms of repayment.

Amounts due from related companies are trade in nature, unsecured, interest free and have no fixed terms of repayment.

8. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Deposits placed with licensed banks	171,180	219,732	171,180	215,987
Cash and bank balances	29,728	22,718	1,324	796
	200,908	242,450	172,504	216,783

notes to the financial statements (continued)

9. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade payables	52,832	40,389	29,928	30,631
Other payables and accruals	22,267	19,901	15,150	13,622
Amount due to holding company	1,962	1,507	2,053	1,476
Amounts due to related companies	427	964	767	7
	77,488	62,761	47,898	45,736

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

10. SHARE CAPITAL

	COMPANY	
	2005 RM'000	2004 RM'000
Authorised		
Ordinary shares of RM0.50 (2004 - RM1.00) each	300,000	300,000
Issued and fully paid		
Ordinary shares of RM0.50 (2004 - RM1.00) each	154,039	154,039

On 6 June 2005, each issued ordinary share of RM1.00 each was split into 2 new ordinary shares of RM0.50 each.

Treasury shares

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 ordinary 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 2005, and none of the previously repurchased shares were reissued, distributed as share dividends, resold or cancelled.

11. RESERVES

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Non-distributable reserves:				
Retained earnings	12,043	12,043	12,043	12,043
Share premium	7,367	7,367	7,367	7,367
Other reserves:				
Capital reserve	8,678	8,678	4,747	4,747
Exchange reserve	(2,377)	(3,224)	-	-
	25,711	24,864	24,157	24,157
Distributable reserves:				
Retained earnings	312,216	333,609	181,820	222,947
	337,927	358,473	205,977	247,104

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

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank the payment of dividends out of its entire retained profits at 31 December 2005.

(a) 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 details are as follows:

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Balance at 1 January				
Revaluation reserve	4,747	4,747	4,747	4,747
Capitalisation upon bonus issue by subsidiary	3,931	3,931	-	-
	8,678	8,678	4,747	4,747

notes to the financial statements (continued)

11. RESERVES (continued)

(b) Exchange reserve

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

The movements are as follows:

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Balance at 1 January	(3,224)	(2,010)	-	-
Foreign exchange differences	847	(1,214)	-	-
	(2,377)	(3,224)	-	-

12. DEFERRED TAX

The amounts, determined after appropriate offsetting, are as follows:

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Deferred tax liabilities	22,555	22,942	22,555	21,830
Deferred tax assets	(170)	-	-	-
	22,385	22,942	22,555	21,830

Deferred tax liabilities and assets are offset above where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relates to the same taxation authority.

12. DEFERRED TAX (continued)

The recognised deferred tax assets and liabilities (before offsetting) are as follows:

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Property, plant and equipment				
- capital allowances	23,517	22,726	21,872	21,173
- revaluation	1,148	1,176	1,148	1,176
Provisions	(2,280)	(960)	(465)	(519)
	22,385	22,942	22,555	21,830

13. OPERATING PROFIT

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Operating profit is arrived at after crediting:				
Dividend income from				
- subsidiary company	-	-	79,200	79,200
- associated company	-	-	1,392	1,405
- quoted shares in Malaysia	75	75	75	75
Gain on disposal of property, plant and equipment	2,244	1,685	217	325
Gain on disposal of investment	583	-	583	-
Rental income from				
- subsidiary company	-	-	780	780
and after charging:				
Allowance for doubtful debts	2,414	2,317	-	-
Auditors' remuneration				
- statutory audit	80	75	55	54
- other services	-	51	-	37
Bad debts written off	1,782	2,750	-	-
Directors' remuneration				
- Executive*	1,585	1,854	1,585	1,854
- Non-executive	221	202	221	202
Depreciation	23,796	22,829	17,674	17,685
Rental of land and buildings	760	537	291	136

* The estimated monetary value of the Executive Directors' benefits in kind is RM126,000 (2004 - RM142,000).

notes to the financial statements (continued)

14. EMPLOYEE INFORMATION

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Defined contribution plan - Employees Provident Fund	3,646	3,703	1,848	2,035
Other staff costs	39,148	36,240	21,629	20,184
Staff costs	42,794	39,943	23,477	22,219

The number of employees of the Group and of the Company (including Executive Directors) at the end of the year was 612 (2004 - 622) and 265 (2004 - 275) respectively.

15. TAX EXPENSE

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current tax expense				
- current	26,409	26,109	26,537	29,096
- adjustment related to prior years	(2,148)	(1,947)	(562)	(705)
Deferred tax expense				
Origination and reversal of temporary differences	(557)	454	726	330
	23,704	24,616	26,701	28,721
Reconciliation of tax expense				
Profit before taxation	112,380	113,330	95,643	114,478
Income tax using Malaysian tax rates	31,466	31,733	26,780	32,054
Non-taxable income	(1,787)	(1,141)	(689)	(2,531)
Non-deductible expenses	540	367	377	257
Export incentives	(5,023)	(4,062)	-	(20)
Tax incentives	-	(334)	-	(334)
Other items	656	-	795	-
	25,852	26,563	27,263	29,426
Adjustment related to prior years	(2,148)	(1,947)	(562)	(705)
Tax expense	23,704	24,616	26,701	28,721

16. EARNINGS PER ORDINARY SHARE - GROUP

Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of RM88,676,000 (2004 - RM88,714,000) and the number of shares outstanding during the year of 305,748,000 (2004 – 305,748,000), adjusted for share split.

Number of outstanding ordinary shares

	2005 '000	2004 '000
Issued ordinary shares at beginning of the year	152,874	152,874
Share split in June 2005	152,874	152,874
Issued ordinary shares at end of the year	305,748	305,748

For the purpose of calculating earnings per share, the number of ordinary shares outstanding for the previous year has been adjusted for the share split. As such, the earnings per share for the previous year has been restated to 29 sen (2004 – 58 sen).

17. DIVIDENDS

	GROUP AND COMPANY	
	2005 RM'000	2004 RM'000
Ordinary		
Interim paid:		
5 sen per RM0.50 share less tax		
(2004 – 10 sen per RM1.00 share less tax)	11,007	11,007
Special 2.5 sen per RM0.50 share less tax		
(2004 – 5 sen per RM1.00 share less tax)	5,503	5,503
Final paid:		
2004 – 15 sen per RM1.00 share less tax		
(2003 – 15 sen per RM1.00 share less tax)	16,510	16,510
2004 - Special 70 sen per RM1.00 share less tax		
(2003 – 25 sen per RM1.00 share less tax)	77,049	27,517
2004 - Special nil per RM1.00 share tax exempt		
(2003 – 25 sen per RM1.00 share tax exempt)	-	38,219
	110,069	98,756

The proposed final dividends of 7.5 sen per RM0.50 share less tax, special final dividend of 17.5 sen per RM0.50 share less tax and special tax exempt dividend of 5 sen per RM0.50 share totalling RM70.3 million have not been accounted for in the financial statements.

notes to the financial statements (continued)

18. SEGMENTAL 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 analyzing geographical and industry segments is not presented.

19. CAPITAL COMMITMENTS

Property, plant and equipment

Authorised but not contracted for

Contracted but not provided for in the financial statements

GROUP		COMPANY	
2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
30,547	32,125	17,842	19,111
5,544	8,677	4,752	5,467
36,091	40,802	22,594	24,578

20. OPERATING LEASES

Leases as lessee

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

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Less than one year	413	229	270	120
Between one and five years	223	257	15	90
	636	486	285	210

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

21. HOLDING COMPANY

The holding company as well as the ultimate holding company is Carlsberg Breweries A/S, a company incorporated in Denmark.

22. RELATED PARTIES

Significant related parties transactions other than those disclosed elsewhere in the financial statements are as follows:

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Transactions with related parties				
Holding company				
Carlsberg Breweries A/S				
Purchases of materials and products	738	633	613	344
Reimbursement of expenses	5,957	2,070	2,325	1,746
Royalties payable	14,313	2,706	8,025	1,519
Related companies				
Carlsberg Asia Pte. Ltd.				
Royalties payable	-	10,815	-	6,063
Carlsberg Singapore Pte. Ltd.				
Sales	61,380	47,351	-	-
Reimbursement of marketing expenditures	15,502	13,342	-	-
Carlsberg Brewery (Guangdong) Ltd.				
Purchases	3,377	7,796	-	-
Subsidiary company				
Carlsberg Marketing Sdn. Bhd.				
Sales	-	-	748,709	698,641
Transfer of property, plant and equipment at net book value	-	-	(142)	175
Management fee received	-	-	3,600	3,600
Rental income	-	-	780	780
Dividend income				
- final taxable dividend	-	-	79,200	71,775
- final tax exempt dividend	-	-	-	7,425

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

23. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

Exposure to currency, credit and liquidity and interest rate risks arise in the normal course of the Group's business. The Group has written risk management policies and guidelines which set out their overall business strategies, their tolerance to risk and their general risk management philosophy and have established processes to monitor and control the hedging of transactions in a timely and accurate manner. Such written policies are approved by the Board of Directors to ensure that the Group's policy guidelines are adhered to.

Foreign currency 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.

Credit risks

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group is represented by the carrying amount of each financial asset.

Liquidity risks

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

Interest rate risks

The Group's short term deposits are placed at fixed rate investments which management endeavours to obtain the best rate available in the market.

Effective interest rates and repricing analysis

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

23. FINANCIAL INSTRUMENTS (continued)

GROUP	EFFECTIVE INTEREST RATE %	2005 TOTAL RM	WITHIN 1 YEAR RM	EFFECTIVE INTEREST RATE %	2004 TOTAL RM	WITHIN 1 YEAR RM
Financial assets						
Fixed deposits with licensed banks	2.78	171,180	171,180	2.84	219,732	219,732
COMPANY						
Financial assets						
Fixed deposits with licensed banks	2.77	171,180	171,180	2.83	215,987	215,987
Fair values						

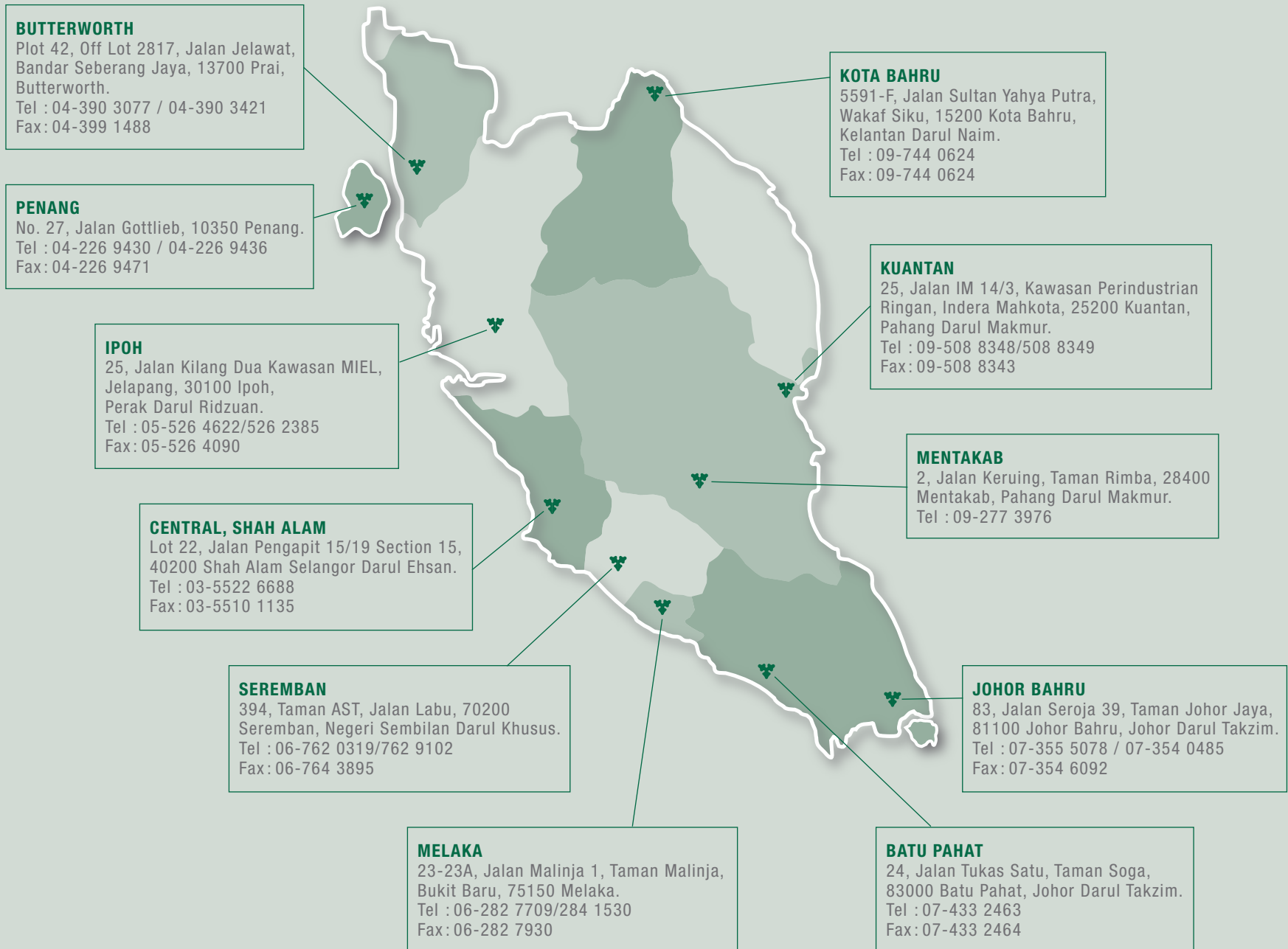
In respect of cash and cash equivalents, trade and other receivables and trade and other payables, the carrying amounts approximate fair values due to the relatively short term nature of these financial instruments.

The aggregate value of financial assets carried on the balance sheets as at 31 December are shown below:

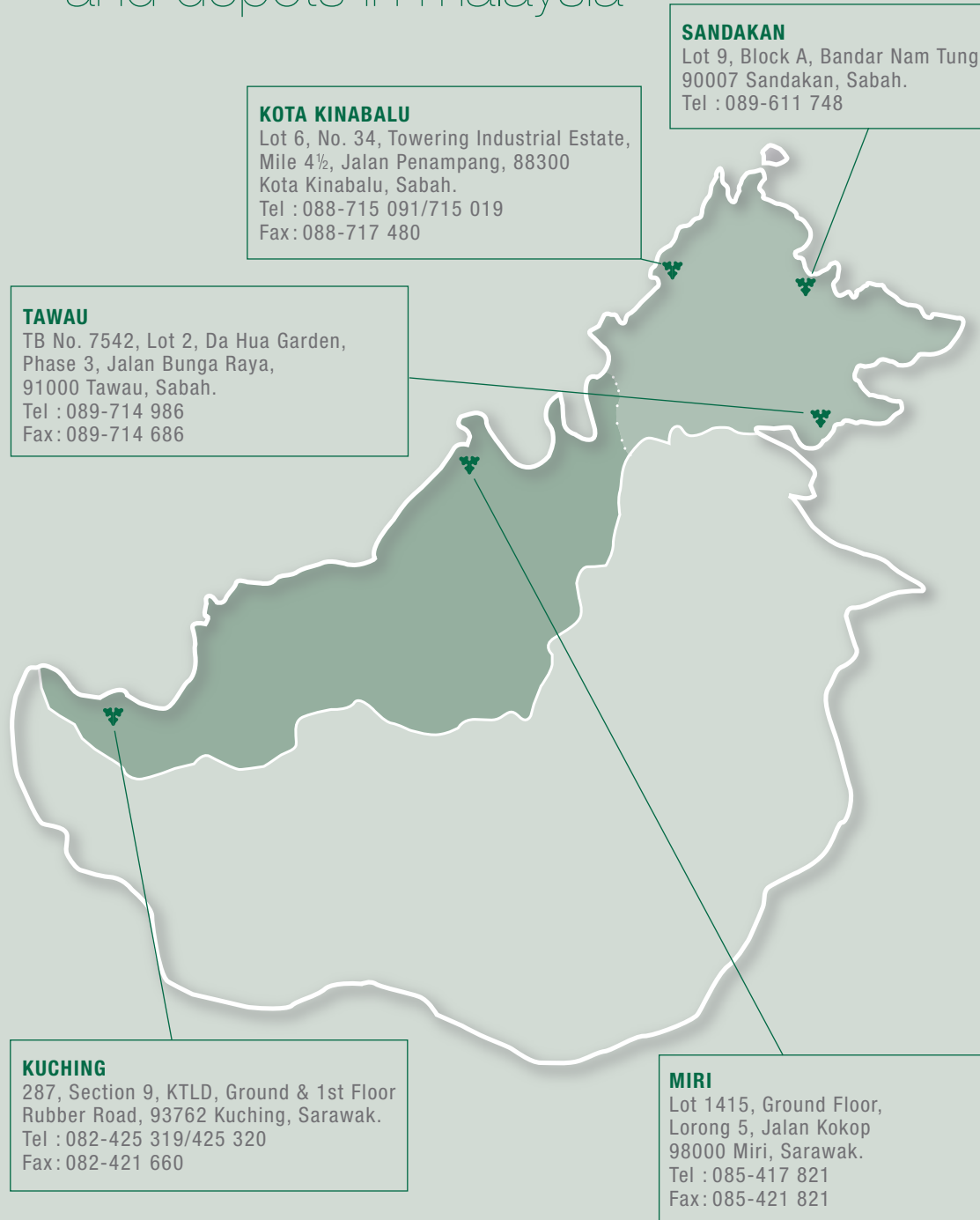
GROUP	2005 CARRYING AMOUNT RM'000	2005 FAIR VALUE RM'000	2004 CARRYING AMOUNT RM'000	2004 FAIR VALUE RM'000
Financial assets				
Unit trust funds	24,745	24,745	-	-
Other investments	-	-	1,733	2,115
COMPANY				
Financial assets				
Unit trust funds	24,745	24,745	-	-
Other investments	-	-	1,733	2,115

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

carlsberg sales offices



and depots in malaysia



particulars of group properties

The Properties included in land and buildings at 31 December 2005 (Note 2 to the Financial Statements) and their net book values are indicated below :-

Address	Description	Area (Acres)	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	31/3/81 (revaluation)	Leasehold expiring 23.2.2070	34	32,707
25, Jalan Kilang Dua, Kawasan MIEL, Jelapang, 30100 Ipoh, Perak Darul Ridzuan.	Office and Warehouse	0.33	4/10/90 (acquisition)	Leasehold expiring 15.9.2072	27	355
10, Pinggiran Tunku, Bukit Tunku, 50480 Kuala Lumpur, Wilayah Persekutuan.	Residential - Bungalow	0.64	1/4/91 (acquisition)	Freehold	33	1,920
83, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim.	Office and Warehouse	0.34	20/5/91 (acquisition)	Freehold	12	706
Plot 42, Off Lot 2817, Jalan Jelawat, Bandar Seberang Jaya, 13700 Prai, Butterworth.	Office and Warehouse	0.75	15/3/92 (acquisition)	Leasehold expiring 18.8.2073	12	1,560
Lot 6, No. 34, Towering Industrial Estate, Mile 41/2, Jalan Penampang, 88300 Kota Kinabalu, Sabah.	Office and Warehouse	0.06	28/3/95 (acquisition)	Leasehold expiring 31.12.2037	25	360
394, Taman AST, Jalan Labu, 70200 Seremban, Negeri Sembilan Darul Khusus.	Office and Warehouse	0.04	23/12/96 (acquisition)	Freehold	10	361
Lot 22, Jalan Pengapit 15/19, 40200 Shah Alam, Selangor Darul Ehsan.	Factory and Office	1.81	12/3/96 (acquisition)	Leasehold expiring 23.2.2082	14	9,331

Address	Description	Area (Acres)	Date of acquisition or revaluation	Land Tenure	Approx. Age of Buildings (Years)	Net Book Value RM'000
25, Jalan IM 14/3, Kawasan Perindustrian Ringan Indera Mahkota, 25200 Kuantan, Pahang Darul Makmur.	Office and Warehouse	0.05	17/12/97 (acquisition)	Leasehold expiring 29.3.2097	7	210
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	24/7/98 (acquisition)	Freehold	-	15,953
Lot 1071, Mukim Damansara, District of Petaling, Selangor Darul Ehsan.	Land	1.3	18/9/2003 (acquisition)	Freehold	-	2,999
						66,462

analysis of shareholdings

as at 28 February 2006

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 99	419	5.43	3,716	0.00
100 - 1,000	1,779	23.05	1,325,259	0.43
1,001 - 10,000	4,052	52.49	15,973,663	5.23
10,001 - 100,000	1,256	16.27	38,036,978	12.44
100,001 - 15,287,399*	212	2.75	94,475,884	30.90
15,287,400 and above**	1	0.01	155,932,500	51.00
Total	7,719	100.00	305,748,000	100.00

Class of Share : RM0.50 Ordinary Share

Voting Rights : 1 Vote Per Ordinary Share

* Less than 5% of issued holdings

** 5% and above of issued holdings

thirty largest shareholders

Name	Number of Shares	% of Shares
1. UOBM Nominees (Asing) Sdn Bhd Carlsberg Breweries A/S	155,932,500	51.00
2. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	9,085,320	2.97
3. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 2)	4,382,000	1.43
4. Silvercord Capital (Singapore) Limited	3,714,000	1.21
5. Universal Trustee (Malaysia) Berhad SBB Equity Income Fund	3,500,000	1.14
6. Universal Trustee (Malaysia) Berhad SBB Savings Fund	2,500,000	0.82
7. Citigroup Nominees (Tempatan) Sdn Bhd Exempt And For Prudential Assurance Malaysia Berhad	2,326,200	0.76
8. UOBM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Yoke Fong @ Wong Nyok Fing (6110553745 - T232)	2,200,000	0.72

Name	Number of Shares	% of Shares
9. Cartaban Nominees (Asing) Sdn Bhd State Street London Fund XCP2 For Aberdeen Asian Income Fund Limited	2,194,100	0.72
10. HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd For Winscope Developments Ltd	2,171,300	0.71
11. Pertubuhan Keselamatan Sosial	2,058,000	0.67
12. AMMB Nominees (Tempatan) Sdn Bhd Amtrustee Berhad For HLG Dividend Fund (HLGDF)	1,813,200	0.59
13. Asia Life (M) Berhad As Beneficial Owner (PF)	1,676,400	0.55
14. Mayban Nominees (Asing) Sdn Bhd DBS Bank For Mrs Theresa Foo Nee Cheng, Theresa (201077)	1,549,500	0.51
15. Tai Tak Estates Sdn Bhd	1,500,000	0.49
16. Manulife Insurance (Malaysia) Berhad	1,449,800	0.47
17. Citigroup Nominees (Asing) Sdn Bhd Mellon Bank, N.A. For Commonwealth Of Massachusetts Pension Reserve Investment Trust	1,330,000	0.43
18. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (NON PAR 1)	1,200,000	0.39
19. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Prudential Equity Income Fund (4801)	1,184,000	0.39
20. Mak Tian Meng	1,142,880	0.37
21. Citigroup Nominees (Asing) Sdn Bhd Exempt And For American International Assurance Company Limited	1,015,200	0.33
22. EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Mak Tian Meng (BSR)	1,000,000	0.33
23. HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd For Kwong Soon Engineering Co Pte Ltd	967,500	0.32
24. Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Small Cap Series	943,100	0.31
25. UOBM Nominees (Asing) Sdn Bhd Chung Khiaw Bank Nominees (Pte) Ltd For Ko Choon Huat	910,000	0.30
26. Ho Sim Guan	900,000	0.29
27. SBB Nominees (Tempatan) Sdn Bhd Aviva Insurance Berhad	875,000	0.29

analysis of shareholdings as at 28 February 2006 (continued)

Name	Number of Shares	% of Shares
28. Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad For MAAKL Balanced Fund (910170)	705,200	0.23
29. Cartaban Nominees (Asing) Sdn Bhd Investors Bank and Trust Company For Global Equity Fund (Marathon GBL FD)	696,800	0.23
30. AM Nominees (Tempatan) Sdn Bhd Pertubuhan Keselamatan Sosial	686,000	0.22
Total	211,608,000	69.21

substantial shareholder

Name	Direct Interest	
	Number of Shares	% of Shares
1. Carlsberg Breweries A/S UOBM Nominees (Asing) Sdn Bhd	155,932,500	51.00

directors' interest

Name	Direct		Indirect	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Dato' Lim Say Chong	-	-	56,000 ^a	0.02
Chan Hua Eng	60,000	0.02	-	-
Jesper Bjoern Madsen	9,000	-	-	-
Chin Voon Loong	14,000	-	-	-
a. Deemed interest by virtue of shares held by his children				

The particulars of material contracts of the Group with its related parties, subsisting as at 31 December 2005 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 CBMB.

2. An agreement between CBMB and Carlsberg Asia Private Limited ("**CAPL**"), a wholly-owned subsidiary of CBAS, dated 1 January 2002 for, inter-alia, the exclusive use of trademark names and the supply of technical and commercial assistance by CAPL. The royalties payable by CBMB is based on an agreed formula. A supplemental agreement between CBMB and CAPL dated 29 July 2004 varies the terms of the said agreement between CBMB and CAPL dated 1 January 2002 by including the trademark name of "Skol" with royalties payable by CBMB based on an agreed formula.
3. 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. A supplemental agreement between CMSB and CAPL dated 29 July 2004 varies the terms of the said agreement between CMSB and CAPL dated 1 January 2002 by including the trademark name of "Skol" with royalties payable by CMSB based on an agreed formula.
4. A novation of licence agreement dated 30 September 2004 between CBMB, CBAS and CAPL for CAPL to transfer to CBAS all its rights, title and interests in the agreement between CBMB and CAPL dated 1 January 2002 for, inter-alia, the exclusive use of trademark names and the supply of technical and commercial assistance by CAPL.
5. A novation of licence agreement dated 30 September 2004 between CMSB, CBAS and CAPL for CAPL to transfer to CBAS all its rights, title and interests in the agreement between CMSB and CAPL dated 1 January 2002 for the appointment of CMSB as sole and exclusive distributor of products manufactured in CBMB's brewery.
6. 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.
7. An agreement between CBMB, CAPL and CSPL dated 1 February 2004 for the production and supply of Carlsberg Green Label products only 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 2005 or entered into since the end of the previous financial year.

notice of 36th annual general meeting

NOTICE IS HEREBY GIVEN that the Thirty-Sixth Annual General Meeting of the Company will be held at Grand Ballroom, Level 2, Concorde Hotel, 3 Jln Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Wednesday, 19 April 2006 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 2005 together with the Directors' and Auditors' reports thereon.
2. To sanction the declaration of a Final Dividend of 7.5 sen per share less Malaysian income tax, Special Final Dividend of 17.5 sen per share less Malaysian income tax and a Special Tax Exempt Dividend of 5 sen per share in respect of the year ended 31 December 2005.
3. To re-elect the following Directors who retire pursuant to Article 92(a) of the Articles of Association of the Company:
 - (a) YBhg Tan Sri Datuk Asmat Kamaludin
 - (b) Mr Jesper B. Madsen
4. To re-elect Mr Soren Ask Nielsen who retires pursuant to Article 92(e) of the Company's Articles of Association.
5. To approve Directors' fees of RM286,020 for the year ended 31 December 2005.
6. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.
7. To transact any other ordinary business for which notice has been given.

Special Business

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

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

"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;

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

Ordinary Resolution 6

Ordinary Resolution 7

Ordinary Resolution 8

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

9. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

“**THAT**, subject to compliance with Section 67A of the Companies Act 1965, the Requirements of Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authority, approval be and is hereby given to the Company to utilise not more than RM189.19 million being the combined total of the audited distributable retained earnings and share premium reserves of the Company as at 31 December 2005 which stood at RM181.82 million and RM7.37 million respectively, to purchase on Bursa Securities up to 28,477,800 ordinary shares of RM0.50 each of the Company which together with the 2,330,000 ordinary shares of RM0.50 each already purchased earlier and retained as treasury shares, represents 10% of the enlarged issued and paid-up share capital of 308,078,000 ordinary shares of RM0.50 each **AND THAT** upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to:

- (a) cancel ALL or PART of the shares so purchased and/or to retain ALL or PART of the shares in treasury (“the treasury shares”);
- (b) distribute the treasury shares as dividends to the Company’s shareholders for the time being and/or to resell the treasury shares on Bursa Securities; AND/OR
- (c) cancel the shares so purchased or cancel the treasury shares and transfer the amount by which the Company’s issued capital is diminished to the capital redemption reserve and subsequently apply the capital redemption reserve to pay up unissued shares of the Company to be issued to the Company’s shareholders as fully paid bonus shares,

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

10. PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS’ MANDATE”)

“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 28 March 2006 which are necessary for the Group’s day to day operations subject to the following:

Ordinary Resolution 9

Ordinary Resolution 10

notice of 36th annual general meeting (continued)

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public where applicable and are not to the detriment of the minority shareholders;
- (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and such approval shall continue to be in force until:
 - (i) the conclusion of the first AGM of the Company following the forthcoming AGM at which such Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by resolution passed at an AGM whereby the authority is renewed;
 - (ii) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 143(1) of the Malaysian Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - (iii) revoked or varied by resolution passed by the shareholders in a general meeting,whichever is earlier; and
- (c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

NOTICE OF DIVIDEND PAYMENT AND CLOSURE OF REGISTER

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Thirty-Sixth Annual General Meeting to be held on Wednesday, 19 April 2006, the Final Dividend of 7.5 sen per share less Malaysian income tax, Special Final Dividend of 17.5 sen per share less Malaysian income tax and a Special Tax Exempt Dividend of 5 sen per share in respect of the year ended 31 December 2005 will be payable on 18 May 2006 to members appearing in the Register of Members and Record of Depositors at the close of business on 9 May 2006.

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

- (a) Shares transferred into the depositor's securities account before 4.00 p.m. on 9 May 2006 in respect of transfers;
- (b) Shares deposited into the depositor's securities account before 12.30 p.m. on 5 May 2006 (in respect of shares which are exempted from mandatory deposit);
- (c) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board
CHIN VOON LOONG

Shah Alam
28 March 2006

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 Darul Ehsan, 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 Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 50 (9b) of the Articles of Association of the Company and Section 7.18 (2) of the Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 13 April 2006 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 8 - 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 9 - Proposed Renewal of Share Buy Back Authority

The detailed text on Ordinary Resolution 9 on the Proposed Renewal of Share Buy Back Authority is included in the Circular to Shareholders dated 28 March 2006 which is enclosed together with the Annual Report.

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

The detailed text on Resolution 10 on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is included in the Circular to Shareholders dated 28 March 2006 which is enclosed together with the Annual Report.

statement accompanying the notice of 36th annual general meeting

1. Please refer to “Directors’ Profile” on pages 7 to 12 of this Annual Report for details of Directors who are standing for re-election.

Mr Chan Hua Eng and YBhg Gen. (R) Tan Sri Dato’ Mohd Ghazali bin Dato’ Mohd. Seth will not be seeking re-appointment and pursuant to Section 129 of the Companies Act, 1965, will retire at the conclusion of the 36th Annual General Meeting of the Company.

2. Board Meetings

A total of four Board meetings were held in the year ended 31 December 2005:

Date	Time	Place
23 February 2005	2.00 p.m.	Carlsberg Brewery Malaysia Berhad
30 May 2005	9.00 a.m.	Carlsberg Breweries A/S, Denmark
22 August 2005	10.30 a.m.	Carlsberg Brewery Malaysia Berhad
24 November 2005	10.30 a.m.	Carlsberg Brewery Malaysia Berhad

Details of Directors’ attendance at Board Meetings held in the year ended 31 December 2005 are as follows:

Directors	No. of Meetings Attended
Dato’ Lim Say Chong	4/4
Chan Hua Eng	4/4
Gen. (R) Tan Sri Dato’ Mohd Ghazali Bin Dato’ Mohd Seth	4/4
Tan Sri Datuk Asmat Bin Kamaludin	4/4
Jesper B. Madsen	3/4
Mogens Joenck	4/4
Chin Voon Loong	4/4
Bjorn Sondenskov <i>(resigned on 24.11.05)</i>	4/4
Dato’ Jorgen Bornhoft <i>(resigned on 22.6.05)</i>	2/2

Form of Proxy



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-Sixth Annual General Meeting of the Company to be held on Wednesday, 19 April 2006 at 11.00 a.m., and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below (if no indication is given, the proxy will vote as he thinks fit or abstain from voting):

		FOR	AGAINST
Ordinary Resolution 1	Adoption of the Directors' and Auditors' Reports and Audited Accounts for the year ended 31 December 2005.		
Ordinary Resolution 2	Declaration of Final Dividend and Special Dividends.		
Ordinary Resolution 3	Re-election of YBhg Tan Sri Datuk Asmat Kamaludin as Director.		
Ordinary Resolution 4	Re-election of Mr Jesper B. Madsen as Director.		
Ordinary Resolution 5	Re-election of Mr Soren Ask Nielsen as Director.		
Ordinary Resolution 6	Approval of Directors' fees of RM286,020 for the year ended 31 December 2005.		
Ordinary Resolution 7	Re-appointment of KPMG as auditors and to authorise the Directors to determine their remuneration.		
Ordinary Resolution 8	Authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
Ordinary Resolution 9	Proposed renewal of Share Buy-Back authority.		
Ordinary Resolution 10	Proposed shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature.		

As witness my/our hand this _____ day of _____ 2006.

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 Darul Ehsan, 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 Bursa Malaysia Depository Sdn Bhd., to make available to the Company pursuant to Article 50 (9b) of the Articles of Association of the Company and Section 7.18 (2) of the Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 13 April 2006 and a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

first fold

*affix
stamp
here*

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

second fold



The passion ❖ The glory ❖ The Carlsberg moment



The best things in life are shared



Carlsberg Brewery Malaysia Berhad (9210-K)

No 55, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan

www.carlsberg.com.my