



STANDING STRONG

COVER RATIONALE

In 2014, faced with an increasingly tough market environment, Carlsberg Malaysia Group rose to the task to meet these challenges head on. We leveraged on targeted consumer campaigns supported by our robust portfolio of brands, as well as embarked on proactive efficiency and effectiveness initiatives. All in all, we successfully turned in an admirable performance and made further inroads into the hearts of consumers.

Today, some 45 years into the business as a Malaysian brewer with regional presence, Carlsberg Malaysia Group continues Standing Strong and Growing Steadfastly.

Our 2014 Annual Report serves to provide you detailed insights into our business operations and brand portfolio as well as portray how we are on track to realise our ambition of becoming the fastest growing brewery in Malaysia.

CONTENTS

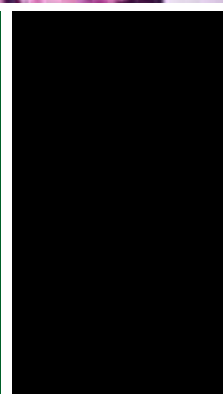
2	Carlsberg Malaysia Group At A Glance	4	Chairman's Address	14	Managing Director's Statement
18	Management Discussion & Analysis	42	Financial Summary	46	Brand Portfolio
50	Management Team	52	Profiles of the Management Team		
54	Profiles of the Directors	56	Statement of Corporate Governance		
63	Statement on Risk Management and Internal Control	66	Audit Committee Report		
70	Responsibility Statement by the Board of Directors	71	Financial Statements		
129	Carlsberg Malaysia's Sales Offices	130	Particulars of Group Properties		
131	Analysis of Shareholdings	133	Material Contracts		
134	List of Recurrent Related Party Transactions	137	Notice of 45 th Annual General Meeting		
142	Statement Accompanying Notice of Annual General Meeting				

Form of Proxy

145	Corporate Information
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**GROWING
STEADFASTLY**



CARLSBERG MALAYSIA GROUP AT A GLANCE

Our Company

- Part of Carlsberg Group, the fourth largest global brewer with leading positions in Western Europe, Eastern Europe and Asia.
- Incorporated in 1969 and listed on the Main Board of Bursa Malaysia Securities Berhad.
- Owns one production plant in Shah Alam, Selangor, Malaysia.

Our Brand Portfolio

Carlsberg Malaysia Group today has a beer for every drinker with different palates and lifestyles, and for every occasion.

Our expanded brand portfolio includes Carlsberg, Carlsberg Special Brew, Kronenbourg 1664, Kronenbourg Blanc, Asahi Super Dry, Somersby Apple Cider, Somersby Pear Cider, SKOL beer, SKOL Super beer, Danish Royal Stout, Corona Extra, Connor's Stout, Jolly Shandy and the non-alcoholic malt beverage Nutrimalt.

Through our subsidiaries, we have a wide range of imported international beer and cider brands such as Hoegaarden, Stella Artois, Budweiser, Erdinger, Grimbergen, Becks, Magners and Savanna Dry; as well as other fine wines and premium spirits such as Stolichnaya® vodka, Pravda premium vodka and Nikka whisky.

As a brewer at the forefront of innovation and quality, Carlsberg Malaysia continues to lead the market with relevant product launches and effective consumer campaigns. As a result of these efforts, our brands have strengthened their market presence.

Sri Lanka

24.97%

Lion Brewery (Ceylon) PLC



51%

MayBev Pte. Ltd.





100%

Carlsberg Marketing Sdn. Bhd.



70%

Luen Heng F&B Sdn. Bhd.

Malaysia

Singapore

100%

Carlsberg Singapore Pte. Ltd.



CHAIRMAN'S ADDRESS



We met the challenges of weak consumer spending environment in Malaysia and the significant increases in government taxes in both Malaysia and Singapore by leveraging on improvement in product and price mix, effective consumer campaigns supported by our robust portfolio of brands as well as proactive strategies to achieve higher efficiency and effectiveness. As a result, we grew our revenue by 5.1% to RM1.64 billion and our profit after tax by 16.2% to RM216.9 million.

Dear Shareholders,

On behalf of the Board of Directors I am pleased to present the Annual Report and Audited Financial Statements of Carlsberg Brewery Malaysia Berhad for the financial year ended 31 December 2014.

I am pleased to report that Carlsberg Malaysia weathered difficult market conditions to turn in a solid and strong performance for 2014.

We met the challenges of weak consumer spending environment in Malaysia and the significant increases in government taxes in both Malaysia and Singapore by leveraging on improvement in product and price mix, effective consumer campaigns supported by our robust portfolio of brands as well as proactive strategies to achieve higher efficiency and effectiveness. As a result, we grew our revenue by 5.1% to RM1.64 billion and our profit after tax by 16.2% to RM216.9 million.

The theme for this year's Annual Report is "Standing Strong"; it fittingly sums up our current position as a key player in the Malaysian Malt Liquor Market (MLM) after some 40 odd years in the business. It signifies that Carlsberg Malaysia has steadily built its business operations, expanded its brand portfolios and is on track to realise its ambition of becoming the fastest growing brewer in Malaysia.

Steady growth amidst tough market conditions

Malaysia's real GDP was estimated to have grown at 5.9% in 2014 (2013: 4.7%) on the back of private sector growth. Despite this economic expansion, the MLM faced a progressively challenging consumer spending environment brought on by the unfavourable macroeconomic environment and escalating cost of living.

The market was also adversely affected by the significant additional taxes imposed by the Malaysian and Singaporean governments. The increased influx of contraband imported beers had also exacerbated the domestic beer consumption.

With our diverse range of brands, we successfully catered to the different economic segments of consumers and effectively reinforced our market presence in Malaysia and Singapore. The Carlsberg brand sealed its position as Malaysians' most preferred beer, while our premium brands Kronenbourg 1664, Somersby Ciders and Asahi, made further inroads into the hearts of consumers, producing steady growth in terms of consumption, both in Malaysia and Singapore.

Commendable financial performance

It is extremely satisfying to report that despite the taxing market conditions during the year under review, we delivered a set of commendable results. The Group registered a revenue of RM1.64 billion, an increase of 5.1% over

the preceding year of RM1.56 billion. Operating profit for the Malaysian and Singaporean operations rose by 10.6% and 26.6% respectively in comparison to the previous year.

The Group registered a 16.2% increase in profit after tax to reach RM216.9 million in 2014, in comparison to RM186.6 million in 2013. This growth came on the back of improvements in product and price mix, effective investment in brands and commercial execution as well as increased efficiency across all aspects of our operations, both in Malaysia and Singapore. The sole distribution rights to Asahi in Singapore has also helped to spur this growth.

Continuing to deliver good shareholder value

In the light of the year's stronger performance and after considering the Group's funding requirements, we are pleased to recommend a single tier final and special dividend of 66.0 sen per ordinary share of RM0.50 each subject to shareholders' approval at the coming annual general meeting on 23 April 2015. Together with the interim dividend of 5.0 sen per ordinary share of RM0.50 each, the total dividend for the financial year 2014 will be 71.0 sen per ordinary share of RM0.50 each (2013: 61.0 sen).

Carlsberg Malaysia is also committed to delivering intangible value to our shareholders. I am proud to report that the Company was acknowledged as the 6th Best Managed Company in Malaysia and the 3rd Best Corporate Governance Company in the *FinanceAsia* Best Companies Poll 2014.

Carlsberg Malaysia is the only brewery that has made it to the Top 10 list in both categories in an independent poll conducted by the Malaysian investment community.

These prestigious awards are a testament of the confidence the Malaysian investment community has in our people, brands and the Company. They also speak volumes about the way we operate our business – by delivering sustainable shareholder value, ensuring potential for profitable growth, and upholding ethical business conduct.

A steadfast focus on driving great performance

The Group continues to grow from strength to strength on the back of a proven formula for success. Our strong portfolio of brands, our great team of people who are constantly working to unlock more value, and our unfaltering focus on efficiency and effectiveness, all continue to serve as catalysts for our growth.

In 2014, the Carlsberg brand continued to strengthen its market position as the freshest and most preferred beer in Malaysia. A host of targeted consumer engagement activities to meet the specific needs of diverse consumers were implemented and received overwhelming response.

The popularity and strength of our flagship brand, Carlsberg, is reflected in the many accolades and awards that were bestowed upon it in 2014. This includes the Gold award at the Putra Brand Awards for the fifth consecutive year. It also received a Gold Medal at the *Reader's Digest* Most Trusted Brand Awards for the 16th year running.

CHAIRMAN'S ADDRESS

Our premium brands such as Somersby Apple and Pear Cider, Asahi Super Dry and Kronenbourg 1664, have also performed satisfactorily in 2014, recording steady growth in both Malaysia and Singapore.

Our people is of utmost importance to us and as part of the Employee Value Proposition platform, we have introduced flexible working hours and reinstated the 10-year Long Service Award trip to Copenhagen. We have also revived the Sports & Recreation Club to promote a better work-life balance.

To mitigate the escalating cost of doing business, we introduced several Effectiveness and Efficiency (E&E) programmes, which together with the other cost optimisation programmes improved our operating expenditure in 2014.

Serving stakeholders in a greater measure

Carlsberg Malaysia remains committed to delivering value to all our stakeholders. The integration of good Corporate Social Responsibility (CSR) practices throughout the entire value chain remains a top priority for the Company.

On the community enrichment front, our flagship community engagement

project, Malaysia's longest running and highest fundraising Chinese charity show, Top Ten Charity Campaign, raised RM24 million for 14 schools in 2014 whilst the I Love Chinese Education Charity Concert continued its support to the East Malaysian schools and brought in funds amounting to some RM7.9 million in 2014.

In June 2014, we achieved a new milestone in our CSR journey with the launch of the J.C. Jacobsen Foundation (the Foundation). It is the first Carlsberg Group foundation to be established in Asia and named after the founder of Carlsberg, who truly embodied public spirit. The Foundation champions local philanthropic efforts by raising funds to contribute to the betterment of Malaysian society through just and sustainable solutions.

In our relentless efforts to help in brewing a better and greener future, Carlsberg Malaysia was acknowledged at the prestigious *The Edge* Billion Ringgit Club (BRC) Corporate Awards. We topped the list for the best Corporate Responsibility (CR) initiatives in the category of companies with market capitalisation below RM10 billion, outshining more than 900 companies listed on Bursa Malaysia.

More details of our CSR activities can be found in our standalone 2014 CSR report available on our corporate website.

Moving forward into 2015 and beyond

Going forward, we expect the current macroeconomic conditions in Malaysia to remain challenging. We anticipate that consumer consumption will remain subdued with cautious spending in view of the rising cost of living and the forthcoming Goods and Services tax (GST) implementation in April 2015.

Amidst the uncertain global economic climate, let me assure you that the Group's long term plan is on track. We have put in place effective cost management programmes and commercially viable execution to contain margin pressure. Barring any unforeseen circumstances, we are cautiously optimistic of our performance going forward and will continue to deliver satisfactory results to our shareholders.

In Appreciation

On behalf of the Board of Directors of Carlsberg Malaysia, I wish to convey my heartfelt appreciation to the management team for their dedication, hard work and leadership. The stellar performance in 2014 was attributed to the commitment, efforts and the tenacity of the Group's loyal employees.

I also wish to sincerely thank my colleagues on the Board for their wise counsel and insights in helping to guide Carlsberg Malaysia through the year's challenges and to new avenues of opportunity.

May I also take this opportunity to warmly welcome our two newly appointed Directors, Mr. Chew Hoy Ping, an Independent and Non-Executive Director and Ms. Jessica Spence, a Non-Executive Director. Both Mr. Chew and Ms. Spence were appointed in May 2014. Mr. Chew Hoy Ping brings to the table decades of excellent experience on the business and financial fronts whilst Ms. Jessica Spence brings with her, an extensive experience in marketing and an in-depth knowledge of the global beer business. We look forward to their contributions.

I would like to pay a tribute to the late Datuk M.R. Gopala Krishnan who passed away on 3 April 2014. Datuk Krishnan was a strong supporter of our business and had served as a Senior Independent Non-Executive Director for nine years. I would like to place on record the Board's condolences to the family of the late Datuk Krishnan.

I would also like to extend my appreciation to our other stakeholders including our distributors, suppliers, customers and consumers, who have been instrumental to the Group's growth and success. I sincerely thank them for their steadfast support and confidence in us.

Last but not least, our utmost gratitude to you, our valued shareholders, for your untiring support and trust in us. We look forward to your continued support as we work hard to deliver greater value to you.

I trust all our stakeholders will continue to lend us their invaluable support as we work together to take this great company to even greater heights of success. Thank you.

Dato' Lim Say Chong
Chairman

Shah Alam
23 March 2015

UCAPAN PENGERUSI

Para Pemegang Saham sekalian,

Bagi pihak Lembaga Pengarah, dengan sukacitanya saya membentangkan Laporan Tahunan dan Penyata Kewangan Diaudit Carlsberg Brewery Malaysia Berhad bagi tahun kewangan berakhir 31 Disember 2014.

Sukacitanya saya melaporkan bahawa Carlsberg Malaysia telah mengharungi keadaan pasaran yang sukar untuk mencatatkan prestasi yang membanggakan bagi 2014.

Kami telah menanggul cabaran persekitaran perbelanjaan pengguna yang lemah di Malaysia dan peningkatan cukai yang signifikan oleh kerajaan Malaysia dan Singapura dengan memanfaatkan peningkatan dalam campuran produk dan harga, kempen pengguna yang berkesan yang disokong oleh portfolio jenama teguh kami serta strategi proaktif untuk mencapai kecekapan dan keberkesanan yang lebih tinggi. Hasilnya, pendapatan kita meningkat sebanyak 5.1% ke RM1.64 bilion dan keuntungan selepas cukai sebanyak 16.2% ke RM216.9 juta.

Laporan tahunan tahun ini bertema "Berdiri Teguh" – secara langsung merumuskan kedudukan semasa kami sebagai pemain utama dalam Pasaran Minuman Keras Malt (MLM) di Malaysia selepas menjangkau lebih 40 tahun dalam perniagaan. Ia menunjuk bagaimana Carlsberg Malaysia memajukan perniagaannya secara berterusan, meluaskan portfolio jenamanya dan berada di landasan yang betul ke arah merealisasikan cita-cita kami iaitu menjadi pembuat bir yang bertumbuh paling pesat di Malaysia.

Pertumbuhan yang stabil dalam keadaan pasaran yang sukar

KDNK Malaysia dianggarkan telah bertumbuh pada kadar 5.9% pada tahun 2014 (2013: 4.7%) hasil daripada pertumbuhan sektor swasta. Walaupun ekonomi telah berkembang, sektor MLM menghadapi cabaran persekitaran perbelanjaan pengguna disebabkan oleh persekitaran makroekonomi yang tidak memuaskan dan kos sara hidup yang semakin meningkat.

Pasaran juga terjejas oleh penambahan cukai yang signifikan yang dikenakan oleh kerajaan Malaysia dan Singapura. Peningkatan penyeludupan bir import juga telah memburukkan lagi penggunaan bir dalam negeri.

Kepelbagaian jenama membantu kami memenuhi permintaan segmen-segmen ekonomi pengguna yang berlain dan secara terus memperkukuhkan kewujudan pasaran kami di negara Malaysia dan Singapura. Jenama Carlsberg mementeraikan kedudukannya sebagai bir pilihan utama rakyat Malaysia, manakala jenama premium kami, iaitu Kronenbourg 1664, Somersby Ciders dan Asahi, telah memenangi hati lebih pengguna, oleh itu menyumbang kepada pertumbuhan kukuh dalam penggunaan bir di Malaysia dan Singapura.

Prestasi kewangan terpuji

Ia sangat memuaskan untuk melaporkan walaupun dalam keadaan pasaran mencabar pada tahun yang ditinjau, kami telah menghasilkan keputusan yang boleh dibanggakan. Kumpulan kami mencatatkan pendapatan RM1.64 bilion, peningkatan 5.1% atas pendapatan tahun sebelumnya iaitu RM1.56 bilion. Pendapatan operasi Malaysia dan Singapura meningkat sebanyak 10.6% dan 26.6% masing-masing berbanding dengan tahun sebelumnya.

Kumpulan kami mencatatkan peningkatan 16.2% dalam keuntungan selepas cukai dan mencapai RM216.9 juta pada tahun 2014, berbanding dengan RM186.6 juta pada tahun 2013. Pertumbuhan ini adalah susulan dari peningkatan campuran produk dan harga, pelaburan jenama yang berkesan dan pelaksanaan perdagangan serta peningkatan kecekapan dalam semua aspek operasi kami, di Malaysia dan Singapura. Hak-hak pengedaran tunggal Asahi di Singapura juga telah membantu dalam merangsang pertumbuhan ini.

Terus menyampaikan nilai baik kepada pemegang saham

Memandangkan prestasi yang lebih kukuh pada tahun ini dan selepas menimbangkan keperluan dana Kumpulan, kami dengan sukacitanya mencadangkan dividen akhir dan khas satu paras sebanyak 66.0 sen sesaham bagi setiap saham biasa bernilai RM0.50 tertakluk kepada kelulusan pemegang saham pada mesyuarat agung tahunan yang akan datang pada 23 April 2014. Bersama dengan dividen interim sebanyak 5.0 sen sesaham biasa berharga

RM0.50 setiap saham, jumlah dividen untuk tahun kewangan 2014 adalah 71.0 sen setiap saham biasa bernilai RM0.50 sesaham (2013: 61.0 sen).

Carlsberg Malaysia juga komited untuk memberikan nilai ketara kepada para pemegang saham kami. Saya berasa bangga untuk melaporkan bahawa syarikat telah diiktiraf sebagai Syarikat Ke-6 Terbaik Diuruskan di Malaysia dan Syarikat Ke-3 Terbaik Tadbir Urus Korporat dalam tinjauan Syarikat-syarikat Terbaik "*FinanceAsia*" bagi tahun 2014. Carlsberg Malaysia ialah satu-satunya kilang bir yang berjaya ke senarai 10 Terbaik dalam kedua-dua kategori dalam tinjauan bebas yang dijalankan oleh komuniti pelaburan Malaysia.

Anugerah berprestij ini adalah bukti keyakinan komuniti pelaburan Malaysia dalam pekerja, jenama dan Syarikat kami. Ia juga menunjukkan keyakinan terhadap cara kami mengendalikan perniagaan – dengan menyampaikan nilai pemegang saham yang berterusan, memastikan potensi untuk pertumbuhan yang menguntungkan dan mempertahankan tingkah laku perniagaan yang beretika.

Fokus kukuh untuk mendorong prestasi yang hebat

Kumpulan terus berkembang kukuh bersandar pada satu formula terbukti untuk kejayaan. Potfolio jenama kukuh kami, pasukan orang-orang yang hebat yang sentiasa berusaha untuk menjana nilai yang lebih, dan fokus yang kukuh lagi mantap terhadap kecekapan dan keberkesanan, kesemua ini terus menjadi pemangkin untuk pertumbuhan kami.

Pada tahun 2014, jenama Carlsberg terus mengukuhkan kedudukan pasarnya sebagai bir paling segar dan paling digemari di Malaysia. Pelbagai aktiviti telah dilaksanakan untuk menglibatkan pengguna dan memenuhi keperluan khusus pengguna yang pelbagai dan aktiviti-aktiviti tersebut telah mendapat sambutan yang amat menggalakkan.

Populariti dan kekukuhan jenama utama kami, Carlsberg, telah terbukti dalam pengiktirafan-pengiktirafan dan anugerah-anugerah yang dikurniakan pada 2014. Ini termasuk Anugerah Emas di Anugerah Jenama Putra untuk lima tahun berturut-turut. Ia juga menerima Anugerah Emas di anugerah '*Reader's Digest Most Trusted Brand*' untuk 16 tahun berturut-turut.

Jenama premium kami seperti Somersby Cider Epal dan Pear, Asahi Super Dry dan Kronenbourg 1664, juga menunjukkan prestasi yang memuaskan pada tahun 2014 dengan merekodkan pertumbuhan berterusan di Malaysia dan Singapura.

Pekerja kami adalah amat penting dan sebagai sebahagian daripada platform Proposisi Nilai Pekerja, kami telah memperkenalkan waktu kerja yang fleksibel serta mengembalikan semula Anugerah Lawatan Perkhidmatan 10 Tahun ke Copenhagen. Kami juga telah memulakan semula Kelab Rekreasi & Sukan untuk menggalakkan keseimbangan kerja-kehidupan yang lebih baik.

Untuk mengurus peningkatan kos menjalankan perniagaan, kami telah memperkenalkan beberapa Program-program Keberkesanan dan Kecekapan (E&E), dan berserta dengan program-program pengoptimuman kos yang lain, kami telah berjaya mengurangkan perbelanjaan operasi kami pada tahun 2014.

Berkhidmat untuk pihak berkepentingan dalam langkah yang lebih besar

Carlsberg Malaysia kekal komited untuk menyampaikan nilai kepada semua pemegang berkepentingan. Integrasi amalan Tanggungjawab Sosial Korporat (CSR) yang baik di seluruh rantaian nilai tetap menjadi keutamaan bagi syarikat.

Dalam hal menyumbang kepada masyarakat, projek penglibatan masyarakat utama kami, iaitu pertunjukkan amal Cina yang paling lama dijalankan dan mengumpul dana yang paling tinggi, Kempen Amal Top Ten telah mengumpul RM24 juta untuk 14 buah sekolah pada tahun 2014, manakala Konsert Amal Saya Cintakan Pendidikan Cina telah meneruskan sokongannya kepada sekolah-sekolah di Malaysia Timur dan telah mengutip dana berjumlah RM7.9 juta pada tahun 2014.

UCAPAN PENERUSI

Pada bulan Jun 2014, kami telah mencapai satu pencapaian baru dalam perjalanan CSR kami dengan pelancaran Yayasan J.C. Jacobsen. Ini adalah yayasan Kumpulan Carlsberg yang pertama ditubuhkan di Asia. Yayasan ini dinamakan sempena pengasas Carlsberg yang benar-benar termaktub semangat awam. Yayasan ini memperjuangkan usaha-usaha dermawan tempatan dengan mengumpul dana dan menyumbang kepada penambahbaikan masyarakat Malaysia melalui cara-cara yang adil dan berkekalan.

Dalam usaha gigih kami untuk membentuk masa depan yang lebih baik dan lebih hijau, Carlsberg Malaysia telah diiktiraf di Anugerah Korporat “*The Edge Billion Ringgit Club*” (BRC). Kita mendahului senarai inisiatif CR terbaik dalam kategori syarikat-syarikat yang mempunyai modal pasaran kurang dari RM10 bilion, mengatasi lebih daripada 900 syarikat-syarikat yang tersenarai di Bursa Malaysia.

Maklumat lanjut aktiviti CSR kami boleh didapati dalam Laporan CSR 2014 yang boleh diperolehi dalam CD-ROM atau dengan melayari laman web syarikat kami.

Melangkah ke 2015 dan seterusnya

Melangkah ke hadapan, kami menjangka keadaan semasa makroekonomi di Malaysia terus mencabar. Kami menjangka bahawa penggunaan pengguna-pengguna akan terus terkawal dan berhati-hati memandangkan kenaikan kos sara hidup dan pelaksanaan Cukai Barangan dan Perkhidmatan (GST) yang akan datang pada April 2015.

Dalam keadaan ekonomi global yang tidak menentu, izinkan saya memberi jaminan kepada anda

bahawa rancangan jangka panjang Kumpulan tetap berada pada landasan yang betul. Kami telah menyediakan program-program kos pengurusan yang efektif dan pelaksanaan komersial yang berkesan bagi menanggapi tekanan keuntungan. Jika tiada halangan, kami optimistik terhadap prestasi kami pada masa hadapan dan akan terus menyampaikan keputusan yang memuaskan kepada pemegang saham kami.

Penghargaan

Bagi pihak Lembaga Pengarah Carlsberg Malaysia, saya ingin merakamkan penghargaan dan terima kasih kepada pasukan pengurusan atas dedikasi, kerja keras dan kepimpinan mereka. Prestasi cemerlang 2014 adalah disebabkan oleh komitmen, usaha dan ketabahan setiap pekerja setia Kumpulan.

Saya juga ingin merakamkan penghargaan ikhlas kepada rakan-rakan saya dalam Lembaga Pengarah atas nasihat dan pandangan dalam membantu membimbing Carlsberg Malaysia mengharungi cabaran-cabaran pada tahun ini serta menyambut peluang-peluang baru untuk mengembangkan perniagaan.

Saya juga ingin mengambil kesempatan ini untuk mengalu-alukan kedatangan dua ahli Pengarah yang baru dilantik, Encik Chew Hoy Ping, Pengarah Bebas dan Bukan Eksekutif dan Cik Jessica Spence, Pengarah Bukan Eksekutif. Encik Chew dan Cik Spence telah dilantik pada Mei 2014. Encik Chew membawa bersama beliau beberapa dekad pengalaman yang sangat berharga dalam bidang perniagaan dan kewangan manakala Cik Spence membawa bersama beliau pengalaman yang luas dalam bidang pemasaran dan pengetahuan

yang mendalam dalam perniagaan bir global. Kami mengalu-alukan sumbangan mereka.

Saya ingin memberi penghargaan kepada Datuk M.R. Gopalan Krishnan yang telah meninggal dunia pada 3 April 2014. Datuk Krishnan adalah penyokong kuat perniagaan kami dan telah berkhidmat sebagai Pengarah Bebas Bukan Eksekutif Kanan selama sembilan tahun. Saya ingin merekodkan ucapan takziah dari Lembaga Pengarah kepada keluarga Datuk Krishnan.

Saya juga ingin merakamkan penghargaan saya kepada pihak-pihak berkepentingan lain termasuk pengedar, pembekal, pelanggan dan pengguna yang telah memainkan peranan penting dalam pertumbuhan dan kejayaan Kumpulan. Saya amat berterima kasih kepada mereka terhadap sokongan teguh dan keyakinan kepada kami.

Akhir kata, ucapan terima kasih yang tidak terhingga kepada anda, pemegang saham kami yang ternilai, atas sokongan jitu serta keyakinan kepada kami. Kami mengharapakan sokongan yang berterusan dari anda dalam usaha kami untuk memberikan nilai yang lebih hebat kepada anda.

Saya percaya semua pemegang kepentingan kami akan terus memberi sokongan yang tidak ternilai dan bersama-sama, kami bekerja untuk membawa syarikat hebat ini ke tahap pencapaian yang lebih tinggi. Terima kasih.

Dato' Lim Say Chong
Pengerusi

Shah Alam
23 Mac 2015

董事主席献词

亲爱的股东们，

本人代表董事会为您提呈马来西亚 Carlsberg 酿酒厂有限公司截至2014年12月31日的财政年度报告和已审财务报表。

本人很荣幸地向您汇报马来西亚 Carlsberg 集团于2014年能在艰难的市场下脱颖而出。

本集团利用有所改善的品牌及价格组合，获得强大品牌组合有效的消费活动及积极主动的策略以达到更高的效益和效率，为面对疲弱的消费市场和马来西亚及新加坡更高的税收制度。因此，本集团的营业额上升了5.1%至16亿4000万令吉，而税后盈利则上升了16.2%至2亿1690万令吉。

本年度报告的主题“维持强劲”(Standing Strong)恰如其分地显示出，经过40余年在马来西亚麦芽酒市场的经验，本集团已经成为举足轻重的厂家。这也意味着马来西亚 Carlsberg 集团已稳定地发展着集团的业务，扩展品牌组合以及有望成为马来西亚发展最快的酒厂。

稳步增长于严峻的市场

因私人企业界的正面增长，马来西亚国内生产总值预测已上升至2014年的5.9% (2013年: 4.7%)。尽管经济已扩展，马来西亚麦芽酒市场依然面对由不利的宏观经济环境和不断攀升的生活成本所带来的艰难消费环境。

市场也受到马来西亚及新加坡政府进一步调涨啤酒税的冲击，而私酒的大量涌入也加剧了本地啤酒的销售量。

凭借本集团多元化的品牌系列，本集团成功迎合各收入阶层的消费者及有效率地增强在马来西亚和新加坡市场的占有率。Carlsberg 品牌被喻为最受马来西亚人欢迎的啤酒，而在马来西亚和新加坡，本集团的优质品牌 Kronenbourg 1664, Somersby Ciders 和 Asahi 也渐渐成为消费者选择，更在消费方面拥有稳步地发展。

值得表扬的财务绩效

2014年的财务报告是令人满意的。尽管市场处于严峻的情况下，本集团依然交出了亮眼的成绩。本集团的营业额共达马币16亿4千万令吉，比起去年15亿6千万令吉的营业额，增长了5.1%。马来西亚和新加坡业务的营业利润分别比去年各上升了10.6%和26.6%。

与2013年的1亿8660万令吉相比，本集团在2014年的税后盈利上升了16.2%至2亿1690万令吉。此增长来自于有所改进的价格和产品组合，有效率的投资在品牌及商业执行，以及有效益地改进马来西亚和新加坡业务的各方面的营运。此外，在新加坡获得 Asahi 的独家经营权也有助于此次增长。

持续提供优质的股东价值

鉴于今年的强劲表现及考虑到本集团的资金需求后，本集团建议每50仙普通股派发66仙的终期和特别单层股息。加上每50仙普通股派发的5仙的中期股息，在2014年财政年度总共获得每股71仙的股息 (2013年: 61仙)。上述终期和特别股息将于2015年4月23日举行的常年股东大会上寻求股东赞同。

马来西亚 Carlsberg 集团也将继续为本集团的股东带来更大的价值。本人很荣幸地向您汇报本集团在2014年亚洲金融最佳公司获得最佳公司管理第六名以及

最佳企业管治公司第三名。由马来西亚投资界进行的独立民调，马来西亚 Carlsberg 集团是唯一能在这两个组别中进入十强的啤酒厂。

这些奖项反映了马来西亚投资界对本集团的人力，品牌和公司所持有的信心。该业界人士更谈论本集团在竞争激烈的环境下经营业务的方式 - 传递可持续的股东价值，潜在的盈利增长能力和本集团所坚守的商业道德。

坚定地专注于驱使出色的表现

为迎接成功，本集团将持续发展及壮大。本集团强大的品牌组合，一个强大而努力不懈，创造及释放更多价值，和坚定地注重于效率和效益的团队，都将继续成为本集团成长的催化剂。

Carlsberg 品牌在2014年继续巩固其市场地位，成为马来西亚最畅销的啤酒。本集团举办了一系列与消费者互动的活动，以满足不同类型消费者的需求，从而获得非常热烈的反应。

本集团的旗舰品牌，皇帽啤酒，在2014年里得了许多荣誉和奖项。这包括连续五年夺下布特拉品牌的金牌奖，和连续16年的《读者文摘》最受信赖品牌金奖。

本集团的优质品牌，如 Somersby Apple 和 Pear Cider, Asahi Super Dry 和 Kronenbourg 1664 在2014年交出有令人满意的表现，标志着马来西亚和新加坡稳步增长。

员工对本集团非常重要。作为员工价值主张平台的一部分，本集团推行了伸缩性的工作时间，并让服务了10年的员工到哥本哈根旅行。本集团更复办了体育与游乐会以促进更好地工作与生活平衡。

董事主席献词

为了减轻不断攀升的生意成本压力，本集团推行了几种效益和效率(E&E)计划，及其他成本优化计划，以降低本集团2014年的运营支出。

为利益相关者提供更好的服务

马来西亚Carlsberg集团仍然致力于提供价值给所有的利益相关者，而良好的企业社会责任(CSR)在本集团的整个价值链仍是被最为优先考量的。

对于社区改进，本集团最主要的社区参与项目，是大马历史最悠久及筹款额最高的华教慈善义演，《十大义演》，在2014年为14所学校筹了2400万令吉。而《我爱华教东马慈善义演》也继续支持东马学校，于2014年募集了总计约790万令吉的款项。

在2014年6月，本集团在企业社会责任里迈向另一个里程碑，成立了J.C. Jacobsen基金会。它也是亚洲第一个Carlsberg基金会。该基金会是以最能体现公共精神的Carlsberg创始人的名字命名的。该基金会通过本地慈善事业所募集资金，通过公正和可持续发展的方案，贡献于大马社会的福祉。

对于本集团不懈的努力帮助“酿造”出更美好及绿化的未来，马来西亚Carlsberg获得极富盛名的The Edge Billion Ringgit Club (BRC)企业奖项。本集团在市值低于100亿令吉的企业公司中，于最佳企业社会责任举措中位居榜首，胜过了在大马交易所上市的900多家企业公司。

请参考本集团的2014企业社会责任小册子以获得更多企业社会责任的详情。

迈向2015年

展望未来，本集团预计马来西亚目前的宏观经济状况将持续具有挑战性。本集团预计，鉴于生活成本上升和2015年4月将实施的消费税(GST)，消费者将谨慎保持其消费支出。

在这不稳定的全球经济气候当中，让本人向您保证，本集团的长期计划仍在轨道上。为遏制利润率压力，我们已制定有效率的成本管理计划和可行的商业执行。本集团会谨慎乐观地看待未来的业绩，继续为本集团的股东带来令人满意的结果。

鸣谢

本人谨此代表马来西亚Carlsberg集团董事会感谢管理层的奉献、努力和领导。本集团2014年的出色绩效和成就来自于本集团忠实员工的贡献与努力。

本人还要衷心感谢本人的同事们对董事会的真知灼见和不懈地帮助指导马来西亚Carlsberg集团通过这一年的挑战和面对机遇的新途径。

本人也借此机会热烈欢迎两位于2014年5月上任的新执行董事，周海濱先生为独立非执行董事以及Jessica Spence女士为非执行董事。周海濱先生对业务和财务方面拥有多年的优秀经验，而Jessica Spence女士则带来了她在全球啤酒业务方面的丰富经验。我们期待着他们的贡献。

本人在此对2014年4月3日逝世的拿督M.R. Gopala Krishnan表示敬意。拿督Krishnan生前是本集团坚定的支持者，也已担任了九年的非执行董事。本人也在此代表董事会向拿督Krishnan的家人转达最深切的慰问。

本人还要感谢本集团的其他利益相关者，包括经销商，供应商，客户和消费者，成为集团的成长和成功钥匙。本人衷心感谢他们坚定的支持和对本集团的信任。

最后，本集团衷心感谢尊贵的股东们不懈的支持和信任。本集团期待您一如既往的支持，让我们努力工作，创造更大的价值给您。

本人相信本集团的所有利益相关者将继续给予本集团宝贵的支持，齐心协力把这个伟大的公司推向更高的水平。谢谢。

拿督林世宗
董事主席

莎亚南
2015年3月23日



MANAGING DIRECTOR'S STATEMENT



Our efforts paid off with the Group's profit after tax rising by 16.2% to RM216.9 million on the back of revenue growth of 5.1% to RM1.64 billion. Operating profit for our Malaysian operations grew by 10.6% to RM203.9 million while our Singapore operations expanded by 26.6% to RM64.1 million, primarily on the back of sales improvements and effective cost management programmes.

Dear Shareholders,

The year 2014 was a challenging but satisfying one for us at Carlsberg Malaysia. Despite a tough market environment, we accomplished significant milestones in 2014 and are on track to deliver sustainable shareholder value while realising our aspiration of becoming the fastest growing brewery in Malaysia.

Robust performance amidst 2014's challenges

In 2014, the Malaysian Malt Liquor Market (MLM) faced a weak consumer spending environment, saw increased influx of parallel imported beers and adversely impacted by significant additional taxes imposed.

Despite the year's challenges, we continued to leverage on our Thirst for Great mindset, which gave us a renewed impetus to create Great Brands, Great People and Great Moments for our customers, consumers and communities while delivering sustainable shareholder value. As the team at Carlsberg Malaysia responded quickly to market demands, this brought about a greater reach of our products to our customers and consumers and invariably improved our market share.

Our efforts paid off with the Group's profit after tax rising by 16.2% to RM216.9 million (2013: RM186.6 million) on the back of revenue growth of 5.1% to RM1.64 billion (2013: RM1.56 billion). Operating profit for our Malaysian operations grew by 10.6% to RM203.9 million while our Singapore operations expanded by 26.6% to RM64.1 million, primarily

on the back of sales improvements and effective cost management programmes.

On the Malaysian front, we were able to deliver improved performance on the back of exciting consumer marketing campaigns, disciplined execution of our efficiency programmes and a passionate workforce.

In Singapore, our efforts over the past year to turn around our operations and build a stronger foundation for future growth, began to pay off with revenue and profit from Singapore growing steadily. The stock rationalisation programme, which ended in quarter one 2014, did much to improve our supply chain efficiency and make our products in Singapore amongst the freshest in the market.

This, coupled with the addition of Asahi Super Dry and other alcoholic brands to our portfolio through the acquisition of a 51% stake in MayBev Pte. Ltd. (MayBev), the sole distributor of Asahi in Singapore, further boosted our performance in Singapore. The year also saw our premium brands, Kronenbourg 1664 and our Somersby Ciders gaining traction and registering higher consumption.

In Sri Lanka, our associate company, Lion Brewery (Ceylon) PLC, turned in a satisfactory results with a two-fold growth in profit. In the third quarter of 2014, Lion Brewery acquired 100% shares of its closest competitor, Miller Brewery Ltd., further boosting Lion's dominance in the Sri Lankan beer market. In view of an increasingly

stable social political situation in the country, we trust our business will grow in tandem with the improving economy.

The year's commendable performance was also due to our prudence in rolling out several Efficiency and Effectiveness (E&E) programmes while recording a higher return of marketing investment.

Continued strong growth by Carlsberg and premium brands

In 2014, we set our sights on strengthening the brand equity of our expanded portfolio via focused investments while expanding our distribution. These efforts, together with the inculcation of our Thirst for Great mindset at all levels of our organisation, helped strengthen and grow our premium brand portfolio.

Carlsberg started the year off with an impactful Chinese New Year campaign that resulted in market share gain in key accounts. The flagship brand continued to make good headway by leveraging its strong association with football as the Official Beer Partner of the Barclays Premier League (BPL) for the 2014/15 season. The many BPL-related campaigns we rolled out enjoyed overwhelming response and kept us top of mind with international football fans.

In August 2014, we launched the season's BPL consumer campaign by bringing down the coveted official BPL trophy to fan the passion of football fans and their love for the Carlsberg brew in Malaysia.

In November 2014, we held our Ultimate Football Retreat weekend. A one-of-its-kind football fans' fantasy came to life for 300 diehard football fans who got the chance to be up close and personal with four living legends of the BPL – Dennis Wise, Gianfranco Zola, Steve McManaman and Sol Campbell.

Carlsberg's brand positioning amongst the golf fraternity was elevated through our sponsorship of the Maybank Malaysian Open for the ninth year running. We also teed-off the Carlsberg Golf Classic, the biggest and longest-running amateur golf tournament for 21 consecutive years.

Our multi-brand portfolio continued to outperform the market in 2014 even as we nurtured premium brands such as Kronenbourg 1664, Asahi Super Dry and Somersby Apple and Pear Cider.

Super premium beer, Kronenbourg 1664, gained traction by implementing a new thematic campaign, "Taste the French Way of Life", plus a host of tastefully executed activations that generated impressive foot-traffic to modern outlets.

Asahi Super Dry recorded a steady growth and continued to dominate the position as the leading Japanese premium brand. Following Carlsberg Singapore's acquisition of a 51% stake in MayBev Pte. Ltd., we are set to make further inroads in the Singapore premium beer segment while expanding the distribution of Asahi Super Dry, currently the second biggest premium lager in Singapore. With Asahi in our brand portfolio for

MANAGING DIRECTOR'S STATEMENT

both the Malaysian and Singaporean markets, consumers now have the opportunity to tap into a premium and unrivalled product-mix.

Building on the leading and fastest growing Somersby Apple Cider in both Malaysia and Singapore, we launched Somersby Pear Cider in April 2014. Both Apple and Pear variants recorded a positive growth across all channels with volume more than doubled in 2014. Several sampling activities and digital activation platforms were set up in high traffic areas to create awareness and drive consumer engagement. Effective in-store execution has enabled Somersby to gain 10 percentage point share in the off-trade.

Meanwhile in the stout segment, Danish Royal Stout and Connor's draught continued to entrench themselves among existing audiences while reaching out to new groups of consumers. Both brands registered an impressive double-digit growth amidst declining stout market. The market share gain in the stout segment was positively contributed by the increased availability and a facelift of Royal Stout as well as improved taste profile and widened distribution of Connor's draught.

Delivering results through strategic value and cost management initiatives

Aside from delivering exciting consumer engagement campaigns and managing costs for each of our brands, 2014 saw us continuing to maintain product quality to ensure the freshness of our products for the markets that we serve. Freshness is key to ensuring a perfect drinking experience at the point of purchase and we are pleased to note that

Carlsberg maintains its reputation as the freshest beer in the market with low stock cover days.

We continue to step up our support of our customers and work closely with them to uplift business productivity. Today, our customers are benefiting from a better pricing strategy following the effective implementation of our Value Management project that serves to optimise pricing, assortment and promotions to drive top-line growth.

To mitigate the escalating cost of doing business, we introduced Effectiveness and Efficiency (E&E) programmes that sought to reduce wastage and optimise our existing infrastructure. The smooth rollout of these E&E programmes successfully compensated for the effect of the lacklustre consumer sentiment, increased taxes imposed by the government and influx of low-priced parallel imported beers.

Our E&E efforts should not be viewed as a temporary diet but rather a way of life for our company. These robust initiatives enabled us to invest back in our brands, strengthen our market competitiveness and drive growth in top and bottom line.

Coupled with our LEAN and LogEx (Logistics Excellence) projects on the supply chain front, as well as our Value Management and ROMI (Return on Marketing Investments) initiatives on the sales and marketing front, we achieved a significant cost reduction and savings that were reallocated to equity building and volume driving activities that drove profitable growth.

Initiatives to nurture and strengthen our people

The development of Carlsberg Malaysia's greatest asset, our people, remains a top priority and 2014 saw us continuing to invest in people developmental programmes.

Our efforts included secondment programmes to other markets, performance management system and leadership competencies training. By developing the capabilities, competencies and leadership qualities of our people, we are meeting current demand as well as ensuring a sustainable future for our business.

In May 2014, we began rolling out communications on the Carlsberg Group Leadership Competencies, which describe the abilities, skills, attitudes and knowledge that are needed every day to realise our strategy based on the Winning Behaviours.

Our efforts to nurture and grow our people were positively reflected in the 2014 MyVoice employee attitude survey. This survey, reflecting very encouraging results with strong engagement scores above the FMCG industry benchmark, pointed out that our people are interested in actively influencing their work environment.

I am pleased to report that Carlsberg Malaysia's people are held in high regard throughout the region. This was made evident when Team Malaysia was announced the winner of the Carlsberg Business Simulation Programme 2014, beating 11 other teams from the Asia region. This virtual simulation competition tested

12 teams on their ability to run a beer business successfully. Team Malaysia's smart value management decisions sealed the team's overall win.

Keeping a steady focus amidst a soft market

Moving forward, we expect the market to remain soft until the macroeconomic situations and consumer sentiments improve.

Rest assured, that on Carlsberg Malaysia's part, we will continue to invest in, innovate and grow our dynamic portfolio of premium brands in order to satisfy ever-changing consumer demand. In doing so, we hope that our brands will become fully entrenched in the market and in the daily lives of consumers for whom we intend to provide exciting experiences for.

Carlsberg Malaysia's customers and consumers can also look forward to a range of exciting and rewarding marketing activities for our crown jewel Carlsberg and other portfolio brands including Kronenbourg 1664, Asahi Super Dry and Somersby Apple and Pear Cider. They can be assured that we will continue to innovate our portfolio of brands by bringing forth new flavours and better drinking experience.

We are also determined to achieve our targets by boosting consumption with the right price, product and channel mix. At the same time, we will continue to exercise prudent cost management through robust E&E programmes.

A note of appreciation

Since taking over the helm of Carlsberg Malaysia in July 2013, I have seen my team rising above the challenges of our marketplace and working hard to create value for stakeholders on a daily basis. I applaud them for their dedication and unwavering focus.

As we commit to upholding our Thirst for Great mindset, I urge my colleagues to continue displaying the spirit of excellence they have shown so that we can make greater strides forward and unlock our full potential as the fastest growing beer company in the country.

To the Board of Directors, my sincere thanks for your astute insights in helping steer us through the tough times. I look forward to your continued wise counsel as we embark on our journey to even greater success.

As we move forward, let me assure our shareholders, customers, consumers and partners that the team at Carlsberg Malaysia is determined to run the race and finish it well. We have set our sights on delivering great value to all of our stakeholders and will work hard to accomplish our mission. We thank you for your continuing support.

Henrik Juel Andersen
Managing Director

Shah Alam
23 March 2015

MANAGEMENT DISCUSSION & ANALYSIS

2014 HIGHLIGHTS

Carlsberg Malaysia Group celebrated its 45th year of operations in Malaysia as an established brewer with steady growth and positive results

5.1%

Revenue rose 5.1% to RM1.64 billion

13.9%

Operating profit grew 13.9% to RM267.5 million

16.2%

Profit after tax increased by 16.2% to RM216.9 million

100.1%

Proposed net dividend payout as percentage of PAT

51%

Carlsberg Singapore acquired a 51% equity stake in MayBev Pte. Ltd., the sole distributor of Asahi Super Dry in Singapore in April 2014.



75%



Strong engagement efforts saw the overall MyVoice survey scores for the employee engagement indicator rising by 2% to 75%.



5th Year Running

The Carlsberg brand won the **Gold Award** at the **Putra Brand Awards** for the **5th consecutive year**.



First Foundation in Asia

Inspired by Carlsberg founder J.C. Jacobsen's passion for philanthropy, Carlsberg Malaysia set up the J.C. Jacobsen Foundation, the **first charity outreach foundation in Asia** for the Carlsberg Group.



16th Consecutive Year

The Carlsberg brand won **Gold** at the **Reader's Digest Most Trusted Brand Awards** for the **16th year running**.



Among the Top Ten

Carlsberg Malaysia was ranked the **6th Best Managed Company in Malaysia** and the **3rd Best Corporate Governance Company** in the **FinanceAsia Best Companies Poll 2014**.



1st Prize

Carlsberg Malaysia bagged **1st Prize** at the prestigious **The Edge Billion Ringgit Club (BRC) Corporate Awards**, for the best Corporate Responsibility (CR) initiatives.



A Malaysian First

Carlsberg Malaysia was honoured by the *Malaysia Book of Records* for introducing **Malaysia's first six-pedalist beverage cart**.



Most Creative

Carlsberg Chinese New Year advertisement was named the "**Most Creative** CNY Greeting Ad" by readers of *Nanyang Siang Pau* and *China Press*.



Biggest Ever

Carlsberg Malaysia was recognised in the *Malaysia Book of Records* for creating **Malaysia's biggest wall mural** made by collage of bottle caps.

MANAGEMENT DISCUSSION & ANALYSIS

STAND AND STRATEGY WHEEL

Carlsberg Malaysia’s business continues to be driven by five interconnected Strategic Levers that support our ambition of becoming the **FASTEST GROWING** brewery in Malaysia with a dynamic portfolio of strong brands.

Each of these Strategic Levers rests solidly on the strong foundation of our Thirst for Great Stand which inspires us to create Great People, Great Brands and Great Moments for our consumers, customers and communities.

Our Stand advocates that we never just settle for good, but that we must always thirst for something better by steadfastly raising the bar to develop Great People, who brew Great Brands and deliver Great Moments.

Going forward, Carlsberg Malaysia remains passionate and committed to brewing a great future for our customers, consumers, communities and people.



KEY INITIATIVES AND ACHIEVEMENTS



Customers

- ❖ We achieved greater value growth with our customers through value management initiatives.
- ❖ We improved the operational efficiency of our distributors and sales force.
- ❖ We enhanced the consumers' experience by developing joint-activities with customers.



Consumers, Brands and Innovation

- ❖ We iconised Carlsberg via our sponsorship of the Barclay's Premier League Football Championship.
- ❖ We achieved accelerated growth in the sales and distribution of premium brands Kronenbourg 1664 and Asahi Super Dry.
- ❖ We experienced a step change in product innovation by introducing Pear flavour under Somersby Cider.



People

- ❖ We rolled out the Leadership Competencies value system to strengthen our talent pipeline.
- ❖ We upskilled our workforce through the Carlsberg Sales Academy, Carlsberg Supply Chain Academy, Carlsberg Asia & Africa Accelerated Development Initiative (CAADI), and the Carlsberg Group Brewmaster course.
- ❖ We made good inroads on the employee engagement front as per the 2014 MyVoice survey scores.



Effectiveness and Efficiency

- ❖ We reinvested savings from cost management programmes in brand building.
- ❖ We tapped Project LEAN and LogEx to improve Supply Chain efficiency and productivity.
- ❖ We leveraged Value Management and Return of Marketing Investment (ROMI) initiatives to increase our market competitiveness.



Society and Reputation

- ❖ Our CSR efforts were lauded as being the Best Corporate Responsibility initiatives at *The Edge* Billion Ringgit Club Corporate Awards.
- ❖ We extended our community outreach via our charity foundation, the J.C. Jacobsen Foundation.
- ❖ We raised our standard and strengthened our commitment to responsible drinking by launching a new policy and deploying a series of activations.

MANAGEMENT DISCUSSION & ANALYSIS



CONSUMERS, BRANDS AND INNOVATION

Creating GREAT MOMENTS with a Strong Portfolio of Brands

Building on the momentum of the previous year, 2014 saw Carlsberg Malaysia's portfolio of brands outperforming expectations, by continuing to make good headway and reinforcing their positions in the minds and palates of Malaysian consumers.

In spite of dismal economic forecasts and the devastating airline tragedies that marred the mood for celebration, we continued to gain good momentum on brands within our portfolio. This positive growth was partly due to several initiatives taken by the respective brands to expand their individual reach. It also demonstrates our ability as a premier brewer to accurately gauge consumer tastes and cater to their wants.

The success of our efforts in the preceding year to iconise our flagship brand Carlsberg was reflected in the bevy of awards we received in 2014. These awards speak volumes of our dedication to providing our consumers only the highest quality products as well as of our commitment to running an efficient and sustainable business entity. Our dominance of the market as the country's most preferred beer brand was also due to several strategic sponsorships that we leveraged on such as the Barclays Premier League and Maybank Malaysian Open 2014.

Our premium brands continued to experience exponential growth in 2014 with volumes for Asahi Super Dry, Somersby Cider and Kronenbourg 1664 increasing. The brands gained popularity even as Asahi Super Dry expanded its influence in the clubbing scene and Somersby Cider launched a brand new variant while developing its

brand platform. Likewise, Kronenbourg 1664 reported positive and steady sales with the various campaigns that it implemented.

Our other value brands continued to perform well, marking an overall good year for Carlsberg Malaysia and ensuring that we are right on track in our goal to become Malaysia's fastest growing brewery.

Carlsberg continues to reinforce its position as Malaysian's most preferred beer

In 2014, our flagship brand Carlsberg continued to reinforce its position as Malaysia's favourite beer.

Carlsberg marked its successful run in 2014 with a number of awards and accolades on several fronts. The Carlsberg beer brand established its seat among the top brands in Malaysia once again by winning a Gold award at the prestigious Putra Brand Awards 2014. Carlsberg is also the only beer brand to have won the coveted Putra Brand Icon award last year and to be inducted into the Putra Brand Hall of Fame for winning its fourth consecutive gold award since the establishment of the awards in 2010.

Our flagship brand also went on to win Gold for the 16th successive year at the celebrated *Reader's Digest* Most Trusted Brand Awards 2014. Carlsberg is the only alcohol brand to have accumulated so many consecutive golds since the award's inception in 1999. The accolades above lie the testament to Carlsberg's superiority as a beer brand and of its commitment to catering to the tastes of its consumers.

The year saw the Carlsberg brand continuing to serve up many consumer engagement activities building on its friendship theme. One such initiative was Carlsberg's "Friend-tastic" campaign which brought to life the "Carlsberg Friendtastic Machine" – a one-of-a-kind vending machine which puts friendship to the test as friends come together to play the ultimate game to win some free Carlsberg beer. The machine drew overwhelming response nationwide, as 'true friends' queued in line for a shot at friendship, giving them a chance to strengthen their ties and camaraderie in a fun way, whilst being rewarded with ice cold Carlsberg.

Carlsberg has always taken the time to pay homage and show our respect for the customs and traditions that are important to our community. Our 2014 Chinese New Year (CNY) Consumer Promotion Campaign to usher in the Year of the Horse was no exception.

Our CNY campaign offered more than 80,000 *ang paws* (valued at RM8,888 and RM388), 50" Sharp LED televisions and other prizes to wish our loyal customers a prosperous year ahead. Two media launches were held at the Selangor and Perak Turf Clubs where Carlsberg hosted a special horse race named the Carlsberg Golden Success Cup to symbolically unleash success and good fortune in leaps and bounds for consumers and customers.

In the spirit of family togetherness, Carlsberg lent its support as the official beer sponsor of the promotional roadshow for the Chinese New Year movie, *Ah Beng – Mission Impossible*. As part of the roadshow, the cast visited 20 food and beverage outlets in Klang, Ipoh, Butterworth and other parts of Penang, as well as made special appearance at the Chinese New Year Miao Hui festival (also known as Temple Fair in Butterworth), for which Carlsberg Malaysia was the main presenter for the fifth consecutive year, to meet and greet consumers.

Over the course of our CNY campaign, our Management Team paid visits to four English and Chinese media houses over two days. They were accompanied by a lion dance troupe and a pair of opera performers in Wudan (female warrior) roles who dazzled those present with their spear play. All in all, Carlsberg Malaysia had a very successful CNY campaign with sales data revealing that we captured an improved market share over this period.

In East Malaysia, Carlsberg's consumers continued to be feted by the brand with events such as the KK (Kota Kinabalu) Jazz Festival and the Carlsberg Diamond Idol (CDI). Running for its fourth consecutive year, the popular CDI talent show is known for helping home-grown talent to shine. CDI 2014 attracted over 100 aspiring singers or music lovers at auditions that were held in Miri, Sandakan, Kuching and Kota Kinabalu respectively.



MANAGEMENT DISCUSSION & ANALYSIS



CONSUMERS, BRANDS AND INNOVATION

Creating GREAT MOMENTS with a Strong Portfolio of Brands

Fuelling the passion of football fans

Carlsberg reinforced its rapport with football fans once again as it continued its partnership with the Barclays Premier League (BPL) for three consecutive seasons starting with the 2013/2014 season. Under its title as the Official Beer of the Barclays Premier League, Carlsberg richly rewarded both fans of football and the brew during the 2013/2014 season through its exclusive sponsorship and network.

Carlsberg kicked off its Price of Passion 2 challenge in February 2014 at one of its BPL viewing parties. Fans, who took up the challenge and demonstrated how far they would go in the name of football, were treated to a unique Carlsberg VIP BPL experience. Winners and their friends were given the chance to watch their favourite clubs live in the United Kingdom with full VIP treatment at the Carlsberg Hospitality Lounge of each stadium visited.

To commemorate the last BPL match day of the 2013/2014 season, Carlsberg hosted the epic viewing party of the year at Movida, Sunway Giza in May. Hundreds of Carlsberg and footie fans roared in a riot of team colours as they gathered in front of a giant high definition display screen to watch the three most impactful matches of the night simultaneously.

For the new season 2014/2015, Carlsberg kicked things off by giving football fans the opportunity to get up close with the coveted official BPL trophy. Guests and the public came together to welcome the ultimate symbol of league domination before it set off on a tour across the country

in a specially modified Carlsberg Champions Trophy Truck that transformed into a display platform.

Building on this momentum, Carlsberg hosted the first-of-its kind Carlsberg Ultimate BPL Retreat at AVANI Sepang Goldcoast Resort in November. This money-can't-buy football experience saw over 280 Malaysian consumers and another 30 consumers from Hong Kong spending their weekend in a 2D/1N retreat with four BPL legends namely Dennis Wise, Steve McManaman, Gianfranco Zola and Sol Campbell – some of the greatest BPL players of all time. In true Carlsberg spirit, the retreat not only strengthened the friendships amongst football buddies, but also saw new ties forged as fellow Carlsberg fans bonded over their mutual love for the beautiful game.

To end the first half of the 2014/2015 season, a huge viewing party between Manchester United and Liverpool was held in December, where more than 300 footie fans, including fans from both teams' supporters club gathered to watch the big game. A host of games were organised with the winners walking away with unique club memorabilia like autographed jerseys and Liverpool and Manchester United merchandise and limited edition Liverpool branded Carlsberg bottles.

Strongly supporting the development of golf

Commemorating another successful year in sporting events, Carlsberg achieved new heights with the much anticipated Carlsberg Golf Classic 2014. Marking its 21st consecutive

year running, the amateur golfing tournament saw approximately 5,000 golfers pit their skills against each other at 40 clubs nationwide over a six-month period.

These tournaments eventually culminated in the National Final at the Kota Permai greens where 80 winners from the Gross and Nett categories contended to emerge as the National Champion of their respective categories. The champions also received a vast range of prizes and the priceless opportunity to play with the pros in the Maybank Malaysian Open 2015 ProAm.

2014 boasted a prestigious list of tournament sponsors that included Mercedes-Benz Malaysia, Sharp, Liberty Golf Services, Titoni, FJ, TaylorMade, Ogawa, ParGolf, Jagermeister, Brother, Listerine, Gatorade and Sunplay.

As part of its annual philanthropic efforts, the Carlsberg Golf Classic 2014 Charity Fund supported numerous homes throughout Malaysia with the funds it raised from the donations of generous golfers.

Carlsberg also strengthened its association with golf by returning for the ninth year as the main sponsor of the Maybank Malaysian Open. Carlsberg's partnership with the Maybank Malaysian Open and dedication to the development of amateur golf through the Carlsberg Golf Classic has rightly earned us the reputation of being golfers' beer of choice.



MANAGEMENT DISCUSSION & ANALYSIS



CONSUMERS, BRANDS AND INNOVATION

Creating GREAT MOMENTS with a Strong Portfolio of Brands

Taking Oktoberfest festivities to new heights

2014 saw Carlsberg Malaysia's over one and a half months Oktoberfest campaign return with a host of exciting new consumer promotions that took the festivities to another level. Time-honoured traditions were celebrated at pubs and bars across the country in the true spirit of Oktoberfest, with hearty steins of German brews Erdinger, Franziskaner and Lowenbrau complemented by the country's most loved beer, Carlsberg.

The year's celebration also introduced the country's first ever Oktoberfest Bier Bike, a one-of-its-kind bike which gained recognition as the country's "First Six Pedalist Beverage Cart" by the Malaysia Book of Records. The highlight of the 2014 Carlsberg Malaysia Oktoberfest season was the grand finale at One Utama shopping centre which saw a huge turnout of over 8,000 participants throughout the three-day event.

Premium brands portfolio gains strong traction

Our premium brands portfolio comprising Kronenbourg 1664, Asahi and Somersby Ciders experienced a year of growth in 2014 with rising demand seen across the portfolio. There were solid increments made on both the production and consumption fronts.

The good traction gained over the course of the year is the result of the successful brand campaigns rolled out as well as the measures undertaken to ensure the top-notch freshness and efficient distribution of our premium products.

Asahi makes strong inroads among party-goers

Growing from strength to strength, Japan's No. 1 global premier beer brand Asahi continues to make strong inroads within our premium segment since its launch three years ago. In 2014, the brand recorded an increase in volume in modern premises as well as in off-trade channel.

Consumer-wise, Asahi has been making its presence felt among the younger generations of premium beer drinkers in Malaysia, especially amongst party-goers and within the clubbing scene. Consumer promo campaigns to reward consumers for their support were initiated throughout the year, resulting in an increased fan base for the brand.

Asahi continued to impact the Electronic Dance Music (EDM) segment by bringing in internationally-renowned DJs such as Richard Durand, Markus Schulz, Ferry Corsten and the most anticipated DJ of the year, Steve Aoki. These events cemented Asahi's association with the largest EDM acts around.

Apart from the EDM scene, Asahi also sponsored celebrated events such as Future Music Festival Asia (FMFA) and the JUICE Magazine Anniversary Party. Lauded as one of the most anticipated music events of the year among partygoers, FMFA saw Asahi gearing up from February for the three-day rave extravaganza which was held in March.

In an effort to liven up consumer's nights after a hard day at work, Asahi introduced the "ASAHI Smooth As Silver" Promo in MONT and TONT outlets throughout the nation. The campaign, which ran from July to September, offered consumers the chance to redeem premium limited edition silver mahjong sets, lighters and silver playing cards. This was followed by another consumer promotion in November to December period, where prizes worth a total of RM200,000 were given away including 18 sets of banquet dinners.

Asahi delved into board game entertainment through its sponsorship of the Malaysia Soft Darts Open (MSDO) Championship 2014. With the aim of engaging with consumers who are dart enthusiasts, Asahi Super Dry, in partnership with i Darts Malaysia, organised various fun games while providing patrons and players an opportunity to win limited edition ASAHI merchandise during the tournament.

Somersby Cider gains ground as an alternative choice

Since its successful introduction into the Malaysian market in June 2012, Somersby Cider continues to expand its fan-base as the best loved cider in both West and East Malaysia through various consumer engagement activities and platforms.

In May 2014, Somersby launched its Somersby Pear Cider to a warm reception from the Malaysian public. Made from fermented real pear juice with 4.5% alcohol content, Somersby Pear Cider offers consumers a crisp and refreshingly delicious alternative to beer. Fully imported and aimed at consumers with a more adventurous taste for life, the cider has made successful inroads and is quickly becoming a favourite among consumers.

The brand new cider was subsequently introduced in East Malaysia @ Four Points by Sheraton Sandakan in July and was an instant hit among consumers there. The event also secured our extension at Four Points for the next two years, guaranteeing a steady partnership with the hotel and its guests.

The launch of Somersby's new cider also marked the introduction of our new consumer engagement platform, the magically themed Somersby Ciderland. Created as a sampling avenue to exude a relaxing



MANAGEMENT DISCUSSION & ANALYSIS



CONSUMERS, BRANDS AND INNOVATION

Creating GREAT MOMENTS with a Strong Portfolio of Brands

atmosphere that is tinged with unpredictability, Ciderland has been modelled to create a community that “celebrates social interaction with attitude of staying open-minded.” Access to Somersby Ciderland is being made available to all consumers, non-Muslim and aged above 18 with sampling activities being conducted nationwide across various channels.

The introduction of a new variant and the expansion of the brand’s image have been profitable as Somersby Cider saw its volume more than double in 2014. According to data from AC Nielsen, the brand continued to dominate the cider market in 2014 with more than 75% market share in off-trade channel. Furthermore, the introduction of Somersby Ciderland has resulted in Somersby engaging with over 300,000 consumers across the nation. Somersby also ran three major consumer gift-with-purchase promotions in 2014 at both modern outlets and supermarkets to further drive sales as well as reward loyal consumers.

Aside from its Somersby Ciderland activations, Somersby went on to strengthen ties with consumers via event sponsorships. In a bid to spread joy to consumers, Somersby Cider once again sponsored the PJ Laugh Festival in 2014 for the second consecutive year. Other significant sponsorships include the Future Music Festival Asia 2014.

Kronenbourg 1664 reinforces its position with the French Way of Life

In 2014, Kronenbourg 1664 (K1664) championed the cause of creating a work-life balance among its consumers with its Taste the French Way of Life (TTFWOL) campaign. The campaign was unveiled in several phases throughout the year with the first stage being K1664’s Cinq à Sept promotion. The French term, when translated, literally means “five to seven” and refers to the time the French leave work to spend time with their loved ones.

In line with this life ethic, K1664 organised office soirees (get-togethers) at various venues including offices to encourage Malaysians to enjoy life to the fullest by sharing its little pleasures. The soirees comprised of working executives loosening up with ice cold K1664 while being treated to complementary head and shoulder massages, fun games and K1664 beer discount vouchers. This two-month campaign provided a much-needed getaway for executives after their long and hectic work weeks.

The second phase of K1664’s TTFWOL campaign was to orchestrate seven unique and exciting activations that culminated with the K1664’s Year-End Bash. The campaign kicked off with the K1664 barbeque party that was held at the panoramic Stratosphere at the Roof. This was followed by the K1664 Movie Night, Darts Night, Dining in the

Dark, Comedy Night, Food Marche and Broadway Night events, all of which finally culminated in K1664’s Year-End Bash at Oasis Square, Ara Damansara.

On the digital front, K1664’s Facebook page reached almost 6.7 million fans during the TTFWOL campaign from July to December 2014. During this period, K1664 rolled out three related videos, which led more than 1.2 million users to its Facebook page, and through promotion via relevant video banners, the video caught 957,519 eyeballs and secured 13,172 engagements.

The TTFWOL campaign brought in positive results and a steady revenue to the brand while expanding its consumer base. Moving forward, K1664 will remain committed to positively impacting its consumers by bringing back balance into their hectic schedules via various engaging activities.



MANAGEMENT DISCUSSION & ANALYSIS



CONSUMERS, BRANDS AND INNOVATION

Creating GREAT MOMENTS with a Strong Portfolio of Brands

SKOL and Danish Royal Stout hold steadfast

For 2014, our value power brands SKOL and Danish Royal Stout (DRS) continued to be household favourites among consumers, especially in more traditional outlets such as hawkers' centres, food courts and coffee shops. Both brands reported steady sales and solid growth rates throughout the year thanks to targeted combined promotions that were aimed at price-sensitive consumers, who are looking for value for their money.

The promotion involved consumers redeeming scratch cards with every purchase of a single large bottle of either DRS or SKOL at participating outlets. The scratch cards in turn would reveal a discount off the following bottle. Furthermore, modern off-trade consumers were entitled to discounts with the purchase of a six-can pack of DRS or SKOL.

We gave a facelift to DRS and improved outlet stock weight and on-shelf availability, in order to drive sales further. This proved to be successful as the brand further expanded its share in the market.

New offering Stoli gets off to an exceptional start

Our subsidiary, Luen Heng F&B Sdn. Bhd. (LHFB) expanded its offerings to consumers by partnering with Stolichnaya® vodka (Stoli), the fourth biggest international vodka brand, and brand of the highest rated vodka in the world, elit™ by Stolichnaya®. LHFB is the official distributor of Stolichnaya® vodka in Malaysia.

Leveraging on social media platforms such as Facebook, Instagram and

Twitter, Stoli sought to keep consumers updated on all the brand's latest happenings and events via their smart gadgets. In conjunction with the launch, a pop-up Stoli booth was set up in order for guests to interact directly with the brand live on-site and on social media.

Budweiser Malaysia continues to make dreams come true

Budweiser's ever growing fan base expanded with the brand's continued support of the KL Dragons, its various FIFA World Cup Brazil 2014 promotions and its sponsorship of the Music DJ Tour Malaysia 2014. The brand's consumer engagement activities paid off when Budweiser garnered more than 90,000 fans on their Facebook page in 2014.

Budweiser continued to make dreams come true with its sponsorship of the FIFA World Cup Brazil 2014. Budweiser brought the World Cup fever to a high in Malaysia with the release of a nationwide consumer campaign themed "Rise as One" to enable football fans to really get into the spirit of the beautiful game. In order to reach a greater percentage of consumers, the campaign was activated across 300 modern outlets, 170 off-trade premises as well as 1,000 convenient shops nationwide.

The key feature of the campaign was the Budweiser Malaysia Win a Trip to the 2014 FIFA World Cup Brazil contest in which two lucky Malaysian winners were given the opportunity of a lifetime to watch the 2014 FIFA World Cup Semi-final live in Sao Paolo, Brazil.

Budweiser Malaysia continued to impact the sports scene in 2014 via its continued three-and-a-half year agreement with the Westports Malaysia Dragons as the team's official beer sponsor since 2013. In its role as a sponsor, the brand presented RM90,000 to the Dragons at a press conference held at the MABA Stadium.

Budweiser also charged up the Malaysian music scene in conjunction with the Budweiser Global campaign named Made for Music DJ Tour Malaysia 2014. The famous DJ Flash Finger, a prominent South Korean music producer and DJ, wowed Budweiser patrons with his famous speed spinning skills and self-composed songs at three separate events that were held in Kuala Lumpur, Penang and Juru respectively.

Corona Extra focuses on bringing simplicity back to life

Corona Extra, Mexico's favourite beer and the number one imported Mexican beer brand in Malaysia, continued to make waves among its Malaysians fans in 2014 as it continued its successful Let the World Wait campaign from the previous year. The premier beer brand engaged in numerous consumer engagement activities throughout the year to emphasise its philosophy of living life in a real and simple way.

In line with its philosophy and the brand's emphasis of the beach, Corona Extra brought back its Corona Sunset Beach Party Series. The series saw Corona Extra bring the beach into the city with a series of exciting parties that were held in various pool bars and pubs across town.

Corona also brought the excitement of the Association of Tennis Professionals or ATP 250 tournament to Malaysian fans once again as the official beer sponsor of the ATP World Tour. Corona gave fans the opportunity to get the autographs of their sporting heroes as well as take photographs with them during the meet-and-greet session held at the Corona Extra marquee. Corona's partnership with the ATP world tour continues to bring recognition to the brand in Malaysia.

Connor's maintains its premium stout position

Connor's, Carlsberg Malaysia's nitrogenated draught stout that is brewed and not blended, reported positive sales and returns in 2014. The brand engaged in two promotional campaigns throughout the year which resulted in positive returns.

The first campaign, which kicked off in March, was a special offer for consumers to redeem a pair of Connor's speakers with every purchase of three pints of Connor's stout. Following its success, Connor's launched its second promotional campaign at participating modern on-trade outlets. The promotion offered consumers attractive premium headsets for purchase of Connor's Stout.

Moving forward with a strong brand portfolio

Moving forward, we will endeavour to improve and invest in our premium brands portfolio in ways that will enable our brands to continue trending upwards in their respective growth trajectories, while successfully catering to the changing tastes of our consumers.



MANAGEMENT DISCUSSION & ANALYSIS



CUSTOMERS

Delivering Greater Value to Our Customers

As customers are at the heart of every decision we make, we have committed to deliver the best experience and value to them. In 2014, we rolled out several initiatives that were aimed at reinforcing existing customer ties while fostering new ones, extending our market reach and strengthening our value proposition to our customers.

Tapping effective value management initiatives

Having embarked on our value management journey in 2013, we continued to roll out initiatives in this area to derive better value growth in our business on top of volume growth. The year 2014 saw us focusing our efforts on three key levers, namely Pricing, Assortment and Promotion. Leveraging on these levers, we were able to successfully capitalise on opportunities to optimise value from our commercial activities and achieve positive value which exceeded our target by approximately 50%. Moreover, with the right focus and approach, we improved our overall top-line growth via premiumisation, improvements in distribution points and the rate of sale of our key brands.

Strengthening distributor ties

Our distributors are important business partners and in 2014, we activated several initiatives to strengthen our ties with them. In early 2014, we initiated the Maybank Corporate Purchasing Card Programme with the key objectives of improving the Company's cash flow and distributors' working capital. The programme also increased distributors' operational efficiency by eliminating time consuming manual

processes. Distributors were enrolled in this programme by stages and we have to date received positive feedback from participants.

We also trained 145 distributor sales representatives from East and West Malaysia on the Carlsberg Sales Academy (CSA) module in basic negotiation skills. Following the revision of a distributor incentive scheme to improve and drive performance, the average pay-out per qualified distributor improved by almost 20% in 2014.

Making the most of new technology

In a move to improve transparency and efficiency, we replaced our sales representatives' PDAs with tablets in December 2014. The new Windows tools and Android platform have accorded our sales representatives much more functionality while communication has improved and the sharing of information has become more seamless.

Leveraging on joint activities

The year in review saw us continuing to work closely with both on-trade and off-trade customers in 2014 via our key account management model. The joint planning exercises that we undertook together with our customers enabled us to create exciting activities that delivered better experiences to our consumers. Our customers have grown with us under an effective portfolio approach, with different brands catering to different occasions. This has enabled us to drive traffic and growth more effectively.





MANAGEMENT DISCUSSION & ANALYSIS



EFFECTIVENESS & EFFICIENCY

Bolstering Effectiveness and Efficiency across the Value Chain

As part of our efforts to improve effectiveness and efficiency across Carlsberg Malaysia's entire value chain, especially in light of weaker market conditions and a tougher operating environment, we continue to roll out several prompt, decisive and aggressive Effectiveness & Efficiency (E&E) programmes. We are making steady progress as we reduce costs and manage cash flow more effectively while increasing our investment in our brands and enhancing our network.

Leveraging on focused E&E programmes

2014 saw Carlsberg Malaysia implementing a host of focused E&E programmes to proactively counter the soft consumer spending environment and rising costs. Our cost management initiatives successfully compensated for the effect of lacklustre consumer sentiment and an unforeseen tax increase as well as enabled us to manage our expenditure and investments in the P&L in a structured manner.

The savings we garnered from these initiatives in turn enabled us to make further investments in our brands, strengthen our market position and continue delivering increased profits. Even as we re-invested in increasing our market competitiveness, we managed to gain both market and value share while simultaneously improving our EBIT margins.

Not only did our E&E programmes enable us to weather the challenging operating environment, they also improved our operating expenditure in 2014. We will continue to inculcate a cost management mindset among our people and emphasise that our E&E efforts are not a temporary diet, but rather a way of life for our company and the backbone of our business.

On the supply chain front, we continued to implement our LEAN initiative as well as roll out our LogEx (Logistics Excellence) initiative. The latter initiative is an essential component to improve the multinational expeditionary logistics capability and interoperability through bilateral and multinational engagement.

On the sales and marketing front, we continued with our Value Management and ROMI (Return of Marketing Investment) programmes. Value Management enabled us to achieve a strong net sales revenue per hectolitre which came on the back of an improved product, pricing and channel mix in the off-trade segment. Our robust efforts to optimise advertising and promotion spend via ROMI programme grew our market share and helped build the brand equity of our products.

All these initiatives together with 2014's E&E efforts helped us weather the

unfavourable business environment and drive profitable market share growth.

New sustainable packaging delivers tangible benefits

It is the Carlsberg Group's vision to become an efficient green brewer. In line with this, the year saw Carlsberg Malaysia developing a new strategy for sustainable packaging based on four guiding principles, namely Reduce, Re-Use, Recycle and Rethink. These principles are helping us to reduce the environmental impact of packaging, enhancing the reuse of existing returnable items, encouraging consumers to recycle and increasing the amount of recyclable content in new packaging.

One of our key initiatives was sparked by collaboration with our suppliers. It involved adopting a thinner shrink wrap (50 micron vs 60 micron previously) for packaging. This not only enabled us to achieve similar packaging strength, but helped us to reduce our carbon footprint. The Company also increased the deposit rates for distributors, which encouraged higher bottle returns.

This move towards more sustainable packaging is the right thing for us to do as a company and is expected to produce a number of environmental, operational and commercial benefits. Aside from the obvious environmental advantages, the use of more

sustainable packaging is expected to generate cost savings and strengthen our relationship with key customers, many of whom work with sustainable packaging themselves.

Utilising resources in the most efficient manner

Carlsberg Malaysia is constantly looking for ways to ensure that we maintain the highest level of efficiency in energy and water consumption. We target at least a 5% improvement

in utilities efficiency every year and in 2014 successfully reduced energy consumption by 5% against the preceding year.

Today, Carlsberg Malaysia is the second best company within the Carlsberg Group in Asia in terms of energy efficiency. Moreover, even as we utilise gas in our operations, we are ahead of other breweries in this region that are still using solid fuel.

To mitigate the risk of a water crisis, we have made modifications to decrease our dependency on water from Syabas.

We also undertook several other improvement initiatives over the course of 2014. Our efforts resulted in a higher rate of effectiveness of between 3% and 13% on our packaging lines, while we successfully reduced malt extract losses by as much as 11% year-on-year.



MANAGEMENT DISCUSSION & ANALYSIS



PEOPLE

Nurturing Great People

In line with our employee value proposition, we continue to provide our employees opportunities for personal and professional development whilst ensuring a high level of engagement.

Strengthening our talent pipeline

In 2014, we focussed our efforts on developing the leadership skills and competencies of our employees as part of our talent grooming and retention objectives.

The Carlsberg Group Leadership Competencies was introduced in 2013 with an aim of propagating a shared leadership culture and value system throughout the Group. We continued to build traction in this area throughout 2014 by embedding the Leadership Competencies within the organisation.

As a testament to our commitment in driving talent development, two high potential talents were put on international assignments to other Carlsberg markets across Asia for exposure and development. The same year saw our efforts come to fruition when our very first Supply Chain Management Associate successfully completed a vigorous two-year programme which culminated in a three-month stint in Cambodia.

Another highlight of the year was when the Carlsberg Malaysia team did us proud by winning the Carlsberg Business Simulation Programme organised by Carlsberg Asia for the Asia region. This simulation consisted of teams running a virtual brewery in which they were assessed on various factors including market share, stock outs, net revenue, and earnings before income tax, capacity, productivity, as well as sales, brand, HR and finance scores.

Team Malaysia came out tops beating 12 other teams including Team Hong Kong and Team Ningxia of China, which took second and third place respectively. This exciting programme provided our participants with a holistic understanding of a brewery business as well as the opportunity to demonstrate cross-functional collaboration and hone their strategic thinking skills.

A focus on upskilling our people

To strengthen the calibre of our workforce and ensure our employees are at the top of their game, we are continuously upskilling our people. In 2014, our employee development efforts were bolstered via the training opportunities afforded by the Carlsberg Sales Academy, Carlsberg Supply Chain Academy and other programmes.

Investment in talent development continued with participation in the Carlsberg Asia & Africa Accelerated Development Initiative (CAADI) programme in collaboration with the China-Europe International Business School. The CAADI programme saw two of our high potential talents receiving training in competitive strategy, entrepreneurship and innovation while engaging and building networks with fellow Carlsberg employees from 10 countries.

Selected Supply Chain employees were sent for the Executive in Beverage Industry Supply Chain Programme at the Scandinavian School of Brewing to gain experience and know-how to run a brewery. They also attended the Carlsberg certified brewmaster course in collaboration with the VLB Institute in Berlin where they acquired knowledge on everything from yeast

cultivation to route-to-market models. Participants also had the opportunity to visit the maltster of Danish Malting Group, the Carlsberg Fredericia Plant, the Jacobsen Brewery and Coca-Cola as part of their class work and practical assignments.

Bolstering employee engagement efforts

Employee engagement is another focal point of our workforce practices. As reflected in the MyVoice 2014 scores, Carlsberg's annual employee satisfaction survey, overall employee engagement rose by 2% to 75%. Efforts to provide employees with more line of sight to the business, regular dialogue sessions, as well as a series of initiatives designed to encourage greater interaction in the workplace (such as the Thirst for Great Hour (TFGH) events and Sports & Recreation Club activities), contributed significantly to this favourable score.

The improved scores for 2014's MyVoice were evident in the following focus areas:

- Senior management +4% to 72%
- Feedback and recognition +1% to 62%
- Survey follow-up +10% to 69%

The main driver of Carlsberg Malaysia employee engagement activities in 2014 were the TFGH sessions, which were held every quarter. These sessions did much to bring employees from diverse levels and businesses together to celebrate achievements, exchange business insights and ideas as well as to share organisation-wide updates with all employees.

The highlight of the year's TFGH sessions was the third session that featured Professor Flemming Besenbacher, Chairman of the Carlsberg Group and Carlsberg Foundation, on his inaugural visit to Malaysia to mark the launch of the J.C. Jacobsen Foundation. Professor Flemming shared the vision and mission of the Carlsberg Foundation with our employees and answered questions from the floor.

Our employee engagement initiatives for 2014 ended on a high note when Carlsberg Malaysia's annual dinners were celebrated in style in our Northern, Southern, Central and East Malaysia regions. The theme for the Central Annual Dinner was "Journey to Greatness", which reflected the vision of the Company and the milestones that we have achieved thus far. The four annual dinners were a huge success and did much to strengthen the esprit de corps among our people.

Steadfastly attracting and retaining talent

Here at Carlsberg Malaysia, we are committed to growing our workforce by attracting and retaining talent. Our efforts to build our talent pool received a boost when our Internship Programme was endorsed by TalentCorp. Eighteen students gained significant exposure and experience as they underwent internships at various departments within Carlsberg Malaysia in 2014. Going forward, we are confident of attracting talent and offering our employees a conducive working environment as we set in place the building blocks to remain an employer of choice.



MANAGEMENT DISCUSSION & ANALYSIS



SOCIETY & REPUTATION

Sustaining Growth through Responsible Corporate Behaviour

As a responsible corporate citizen that has been operating in Malaysia for 45 years, Carlsberg Malaysia is committed to positively shaping society while delivering sustainable growth via our Corporate Social Responsibility (CSR) initiatives. The year in review saw us implementing change in communities through the channels of education, environment and sports as well as integrating solid CSR initiatives into our value chain.

In recognition of our commitment towards CSR, Carlsberg Malaysia bagged the first prize at the prestigious *The Edge* Billion Ringgit Club (BRC) Corporate Awards. Amongst 178 of 900 companies listed on Bursa Malaysia with a market capitalisation of more than RM1 billion, Carlsberg Malaysia topped the list of companies with the best Corporate Responsibility (CR) initiatives in the “below RM10 billion market capitalisation” category. This honour, which comes on the back of some remarkable milestones achieved in 2014, is testament to the significant progress we are making on the CSR front.

The J.C. Jacobsen Foundation – a new chapter in our CSR journey

The year 2014 marked the beginning of a new chapter for Carlsberg Malaysia with the establishment of our charity outreach, the J.C. Jacobsen Foundation (the Foundation), that aims to provide sustainable solutions for the betterment of Malaysian society. Championing the tagline “Let’s brew a better, greener future”, the Foundation anticipates joining forces with existing and new charitable organisations in their efforts to enhance the quality of all Malaysians through education, sports and environmental conservation.

The Foundation was officially launched in June 2014 at a fundraising dinner by Professor Flemming Besenbacher, Chairman of the Carlsberg Group and Carlsberg Foundation; the Danish Ambassador to Malaysia, His Excellency Nikolai Ruge; and five Trustees of the Foundation’s Board.

Funds amounting to over RM400,000 were raised from the event, of which RM300,000 was channelled towards 18 schools and homes under the Foundation’s education pillar, while organisations such as Do Something Good, Hati Malaysia and Community Recycle for Charity (CRC) were the beneficiaries under its environmental pillar. Part of the night’s proceeds also went towards funding for sports-related organisations, including the Olympic Council of Malaysia, Paralympic Council of Malaysia and Malaysia Federation of Wushu, Negeri Sembilan.

Following the launch, the Foundation rolled out several initiatives under its environment pillar. This included the clean-up of river-based recreational areas such as Sungai Kanching at Templer’s Park and the Sungai Liam waterfall at Ulu Yam. The sum of RM15,000 channelled to CRC was used to increase the number of recycling bins around the Klang Valley to encourage urbanites to adopt good recycling habits. The Foundation also continued Carlsberg Malaysia’s annual sponsorship of two elephants at Zoo Negara with a contribution of RM15,000 for the upkeep and maintenance of the animals.

The Foundation also lent its support towards developing and growing the Malaysian sporting scene by

contributing RM30,000 to the OCM-Carlsberg Athletes Retirement Scheme and another RM15,000 to SportsExcel, the foundation for Malaysian sporting excellence. In support of the Shah Alam City Council’s greening efforts, the Foundation also sponsored the year-long “Trees for Life” tree planting campaign in the industrial area of Shah Alam, the city where Carlsberg Malaysia’s brewery is located. It is our hope that through the Foundation, we will be able to pay homage and echo the life of Carlsberg Founder, J.C. Jacobsen, a man who truly embodied “public spirit”.

Continuing our support of vernacular schools

In support of vernacular schools, 2014 saw us continuing to roll out our flagship fundraising campaigns including the Top Ten Charity Campaign (Top Ten), I Love Chinese Education East Malaysia Charity Concert (EMCC) and Carlsberg-Hua Zong Chinese Education Fund (CEF).

To take our flagship fundraising project up several notches, we increased the number of Top Ten charity concerts from 8 in 2013 to 14 in 2014 raising a total of RM24 million for 14 schools in Butterworth, Perak, Johor and the Klang Valley. The campaign reached a new milestone when RM6.3 million was raised for the Hua Lian High School in Taiping, Perak alone.

Similarly, in East Malaysia, we met with good success when our EMCC fundraising efforts to help schools enhance their infrastructure and learning environment brought in a total of RM7.9 million. Four schools in Sabah and one school in Sarawak were the year’s beneficiaries.

Through CEF, we helped 30 students pursue their dreams of higher education with some interest-free study loans of RM600,000 disbursed in 2014. Each student also received an additional RM1,600 as scholarship to commemorate the fund's 16th anniversary.

Making Responsible Drinking a top priority

As a leading brewery, we are seriously committed to advocating responsible drinking among our consumers. Our efforts encompass actively engaging our consumers and employees on our "Drink Responsibly" stand, as well as cultivating a mindset that says "No!" to drink driving, binge drinking and underage drinking among our consumers. Outside work hours, Carlsberg Malaysia employee ambassadors volunteer their time to disseminate information on responsible drinking while highlighting the legal limit of alcohol consumption in Malaysia.

Our efforts also extend to inviting consumers to test their alcohol levels utilising breathalysers used by the Road Transport Department and Traffic Police, while we distribute free personal breathalysers and bottles of mineral water. We also encourage consumers to call a cab if their alcohol levels have exceeded the legal limits, and as an additional precaution, a pool of female taxi drivers is on standby to take our female employees home.

Following the success of the previous year's Drink Responsibly Awareness Campaign, 2014 saw us rolling out five activations in which we actively promoted responsible drinking. Through these activations, we were able to



MANAGEMENT DISCUSSION & ANALYSIS



SOCIETY & REPUTATION

Sustaining Growth through Responsible Corporate Behaviour

engage with 23,000 consumers, with approximately 12,000 of those consumers signing up to be Drink Responsibly ambassadors.

The campaign also made its presence known at several high beer consumption events such as the two-day Future Music Festival Asia (FMFA) at which 14 of our employees volunteered to be Drink Responsibly ambassadors, creating awareness amongst thousands of partygoers. Similar activation was deployed at the four-day international Maybank Malaysian Open (MMO) golf tournament, the two-day Sabah Harvest Festival carnival and during the launch of Carlsberg Malaysia's Oktoberfest campaign.

Stemming from our belief that we should lead by example, we also set up a Drink Responsibly wall mural in the Carlsberg Malaysia Visitor's lounge and during our 44th Annual General Meeting to advocate our stand on responsible drinking. During our New Employee Orientation process, all new employees were briefed on the Drink Responsibly policy. Our people also pledged their commitment in adhering to the drinking guidelines so that they are equipped with adequate knowledge from the beginning of their career with us.

Continuing to integrate CSR into the value chain

In 2014, we continued to make the integration of environmentally friendly initiatives that were both responsible and sustainable a focal point of our business. Such initiatives allowed us

to assess our progress as we set our sights on reinforcing our position as a responsible brewer in the areas of sustainability.

With this in mind, we rolled out a number of energy conservation initiatives over the course of the year:

- To reduce electricity consumption, we continue to leverage on the variable speed drive (VSD) system that regulates electricity based on load demand. This is currently being used to good effect to regulate our glycol and ammonia condensers as well as water circulation pumps;
- To lower energy consumption, we made improvements to our beer chiller so that it operates at a higher evaporation temperature;
- To deliver improvements in thermal energy and eliminate heat loss, we employed heat loss mapping to identify and remove old boilers and redundant piping;
- We also undertook a boiler efficiency audit to establish losses and possible areas for improvement.

All in all, these efforts, among a host of others, enabled us to reduce energy consumption by 5% in 2014 against the preceding year. This makes Carlsberg Malaysia the second best company within the Carlsberg Group in Asia in terms of energy efficiency.

On the supplier front, we continued our second year of collaboration with the Royal Danish Embassy in Malaysia to conduct a CSR assessment on two of our key suppliers. The year saw our

logistic transporter, LTS Haulage Sdn. Bhd., and our crown cork supplier, Hercules Sdn. Bhd., completing the assessment comprising site visits and document reviews. We are pleased to say that for the most part, our suppliers' business conduct are aligned with the international standards pertaining to management systems, human rights, labour practices and environmental conservation. We are committed to assessing more suppliers in the coming years while continuing to monitor the CSR performance of those that have already been assessed.

In 2014, we once again demonstrated our support for the Earth Hour initiative. Held on March 29, Carlsberg Malaysia was joined by 10 entertainment and refreshment outlets in turning off all non-essential lights for one hour. We also took the opportunity to organise the Supply Chain Appreciation Night to coincide with the Earth Hour movement to raise the environmental awareness of our employees.

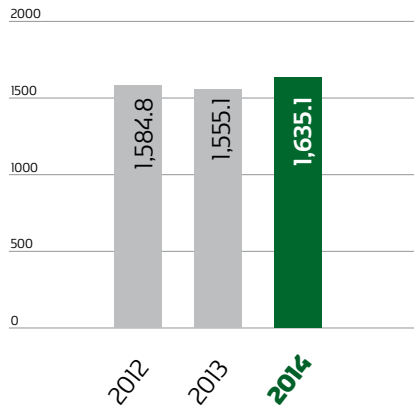
Moving forward, Carlsberg Malaysia will continue to research and implement initiatives that will spur sustainable growth and development within our Company and the communities that we operate in.

Detailed information on our 2014 CSR activities can be found in our 2014 Corporate Social Responsibility Report available on our corporate website and in the accompanying CD-ROM.

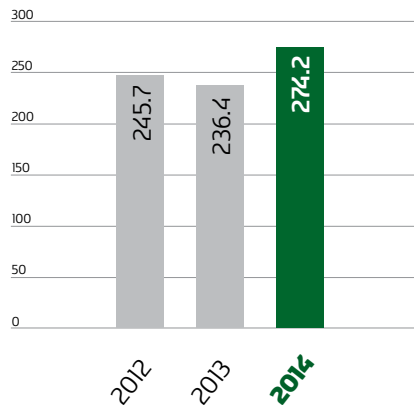


FINANCIAL SUMMARY

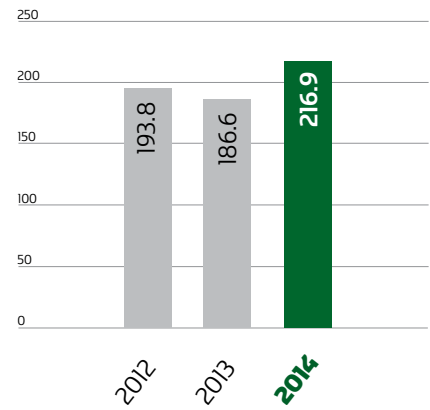
Revenue
(RM Million)



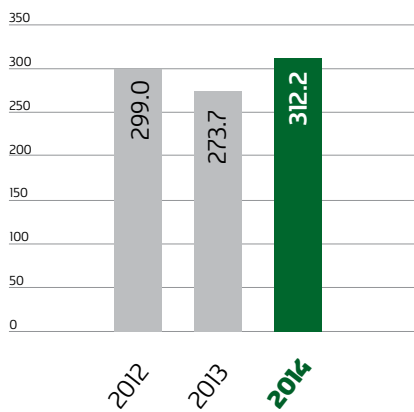
Profit Before Tax
(RM Million)



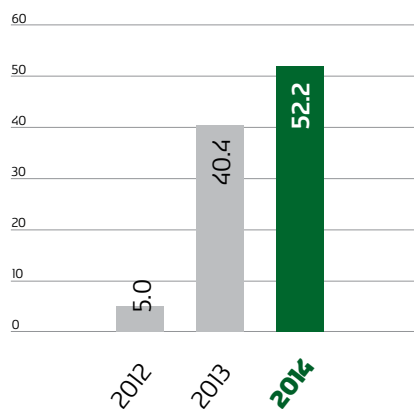
Profit After Tax
(RM Million)



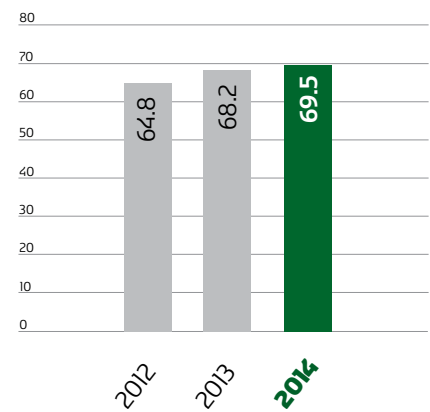
Shareholders' Fund
(RM Million)



Total Borrowing
(RM Million)



Return on Shareholders' Equity
(%)



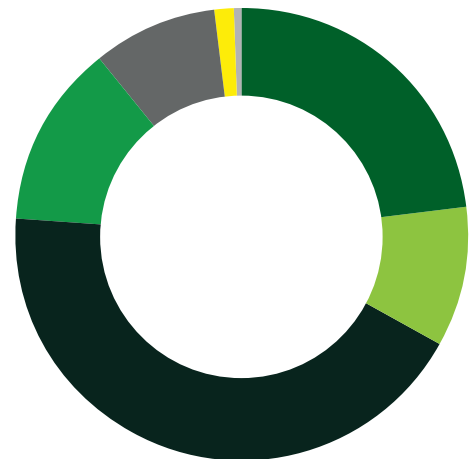
<p>■ Excise & Customs Duties 2013 40.5% 2014 40.6%</p>	<p>■ Raw & Packaging Materials Costs 2013 8.8% 2014 8.6%</p>
<p>■ Sales, Distribution, Administration & Other Costs 2013 28.3% 2014 26.7%</p>	<p>■ Staff Costs 2013 5.6% 2014 5.7%</p>
<p>■ Profit After Tax 2013 12.0% 2014 13.3%</p>	<p>■ Taxation 2013 3.2% 2014 3.5%</p>
	<p>■ Depreciation 2013 1.6% 2014 1.6%</p>

Analysis of 2014 Group Revenue



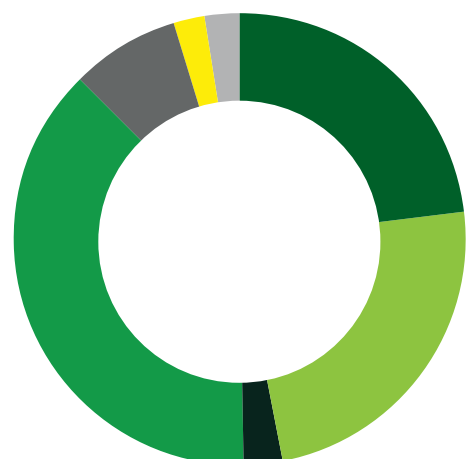
<p>■ Property, Plant and Equipment 2013 27.6% 2014 23.4%</p>	<p>■ Cash and Cash Equivalents 2013 7.4% 2014 13.3%</p>
<p>■ Inventories 2013 8.3% 2014 10.0%</p>	<p>■ Investments 2013 6.9% 2014 8.8%</p>
<p>■ Receivables, Deposits and Prepayments 2013 48.2% 2014 42.3%</p>	<p>■ Intangible Assets 2013 1.6% 2014 1.5%</p>
	<p>■ Other Assets 2013 0.0% 2014 0.7%</p>

Analysis of 2014 Total Assets



<p>■ Share Capital 2013 25.8% 2014 23.3%</p>	<p>■ Payables and Accruals 2013 40.4% 2014 37.1%</p>
<p>■ Reserves 2013 20.0% 2014 23.9%</p>	<p>■ Loans and Borrowings 2013 6.8% 2014 7.9%</p>
<p>■ Minority Interest 2013 1.8% 2014 2.9%</p>	<p>■ Current Tax Liabilities 2013 2.3% 2014 2.5%</p>
	<p>■ Deferred Tax Liabilities 2013 2.9% 2014 2.4%</p>

Analysis of 2014 Total Liabilities & Shareholders' Equity



FINANCIAL SUMMARY

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenue	867.2	929.7	897.5	960.2	1,045.5	1,368.2	1,489.4	1,584.8	1,555.1	1,635.1
Profit Before Tax	112.4	110.4	97.7	101.3	102.6	176.5	220.4	245.7	236.4	274.2
Taxation	23.7	24.5	19.2	25.2	25.9	42.4	53.0	51.9	49.8	57.3
Profit After Tax	88.7	85.9	78.5	76.1	76.7	134.1	167.4	193.8	186.6	216.9
Dividends	110.1	86.8	82.6	79.2	28.7	58.5	127.3	171.6	192.6	186.5
Retained Earnings	(21.4)	(0.9)	(4.1)	(3.1)	48.0	75.6	40.1	22.2	(6.0)	30.4

STATEMENTS OF FINANCIAL POSITION (RM - MILLION)

	2005	2006	2007	2008	2009	I---- Restated ----I 2010	2011	2012	2013	2014
Issued and Paid-up Share Capital	142.0	142.0	142.0	142.0	142.0	142.0	142.0	142.0	142.0	142.0
Retained Earnings	324.2	323.3	319.1	316.0	363.5	91.5	130.4	148.7	140.0	165.1
Call and Put Option Reserve	-	-	-	-	-	-	-	-	(20.1)	(10.6)
Non-Distributable Reserves	13.7	11.2	10.1	10.1	9.3	11.8	13.0	8.3	11.8	15.7
Shareholders' Fund	479.9	476.5	471.2	468.1	514.8	245.3	285.4	299.0	273.7	312.2
Deferred Taxation	22.6	22.4	19.6	17.2	72.3	16.5	18.3	19.8	17.1	13.5
Minority Interest	-	-	-	1.2	1.8	2.7	3.9	7.8	10.5	19.0
	502.5	498.9	490.8	486.5	588.9	264.5	307.6	326.6	301.3	344.7
Property, Plant, Equipment and Intangible Assets (Net Book Value)	169.6	160.7	158.1	156.4	521.5	152.3	158.6	168.2	174.3	164.4
Investment in Associated Company	18.0	14.8	13.8	13.9	24.3	26.3	33.4	34.7	40.9	58.2
Long Term Investment	-	-	-	-	-	-	-	-	-	-
Net Current Assets	314.9	323.4	318.9	316.2	43.1	85.9	115.6	123.7	86.1	122.1
	502.5	498.9	490.8	486.5	588.9	264.5	307.6	326.6	301.3	344.7

FINANCIAL RATIO

	2005	2006	2007	2008	2009	I---- Restated ----I		2012	2013	2014
						2010	2011			
Pre-Tax Earnings Per Share (RM)* #	0.37	0.36	0.32	0.33	0.34	0.58	0.72	0.80	0.77	0.90
Post-Tax Earnings Per Share (RM)* #	0.29	0.28	0.26	0.25	0.25	0.44	0.55	0.63	0.61	0.71
Net Dividend Per Ordinary Share (RM) #	0.36	0.28	0.27	0.26	0.09	0.19	0.42	0.56	0.63	0.61
Net Assets Backing Per Share (RM)* #	1.57	1.56	1.54	1.53	1.68	0.80	0.93	0.98	0.90	1.02
Dividend Cover, No. of Times (Based on Post-tax Earnings)	0.81	0.99	0.95	0.96	2.67	2.29	1.32	1.13	0.97	1.16
Return on Shareholders' Fund (%)	18.5	18.0	16.7	16.3	14.9	54.7	58.7	64.8	68.2	69.5
Current Ratio	4.6	4.5	4.1	3.2	1.1	1.3	1.5	1.5	1.3	1.4
Bursa Securities Price at 31 December (RM)#	5.35	5.10	4.24	3.60	4.54	6.32	8.54	12.52	12.18	11.74
Net Dividend Yield (%)^	6.7	5.6	6.4	7.2	2.1	3.0	4.9	4.5	5.2	5.2

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

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

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

FIVE YEAR DIVIDEND PAYMENT AS % OF PROFIT AFTER TAX

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Group Profit After Tax	134,123	167,380	193,753	186,620	216,921
Net Dividend Amount Declared and Proposed for the Year	133,000	167,779	192,621	186,506	217,081
Net Dividend Payment as % of Profit After Tax	99.2%	100.2%	99.4%	99.9%	100.1%

BRAND PORTFOLIO

As we set our sights on becoming the country's most dynamic brewer, we are focusing our efforts on building an equally dynamic brand portfolio that offers consumers an exciting bevy of beers, stouts, ciders, wines, spirits and other beverages that are making waves in the marketplace, particularly in the premium market segment.



Somersby Pear Cider, the latest variant in the Somersby range is a bubbly, invigorating cider with a distinctive pear flavour.



Somersby Apple Cider is a refreshing cider with a uniquely juicy apple flavour.



Asahi Super Dry, Japan's No. 1 beer brand, is brewed in a unique 'Karakuchi' style to give a clean, crisp and refreshing sensation with no bitter aftertaste.



Kronenbourg 1664 Blanc, the wheat beer variant of Kronenbourg 1664, is cloudy with a fruity and refreshing taste and presented in a contemporary blue bottle.



Carlsberg, the most preferred beer brand in Malaysia, is now enjoyed by consumers in 140 markets.



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



Danish Royal Stout, with its full-bodied flavour, smooth taste and 8% alcohol content, continues to entrench itself as the "King of Stouts" among consumers.

BRAND PORTFOLIO



Budweiser is the official FIFA® World Cup Sponsor and the King of beers.



Carlsberg Special Brew, a dark golden brew, stands as a quality premium beer in the high alcohol category.



Stella Artois, the No. 1 Belgian beer in the world, is distributed in over 80 countries worldwide.



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





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



Grimbergen Blonde, a spicy and fruity full-bodied blond, this top-fermented beer has the perfect balance of sweet and bitter notes.



SKOL, first brewed in 1959, is Brazil's No. 1 beer and available in more than 80 countries worldwide.



SKOL Super, a full-bodied strong lager, is slightly sweeter with less bitterness and has a strong fruity and floral character.



MANAGEMENT TEAM



Juliet Yap Swee Hwang ♡ John Botia ♡ Henrik Juel Andersen ♡ Gary Tan Sim Huan



Kristian Dahl ♥ Lew Yong Fah ♥ Felicia Teh Sook Ching ♥ Pearl Lai Ming Choo ♥ Kenneth Soh Chee Whye

PROFILES OF THE MANAGEMENT TEAM

Carlsberg Malaysia is helmed by seasoned professionals with years of experience in their respective fields. They lead the teams that are driving Carlsberg Malaysia closer towards its ambition of becoming the fastest growing brewery in Malaysia.



Henrik Juel Andersen

Aged 48, Danish
Managing Director

Mr. Andersen has been with the Carlsberg Group for over 20 years. Prior to his appointment as Managing Director of Carlsberg Malaysia in July 2013, Mr. Andersen was the Regional CEO of Carlsberg Indochina, where he oversaw the operations of Vietnam, Thailand, Laos, Cambodia and Myanmar. Mr. Andersen has also held various general management positions at Carlsberg in Vietnam, China and Taiwan.

Gary Tan Sim Huan

Aged 45, Malaysian
Sales Director

Mr. Tan brings with him 20 years of experience in the Fast Moving Consumer Goods business. Prior to his appointment as Sales Director of Carlsberg Malaysia in August 2009, he spent 14 years at Unilever Malaysia. Having joined Unilever as a management trainee in 1995, he worked his way up in the fields of brand management, category management, sales operation and key account management to become the company's Customer Development Director as well as a director on its board.



John Botia

Aged 47, British
Managing Director of Carlsberg
Singapore Pte. Ltd.

Mr. Botia has held a wide range of senior roles in Sales, Marketing and HR for Scottish & Newcastle, the UK's No. 1 brewer, which he joined after an early career with Unilever. In his role as Managing Director of Carlsberg Singapore, Mr. Botia oversees all aspects of the Singapore business, including creation and implementation of strategic business and commercial plans that drive sustainable business growth.



Lew Yoong Fah

Aged 47, Malaysian
Chief Financial Officer/Director of
Corporate Affairs/Company Secretary

Prior to his appointment as the Chief Financial Officer of Carlsberg Malaysia in January 2010, Mr. Lew held senior financial positions in companies such as Danone Dumex Malaysia, Philips Electronics Singapore, SSMC (JV Philips) Singapore and Philips Malaysia. In 2012, he expanded his role into corporate affairs as the Director of Corporate Affairs of Carlsberg Malaysia.



Juliet Yap Swee Hwang

Aged 38, Malaysian
Marketing Director

Ms. Yap joined Carlsberg Malaysia in 2007, heading the Consumer Insights function before assuming the role of Senior Manager-Strategy Development, Innovation & Research in 2008. She was subsequently promoted to Business Development Director in January 2011 to drive the Group's long term strategies and portfolio roadmap. Ms. Yap took over the role as the Marketing Director in February 2013 and is responsible for strategic development of brand portfolio, channel marketing initiatives and product innovation.



Kristian Dahl

Aged 40, Danish
Supply Chain Director

Mr. Dahl has been with the Carlsberg Group since 1999 and has worked as Brewmaster & Supply Chain Specialist in a number of markets including Carlsberg Denmark, Carlsberg UK and Group Supply Chain. Prior to his appointment as Supply Chain Director with Carlsberg Malaysia in March 2012, Mr. Dahl had worked for five years as Regional Technical Director at Carlsberg Indochina overseeing the supply chain operations in Vietnam, Cambodia and Laos.



Felicia Teh Sook Ching

Aged 38, Malaysian
Human Resource Director and Regional
HR Director for Laos, Thailand and
Myanmar

Ms. Teh, who joined Carlsberg Malaysia in November 2012, brings with her over 15 years of experience, having transitioned from a business consulting background to a HR generalist. She has worked for companies such as PricewaterhouseCoopers (PwC), HRM Business Consulting, Genting Berhad and most recently, AstraZeneca Malaysia and Singapore, where she led key initiatives in talent management, performance management as well as learning and development. In September 2014, Ms. Teh's role was expanded to that of Regional HR Director for Laos, Thailand and Myanmar.



Kenneth Soh Chee Whye

Aged 51, Malaysian
General Manager of Luen Heng
F & B Sdn. Bhd.

Mr. Soh began his career in financial consultancy firms Deloitte Kassim Chan & Co. and KPMG, before joining his family business, Luen Heng Agency (LHA), as a Sales and Marketing Director for 15 years, dealing particularly in foreign beverage brands and import-export matters of the food and beverage industry. Following the joint venture between Carlsberg Malaysia and LHA in November 2008, a new company called Luen Heng F&B Sdn. Bhd. was formed, whereby he was appointed as the General Manager.



Pearl Lai Ming Choo

Aged 35, Malaysian
Corporate Communications and
CSR Director

Ms. Lai, who has been with Carlsberg Malaysia for 10 years, joined the Management Team upon her promotion to Corporate Communications and CSR Director in July 2014. In her new role, Ms. Lai will continue to lead the Corporate Communications portfolio and drive the Marketing Activation agenda, whilst overseeing the Corporate Social Responsibility (CSR) function and serving as Executive Director of the J.C. Jacobsen Foundation.

PROFILES OF THE DIRECTORS



Dato' Lim Say Chong

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

Independent Non-Executive Chairman
Member of Audit Committee
Chairman of Remuneration Committee
Chairman of Nomination Committee

Dato' Lim Say Chong, aged 74, a Malaysian, was appointed to the Board on 21 May 2003.

Dato' Lim holds a B.A. Honours degree in Economics from the University of Malaya and a Masters in Business Administration from the University of British Columbia, Canada. He also attended an Advanced Management Programme at the Harvard Business School, Boston. Dato' Lim worked with the Imperial Chemical Industries (ICI) PLC's Group of Companies in Malaysia and abroad for 30 years, during which time he sat on the Board of several companies within the Group. He served as the Managing Director of the ICI (Malaysia) Group for five years and was also the Group Managing Director of Chemical Company of Malaysia Berhad from 1989 to 2004. He served in various associations, including as President of the Malaysian International Chamber of Commerce & Industry and was a Member of the National Human Resource Development Council, the Board of Directors of the Malaysian Industrial Development Authority, and the Board of Trustees of the Aged European Fund. He also served as a Council Member of the Federation of Malaysian Manufacturers and was on the Board of the ASEAN Chamber of Commerce & Industry.

Dato' Lim is a Director of Mulpha International Berhad and a Trustee of the Ti-Ratana Welfare Society, the Standard Chartered Trust Fund, the Malaysian Economic Association Foundation and the J.C. Jacobsen Foundation. He also serves as a Governor of the IACT College and is the Chairman of the Malaysia-Singapore Business Council.

Henrik Juel Andersen

Managing Director

Mr. Henrik Juel Andersen, aged 48, a Dane, was appointed to the Board on 7 June 2013 and as Managing Director of Carlsberg Brewery Malaysia Berhad on 1 July 2013.

Mr. Andersen holds an MBA and BBA from Copenhagen Business School. He has been with the Carlsberg Group since 1993 and has held general management positions for Carlsberg in Vietnam, China and Taiwan. He was the Regional CEO of Carlsberg Indochina Ltd. (Thailand) from 2007 to July 2013, overseeing Vietnam, Thailand, Laos, Cambodia and Myanmar. He is now responsible for the South East Asia sub-region comprising Malaysia and Singapore and oversees Carlsberg's interests in Sri Lanka.

Mr. Andersen is the Chairman of Carlsberg Singapore Pte. Ltd. He also sits on the Board of Carlsberg Marketing Sdn. Bhd., a wholly owned subsidiary of Carlsberg Brewery Malaysia Berhad, Luen Heng F&B Sdn. Bhd., the Malaysian Danish Business Council, Maybev Pte. Ltd., Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC. He is also a Trustee of the J.C. Jacobsen Foundation.

Chew Hoy Ping

Independent Non-Executive Director
Chairman of Audit Committee
Member of Remuneration Committee
Member of Nomination Committee

Mr. Chew Hoy Ping, aged 57, a Malaysian, was appointed to the Board on 23 May 2014.

Mr. Chew is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He began his career at Messrs Price Waterhouse (PwC) in 1976, serving in various capacities for almost 30 years, and was admitted as a partner of the firm in 1990. Whilst at PwC, he covered a wide range of professional service areas including business advisory, corporate restructuring and recovery as well as corporate finance. He also held several leadership roles including that of Asia Pacific Chairman of Financial Advisory Services and was the Malaysian firm's Risk Management & Independence Leader, its Deputy Chairman of the Governance Board and a member of the Country Management Team. Mr. Chew was seconded to the Houston, Texas office (1982-1984) for overseas work experience and personal development, and later to Bank Negara Malaysia (1986-1988). In 2005, he became the Chief Financial Officer for Southern Bank Berhad but left in mid-2006 when it was acquired by Bumiputra Commerce Holdings Berhad (now CIMB). He has since been acting in a private consulting capacity for companies and individuals on boards and projects related to his skills and experience.

Mr. Chew is currently an independent non-executive director of Mulpha International Berhad (MIB), the Chairman of the Audit Committee of MIB and a member of the Audit Committee of Mulpha Australia Limited. Mr. Chew also sits as an independent non-executive director on the boards of Malaysia Smelting Corporation Berhad and Mudajaya Group Berhad (MSC) where he is also the Chairman of their respective Audit Committees. He is also a Trustee on the board of the World Wide Fund for Nature in Malaysia.



Christopher John Warmoth

Non-Executive Director

Mr. Christopher John Warmoth, aged 56, a British national, was appointed to the Board on 21 February 2014.

Mr. Warmoth has an MA in Modern History from Oxford University England. He served as Executive Vice President of the Asia Pacific Business of H. J. Heinz Co., from July 2008 until June 2013 and had responsibility for its growing businesses across the region including China, Indonesia, Japan, India, Australia and New Zealand. Mr. Warmoth served as a Senior Vice President of Heinz Asia of H. J. Heinz Co. from May 2006 until June 2008 and as a Deputy President of Heinz Europe from December 2003 to April 2006.

Prior to working for Heinz, he served as a Director of Business Development and Marketing for the Central and Eastern Europe, Eurasia and Middle East Group of The Coca-Cola Company from December 2001 to December 2003.

Mr. Warmoth served as a Vice President of Fabric Care of Western Europe for Procter & Gamble Co. from July 1999 to November 2001. In previous senior management roles at Procter & Gamble Co., he ran businesses in Europe, the Middle East and the United States. He started his career at Procter & Gamble Co. in marketing in the United Kingdom in 1980.

Mr. Warmoth has been the Senior Vice President of Asia Region at Carlsberg A/S since 13 January 2014.

Roland Arthur Lawrence

Non-Executive Director

Mr. Roland Arthur Lawrence, aged 56, an Australian, was appointed to the Board on 28 August 2012.

Mr. Lawrence is a Fellow Certified Practising Accountant (FCPA) in Australia, has a Master of Enterprise from Melbourne University and a Post-Graduate Diploma in Business from Deakin University in Australia. In Singapore, he obtained a Post-Graduate Diploma in Education and BA Hons from the National University of Singapore.

Mr. Lawrence is currently the Vice President Finance, Asia of Carlsberg Breweries A/S. He also holds directorships in Carlsberg India Pvt. Ltd., Xinjian JiaNiang Investment Co., Ltd., Dali Beer Co., Ltd., Kunming Huashi Brewery Co., Ltd., Chongqing Jianiang Brewery Co., Ltd., Carlsberg Malawi Brewery Ltd. and Gorkha Brewery (P) Ltd.

He was the SVP and CFO Walmart (China) between 2008 and 2011 in China. In Australia, he worked mainly for the Coles Myer Group. His roles included being the General Manager, Group Planning & Finance, Coles Group and General Manager, Finance, Coles Supermarkets.

Jessica Alice Jacqueline Spence

Non-Executive Director

Ms. Jessica Alice Jacqueline Spence, aged 39, a British national, was appointed to the Board on 27 May 2014.

Ms. Spence graduated from Cambridge University in 1997 and has post-graduate qualifications from the London School of Economics and an MBA from INSEAD. She joined Carlsberg in Hong Kong in 2012 as Marketing Director in the Asia Regional team. She has strong experience in the global beer business. Prior to joining Carlsberg, she worked at SABMiller for over seven years, first in the Global Commercial team and then in marketing leadership roles in Russia, Slovakia and Poland.

Ms. Spence started her career in advertising in 1998, first at JWT and subsequently at Leo Burnett, working primarily in regional roles across Europe, Middle East and Africa.

She is at present the Commercial Vice-President, Asia for Carlsberg Breweries A/S. She also holds directorships in Gorkha Brewery (P) Ltd., Carlsberg India Pvt. Ltd., Lao Brewery Company (Beer Lao) and Myanmar Carlsberg Co., Ltd.

Other Information on Directors

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

STATEMENT OF CORPORATE GOVERNANCE

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

To this end, the Board continues to implement the recommendations of the Malaysian Code on Corporate Governance 2012 ("Code"), which sets out the principles and best practices on structures and processes that companies may use in their operations towards achieving the optimal governance framework.

The ensuing paragraphs describe the extent of how the Group has applied and complied with the principles and best practices of the Code for the financial year ended 31 December 2014.

A. DIRECTORS

I. The Board

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

The Board also facilitates its principal responsibilities which include reviewing and adopting a strategic plan, overseeing the conduct of business, risk management, succession planning, developing and implementing investor relations and reviewing internal controls.

The Board intends to meet at least four (4) times a year, with additional meetings convened where necessary. Minutes of Board meetings are duly recorded by the Company Secretary. During the financial year ended 31 December 2014, a total of five (5) Board meetings were held as follows:

1. Thursday, 20 February 2014
2. Tuesday, 27 May 2014
3. Tuesday, 26 August 2014
4. Wednesday, 24 September 2014
5. Friday, 28 November 2014

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

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

Directors	No. of meetings attended
1. Dato' Lim Say Chong (Independent Non-Executive Chairman)	5/5
2. Datuk M.R. Gopala Krishnan C.R.K. Pillai – Passed away on 3.4.2014	1/1
3. Graham James Fewkes (Non-Executive Director) – Resigned on 23.5.2014	1/1
4. Roland Arthur Lawrence (Non-Executive Director)	3/5
5. Henrik Juel Andersen (Managing Director)	5/5
6. Christopher John Warmoth (Non-Executive Director)	5/5
7. Chew Hoy Ping (Independent Non-Executive Director) – Appointed on 23.5.2014	4/4
8. Jessica Alice Jacqueline Spence (Non-Executive Director) – Appointed on 27.5.2014	4/4

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 for further information on page 66.

2. Nomination Committee

The Nomination Committee which was established on 1 October 2001, had one (1) meeting held on 13 February 2014 during the financial year ended 31 December 2014. The Board undertakes an annual assessment of independent directors. The Board is supportive of gender diversity in the Board composition. The Board through the Nomination Committee will consider the gender diversity as part of its future selection process.

Members:

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

Datuk M.R. Gopala Krishnan C.R.K. Pillai (Senior Independent Non-Executive Director) - Member (Passed away on 3.4.2014)

Chew Hoy Ping (Independent Non-Executive Director) - Member (Appointed on 23.5.2014)

Key responsibilities:

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

3. Remuneration Committee

The Remuneration Committee, which was established on 18 August 2001, had one (1) meeting held on 13 February 2014 during the financial year ended 31 December 2014.

Members:

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

Datuk M.R. Gopala Krishnan C.R.K. Pillai (Senior Independent Non-Executive Director) - Member (Passed away on 3.4.2014)

Chew Hoy Ping (Independent Non-Executive Director) - Member (Appointed on 23.5.2014)

Key responsibilities:

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

II. Board Balance

The strong independent element of the Board has ensured a balance of power and authority. The roles and responsibilities of the Chairman and Managing Director are made clearly distinct to further enhance the existing balance of power and authority.

The Chairman holds a Non-Executive position and is primarily responsible for matters pertaining to the Board and the overall conduct of the Group. The Managing Director oversees the day to day management and running of the Group and the implementation of the Board's decisions and policies.

Currently, the Board had six (6) members, comprising five (5) Non-Executive Directors and one (1) Managing Director. Out of the five (5) Non-Executive Directors, two (2) were Independent Directors, namely Dato' Lim Say Chong who is the Chairman and Chew Hoy Ping.

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

STATEMENT OF CORPORATE GOVERNANCE

Dato' Lim Say Chong has served the Board as an Independent Non-Executive Director and Chairman of the Company for a cumulative term of nearly twelve (12) years. The Board has recommended him to continue to act as an Independent Non-Executive Chairman based on the following justifications:-

- a. He has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board;
- b. He has vast experience in a diverse range of businesses and therefore would be able to provide constructive opinion; he exercises independent judgement and has the ability to act in the best interest of the Company;
- c. He has devoted sufficient time and attention to his professional obligations for informed and balanced decision making; and
- d. He has continued to exercise his independence and due care during his tenure as an Independent Non-Executive Director and Chairman of the Company and carried out his professional duties in the best interest of the Company and shareholders.

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 54 to 55 of this Annual Report.

III. Supply of Information

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

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

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

IV. Appointments to the Board

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

To this end, the Nomination Committee, all of whom are Non-Executive Directors, is charged with the responsibility of, amongst others, recommending the appointment of new Directors to the Board. In 2014, two (2) new Directors, namely Chew Hoy Ping and Jessica Alice Jacqueline Spence who were appointed to the Board on 23 May 2014 and 27 May 2014 respectively.

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

V. Re-election

All new Directors are subject to re-election at the next Annual General Meeting after their appointment in accordance with the Company's Articles of Association. The Articles of Association of the Company also provide that at least one-third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting.

Directors aged 70 years and above are required to retire at every Annual General Meeting but shall be eligible to submit themselves for re-appointment until the next Annual General Meeting in accordance with Section 129 of the Companies Act, 1965.

VI. Directors' Training

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

Name Of Director	Training Programmes Attended
Dato' Lim Say Chong	<ol style="list-style-type: none"> 1. Risk Management & Internal Control Workshop For Audit Committee Members, Bursa Malaysia on 3 June 2014; 2. Nominating Committee Programme 2: Effective Board Evaluation, Bursa Malaysia on 18 August 2014
Henrik Juel Andersen	Leadership, Strategy & Execution Performance Management, London Business School on 24 to 28 February 2014
Roland Arthur Lawrence	Carlsberg Leading For Results Programme, London Business School on 8 to 12 December 2014
Christopher John Warmoth	Mandatory Accreditation Programme for Directors of Public Listed Companies on 6 & 7 August 2014
Chew Hoy Ping	<ol style="list-style-type: none"> 1. GST - Everything You Need To Know About Malaysian Goods & Services Tax, MAICSA on 24 June 2014; 2. Comparative Analysis of PERS, MPERS and MFRS Frameworks, Malaysian Institute of Accountants, 14 July 2014; 3. Mandatory Accreditation Programme for Directors of Public Listed Companies on 6 & 7 August 2014; 4. Enhancing Internal Audit Practice, Bursa Malaysia on 13 August 2014.
Jessica Alice Jacqueline Spence	Mandatory Accreditation Programme for Directors of Public Listed Companies on 6 & 7 August 2014

For new Directors, induction programmes are also carried out to provide them with in-depth knowledge of the Group's business and strategies.

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

STATEMENT OF CORPORATE GOVERNANCE

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.

For the current remuneration policy, the remuneration payable to Non-Executive Directors in respect of Directors' fees are paid to Independent Non-Executive Directors only and also includes fees for Audit Committee Chairman and Audit Committee members of the Company, who are Independent Non-Executive Directors. The remuneration for Non-Executive Directors, who are Non-Independent and are representatives of the Carlsberg Group in Denmark, are not paid by the Company but are paid by the Carlsberg Group. Please refer to the tables below in item B III for the details of remuneration.

The remuneration payable in respect of Directors' fees for 2014 is categorised as follows:

Remuneration for Directors' fees	Amount (RM) per annum:
Fee for Chairman of the Company	90,000
Fee for each Independent Non-Executive Director	55,000
Fee for Audit Committee Chairman	15,000
Fee for each Independent Non-Executive Director who is a member of the Audit Committee	8,000

The Directors' fees are subject to the approval of shareholders of the Company.

III. Details of Remuneration

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

Total Remuneration:	2014		2013	
	Executive Directors RM'000	Non-Executive Directors RM'000	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	-	158 *	-	168
Gratuity	-	-	-	-
Retirement benefits-defined contribution plan	116	-	108	-
Benefits-in-kind	460	-	357	-
Other emoluments	2,776	-	2,157	-
TOTAL	3,352	158	2,622	168

* Remuneration payable for Independent Non-Executive Directors only (a total of 3, inclusive of an Independent Non-Executive Director who passed away on 3 April 2014) as explained above in B II.

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

Range of Remuneration (RM):	Number of Directors			
	2014		2013	
	Executive Directors	Non-Executive Director	Executive Directors	Non-Executive Director
50,000 or less	-	5	-	3
50,001 – 100,000	-	1	-	2
1,100,001 – 1,150,000	-	-	1	-
1,500,001 – 1,550,000	-	-	1	-
3,350,001 – 3,400,000	1	-	-	-
TOTAL	1	6*	2**	5

* Remuneration payable for Independent Non-Executive Directors only (a total of 3, inclusive of an Independent Non-Executive Director who passed away on 3 April 2014) as explained above in B II.

** An overlap headcount of outgoing and incoming Managing Director in July 2013.

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 the 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.carlsbergmalaysia.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 70 of this Annual Report

STATEMENT OF CORPORATE GOVERNANCE

II. Internal Controls

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

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

III. Relationship with Auditors

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

E. RELATED PARTY TRANSACTIONS

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

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

Details of the recurrent related party transactions entered into by the Group during the financial year ended 31 December 2014 are set out on pages 134 to 136 of this Annual Report.

OTHER INFORMATION

Utilisation of Proceeds

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2014.

Non-audit fees

The non-audit fees paid to external auditors, Messrs KPMG by the Group during the financial year ended 31 December 2014 amounted to RM76,196. This amount was incurred in respect of the following services:

1. Fees paid for the advisory services in relation to Customs Audit; and
2. Fees paid for the advisory services on Transfer Pricing documentation.

Share Buy-Backs

During the financial year ended 31 December 2014, the Company did not enter into any share buyback transactions.

Depository Receipt ("DR") Programme

During the financial year ended 31 December 2014, the Company did not sponsor any DR Programme.

Sanctions and/or Penalties

There were no sanctions or penalties imposed on the Company by the relevant regulatory bodies during the financial year ended 31 December 2014.

Options or Convertible Securities Exercised

There were no options, warrants or convertible securities issued by the Company during the financial year ended 31 December 2014.

Variation in Results

There was no variance between the results for the financial year ended 31 December 2014 and the unaudited results announced.

Profit Guarantee

During the financial year ended 31 December 2014, there was no profit guarantee given by the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RESPONSIBILITY

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

RISK MANAGEMENT FRAMEWORK

The Group has in place an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives. This process is regularly reviewed by the Board and is in accordance with the "Statement on Risk Management & Internal Control: Guidance for Directors of Public Listed Issuers". 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 the responsibilities of 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 reporting, on a quarterly basis, of the status of risk mitigation actions, new risks identified and risks that have changed characteristics together with corresponding controls. The RMWC comprising key persons from all departments, submits its reports to both the Management and the Audit Committee on a quarterly basis. The Audit Committee reports to the Board on any significant changes in the business and external environment which affect key risks.

In 2014, the RMWC met 3 times wherein discussions were on the key risks faced by the Group and the status of the action plans taken.

- **Risk Assessment**

The Group maintains a database of 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 risks and corresponding controls were reviewed by Internal Audit. There were no significant changes in the database of risks and corresponding controls.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 communicated 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 relating to areas of risk management, leadership, selling skills and employee management.

- **Control Structure**

The Board and Management have established an organisational 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:

- i. **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, if any, are also communicated via circulars and internal memos. Such circulars and memos are properly authorised by the relevant members of senior management.
- Visits by the head office personnel to sales depots with the objective of ensuring the operational activities are conducted and complied with the Company's established standard operating procedures.
- Meetings with the Heads of sections/sales areas which allows the members of the sections/sales areas to communicate with, and provide feedback to and from, Management in respect of compliance/monitoring with sales performance, expense spending and other key business matters.

- ii. **Internal Audit**

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

- Prepares a detailed Annual Audit Plan in consultation with the Managing Director for submission to the Audit Committee for approval;
- Carries out all activities to conduct the audits in accordance with the audit plan;
- Share its finding with the auditee upon completion of each audit; and
- Submits quarterly reports to the Audit Committee.

The Audit Committee Report set out on pages 66 to 69 of this Annual Report contains further details on the principal responsibilities and activities of the IAD in 2014.

iii. **Audit Committee**

The Audit Committee, on behalf of the Board, reviews on a quarterly basis the measures undertaken on internal control issues identified by the RMWC, Internal Audit, external auditors and Management. During the year, 82 reports were issued by the IAD to the Audit Committee for their review.

The Audit Committee Report set out on pages 66 to 69 of this Annual Report contains further details on the activities undertaken by the Audit Committee in 2014.

iv. **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 annual 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.

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 by the Managing Director, Chief Financial Officer or Head of Internal Audit 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 IAD. Responsibility for monitoring compliance with policies, procedures and guidelines rests principally with the IAD, which reports directly to the Audit Committee as described above. Heads of Department are also actively involved in continually improving the control processes within their respective departments.

REVIEW OF ADEQUACY OF RISK MANAGEMENT AND INTERNAL CONTROL

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

During the year, certain internal controls were implemented for new risk identified. There have been no significant weaknesses noted which have resulted in any material losses.

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

AUDIT COMMITTEE REPORT

MEMBERSHIP AND MEETINGS

The Audit Committee held four (4) meetings during the financial year ended 31 December 2014. The members of the Audit Committee and the record of their attendance are as follows: -

Membership	No. of meetings attended
Datuk M.R. Gopala Krishnan C.R.K. Pillai <i>Senior Independent Non-Executive Director – Chairman – passed away on 03.04.2014</i>	1/1
Chew Hoy Ping <i>Independent Non-Executive Director – Chairman – appointed on 23.05.2014</i>	3/3
Dato' Lim Say Chong <i>Independent Non-Executive Director – Member</i>	4/4
Graham James Fewkes <i>Non-Independent Non-Executive Director – Member – resigned on 23.05.2014</i>	1/1
Roland Arthur Lawrence <i>Non-Independent Non-Executive Director – Member – appointed on 23.05.2014</i>	2/3

The Managing Director, Chief Financial Officer, Vice President Finance (Asia), and Head of Internal Audit attended the meetings for the purpose of briefing the Audit Committee on the activities involving their areas of responsibilities. The Audit Committee was also briefed by the External Auditor on the findings of the external audit.

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

TERMS OF REFERENCE

[Pursuant to Bursa Securities' recent amendments to the Listing Requirements, the listed issuer is to provide a **summary** of the terms of reference of the audit committee (as opposed to the entire terms of reference as currently prescribed), or **key functions, roles and responsibilities** of the audit committee (Paragraph 15.15(3)(b) in the Audit Committee Report].

• Terms of membership

1. In accordance to the Malaysian Code on Corporate Governance (2012), Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, a majority of whom are independent. All members of the Audit Committee should be Non-Executive Directors.
2. The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an Independent Non-Executive Director.
3. At least 1 member of the Audit Committee must be or have the following:
 - a member of the Malaysian Institute of Accountants; or
 - at least three (3) years' working experience and have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 or be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (Bursa Securities).

4. In the event of any vacancy in the Audit Committee, the Board shall within three (3) months of that event, appoint such new members to make up the minimum number of three (3) members.
5. No alternate director can be appointed as a new member of the Audit Committee.
6. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once in every three (3) years.

- **Authority**

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

1. To investigate any matter within its terms of reference. It shall have full and unrestricted access to any information pertaining to the Group, both the internal and external auditors and to all employees of the Group. It shall have the resources required to perform its duties.
2. To obtain external legal or other professional advice and secure the attendance of outsiders with relevant experience to attend, if necessary.
3. To promptly report to the Bursa Securities, any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Bursa Securities Main Market Listing Requirements (“Listing Requirements”).
4. The Head of Internal Audit shall report directly to the Audit Committee and shall have direct access to the Chairman of the Audit Committee on all matters of control and audit.

- **Functions**

The functions of the Audit Committee shall be:

1. to review the following and report the same to the Board of Directors:
 - (a) with the external auditor, the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal controls;
 - (c) with the external auditor, his audit report, including his management letter and management’s response;
 - (d) with the external auditor, any other matter he may wish to discuss (in the absence of management where necessary);
 - (e) to consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal;
 - (f) the assistance given by the Company’s officers to the external auditor;
 - (g) to approve the Internal Audit Charter of internal audit function;
 - (h) the adequacy of the scope, functions and resources of the internal audit function and to ensure internal audit has full and unrestricted access to all records, activities, property and personnel necessary to perform its duties;
 - (i) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (j) any appraisal or assessment of the performance of members of the internal audit function;
 - (k) any appointment or termination of senior staff members of the internal audit function;

AUDIT COMMITTEE REPORT

- (l) any resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning;
- (m) the quarterly results and year end financial statements of the Company and of the Group, prior to the approval by the Board, focusing particularly on:-
 - (i) changes in or implementation of major accounting policy and practices;
 - (ii) significant and unusual events;
 - (iii) compliance with accounting standards and other legal requirements;
 - (iv) significant adjustments arising from the audit;
 - (v) going concern assumption;
- (n) any related party transactions and/or conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (o) any major findings of internal investigations and Management's response;
- (p) the quarterly reports relating to Risk Assessment and the effectiveness and appropriateness of the Risk Management Framework; and

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

• Meetings

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

• Reporting Procedures

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

• Summary of Activities:

During the financial year ended 31 December 2014, the Audit Committee performed its duties as set out in its terms of reference.

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

- Reviewed the external auditors' scope of work and audit plans for the year.
- Reviewed the results of the external audit, the audit report and the management letter, including Management's response.
- Considered and recommended to the Board for approval of the audit fees payable.
- Considered the independence and objectivity of the external auditors. The non-audit fees paid to the external auditors in 2014 amount to RM76,196.
- Reviewed the Internal Audit Department's resource requirements, programmes and plan for the year under review and the annual assessment of the Department's performance.

- Reviewed the internal audit reports, recommendations and Management's response. Discussed actions taken with Management to improve the internal controls system based on internal audit findings.
- Reviewed the Risk Management Framework and reports summarising the findings from work performed on the identification and assessment of enterprise-wide key risks.
- Reviewed the annual report and audited financial statements of the Company and the Group prior to the submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable accounting standards approved by Malaysian Accounting Standards Board ("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 the Bursa Securities, MASB and other relevant legal and regulatory requirements.
- Reviewed pertinent issues of the Group which had a significant impact on the results of the Group which included enhancement and further investment in existing products, cost rationalisation measures and human resource development.
- Reviewed the significant related party transactions entered into by the Group.
- Reviewed the extent of the Group's compliance with the provision set out under the Malaysian Code on Corporate Governance for the purpose of the Corporate Governance Statement pursuant to the Listing Requirements of the Bursa Securities.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

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

In attaining such objectives, the following activities were carried out by Internal Audit Department in 2014:

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

The total cost incurred by the Internal Audit Department in relation to the conduct of the internal audit functions of the Group during the financial year ended 31 December 2014 amounted to RM711,000.

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

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

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

In preparing the financial statements for the financial year ended 31 December 2014, the Directors have applied appropriate and relevant accounting policies consistently and in accordance with applicable accounting standards and made judgments and estimates that are reasonable and fair.

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



FINANCIAL STATEMENTS

72	Directors' Report		75	Statements of Financial Position			
76	Statements of Profit or Loss and Other Comprehensive Income						
77	Consolidated Statement of Changes in Equity		79	Statement of Changes in Equity			
80	Statements of Cash Flows		82	Notes to the Financial Statements			
126	Statement by Directors		126	Statutory Declaration		127	Independent Auditors' Report

DIRECTORS' REPORT

for the year ended 31 December 2014

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 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the production of beer, stout, shandy and non-alcoholic beverages for distribution in the home market and for export while the other Group entities are primarily involved in the marketing and distribution of beer, stout, shandy, wine, liquor and non-alcoholic beverages. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	211,582	149,088
Non-controlling interests	5,339	–
	216,921	149,088

RESERVES AND PROVISIONS

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

DIVIDENDS

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

- i) a final and special single tier dividend of 56.0 sen per RM0.50 ordinary share totalling RM171.2 million in respect of the year ended 31 December 2013 on 20 May 2014, and
- ii) an interim single tier dividend of 5.0 sen per RM0.50 ordinary share totalling RM15.3 million in respect of the year ended 31 December 2014 on 10 October 2014.

The final and special single tier dividend recommended by the Directors in respect of the year ended 31 December 2014 is 66.0 sen per RM0.50 ordinary share totalling RM201.8 million.

DIRECTORS OF THE COMPANY

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

Dato' Lim Say Chong
 Roland Arthur Lawrence
 Henrik Juel Andersen
 Christopher John Warmoth
 Chew Hoy Ping (appointed on 23 May 2014)
 Jessica Alice Jacqueline Spence (appointed on 27 May 2014)
 Graham James Fewkes (resigned on 23 May 2014)
 Datuk M.R. Gopala Krishnan C.R.K. Pillai (deceased on 3 April 2014)

DIRECTORS' INTERESTS IN SHARES

The interest and deemed interest in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interest of the daughter of a Director who is not a Director of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each			
	At 1.1.2014	Bought	Sold	At 31.12.2014
Deemed interest in the Company				
Dato' Lim Say Chong*	52,000	-	-	52,000

* Lim Ju Ean @ Lindsey Lim Ju Ean is the daughter of Dato' Lim Say Chong. In accordance with Section 134(12)(c) of the Companies Act, 1965, the interests of Lim Ju Ean @ Lindsey Lim Ju Ean in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interests of Dato' Lim Say Chong.

	Number of options over ordinary shares of DKK20 each			
	At 1.1.2014	Bought	Sold	At 31.12.2014
Interest in the holding company				
Carlsberg A/S				
Henrik Juel Andersen	7,416	-	-	7,416

None of the other Directors holding office at 31 December 2014 had any interest in the shares and options over shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any 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 of the Company or of a related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the holding company's Employees' Share Option Scheme.

ISSUE OF SHARES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS' REPORT

for the year ended 31 December 2014

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2014 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 on behalf of the Board of Directors in accordance with a resolution of the Directors:

Henrik Juel Andersen
Managing Director

Chew Hoy Ping
Director

Shah Alam,

18 March 2015

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Assets					
Property, plant and equipment	3	154,343	164,976	132,002	139,981
Intangible assets	4	10,009	9,309	994	1,510
Investments in subsidiaries	5	-	-	393,672	393,672
Investment in an associate	6	58,227	40,880	24,759	19,936
Loan to a subsidiary	7	-	-	-	648
Deferred tax assets	8	2,466	36	-	-
Total non-current assets		225,045	215,201	551,427	555,747
Inventories	9	66,369	49,707	27,501	23,209
Receivables, deposits and prepayments	7	279,768	287,962	17,845	7,896
Current tax assets		2,373	-	2,178	-
Cash and cash equivalents	10	87,993	44,141	33,065	3,436
Total current assets		436,503	381,810	80,589	34,541
Total assets		661,548	597,011	632,016	590,288
Equity					
Share capital	11	154,039	154,039	154,039	154,039
Reserves	11	158,116	119,687	242,747	270,675
Total equity attributable to equity holders of the Company		312,155	273,726	396,786	424,714
Non-controlling interests		18,966	10,522	-	-
Total equity		331,121	284,248	396,786	424,714
Liabilities					
Deferred tax liabilities	8	16,006	17,076	15,615	16,360
Total non-current liabilities		16,006	17,076	15,615	16,360
Payables and accruals	12	245,347	241,297	197,559	148,244
Current tax liabilities		16,862	13,968	-	970
Loans and borrowings	13	52,212	40,422	22,056	-
Total current liabilities		314,421	295,687	219,615	149,214
Total liabilities		330,427	312,763	235,230	165,574
Total equity and liabilities		661,548	597,011	632,016	590,288

The notes on pages 82 to 125 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue		1,635,096	1,555,149	722,720	732,813
Cost of sales		(1,042,118)	(984,383)	(678,432)	(683,864)
Gross profit		592,978	570,766	44,288	48,949
Other income		3,820	1,679	3,722	1,267
Sales and distribution expenses		(277,795)	(289,070)	-	-
Administrative expenses		(48,170)	(44,920)	(15,599)	(15,074)
Other expenses		(3,322)	(3,563)	(2,516)	(3,856)
Results from operating activities		267,511	234,892	29,895	31,286
Investment income		-	-	128,662	118,580
Finance income		951	977	454	550
Finance costs		(5,201)	(5,318)	(1,263)	(521)
Operating profit	14	263,261	230,551	157,748	149,895
Share of profit of equity accounted associate, net of tax		10,991	5,878	-	-
Profit before tax		274,252	236,429	157,748	149,895
Tax expense	16	(57,331)	(49,809)	(8,660)	(3,884)
Profit for the year		216,921	186,620	149,088	146,011
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign operations		3,874	2,839	-	-
Total comprehensive income for the year		220,795	189,459	149,088	146,011
Profit attributable to:					
Owners of the Company		211,582	183,925	149,088	146,011
Non-controlling interests		5,339	2,695	-	-
Profit for the year		216,921	186,620	149,088	146,011
Total comprehensive income attributable to:					
Owners of the Company		215,456	186,764	149,088	146,011
Non-controlling interests		5,339	2,695	-	-
Total comprehensive income for the year		220,795	189,459	149,088	146,011
Basic earnings per ordinary share (sen)	17	69.20	60.16		

The notes on pages 82 to 125 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

Group	Note	Attributable to equity holders of the Company					Distributable					Non-controlling interests	Total equity	
		Share capital	Treasury shares	Share premium	Exchange reserve	Capital reserve	Share option reserve	Put option reserve	Other reserve	Retained earnings	Total			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2013		154,039	(12,043)	7,367	(2,334)	3,931	146	-	(780)	148,713	299,039	7,827	306,866	
Other comprehensive income:														
- Foreign currency translation differences for foreign operations		-	-	-	2,839	-	-	-	-	-	2,839	-	2,839	
Profit for the year		-	-	-	-	-	-	-	-	183,925	183,925	2,695	186,620	
Total comprehensive income for the year		-	-	-	2,839	-	-	-	-	183,925	186,764	2,695	189,459	
Dividends to owners of the Company	18	-	-	-	-	-	-	-	-	(192,621)	(192,621)	-	(192,621)	
Others		-	-	-	-	-	601	-	-	-	601	-	601	
Total distribution to owners		-	-	-	-	-	601	-	-	(192,621)	(192,020)	-	(192,020)	
Fair value of put option		-	-	-	-	-	-	(20,057)	-	-	(20,057)	-	(20,057)	
At 31 December 2013		154,039	(12,043)	7,367	505	3,931	747	(20,057)	(780)	140,017	273,726	10,522	284,248	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

Group	Note	Attributable to equity holders of the Company		Non-distributable		Distributable		Total equity RM'000					
		Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Share Exchange reserve RM'000	Capital reserve RM'000	Share option reserve RM'000		Put option reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000
At 31 December 2013/													
1 January 2014		154,039	(12,043)	7,367	505	3,931	747	(20,057)	(780)	140,017	273,726	10,522	284,248
Other comprehensive income:													
- Foreign currency translation differences for foreign operations		-	-	-	3,874	-	-	-	-	-	3,874	-	3,874
Profit for the year		-	-	-	-	-	-	-	-	211,582	211,582	5,339	216,921
Total comprehensive income for the year		-	-	-	3,874	-	-	-	-	211,582	215,456	5,339	220,795
Dividends to owners of the Company	18	-	-	-	-	-	-	-	-	(186,506)	(186,506)	-	(186,506)
Acquisition of subsidiary		-	-	-	-	-	-	-	-	-	-	3,105	3,105
Others		-	-	-	-	-	13	-	-	-	13	-	13
Total distribution to owners		-	-	-	-	-	13	-	-	(186,506)	(186,493)	3,105	(183,388)
Changes in fair value of put option		-	-	-	-	-	-	9,466	-	-	9,466	-	9,466
At 31 December 2014		154,039	(12,043)	7,367	4,379	3,931	760	(10,591)	(780)	165,093	312,155	18,966	331,121

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

Company	Note	Non-distributable				Distributable			Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Share option reserve RM'000	Put option reserve RM'000	Retained earnings RM'000		
At 1 January 2013		154,039	(12,043)	7,367	205	-	341,464	491,032	
Profit/Total comprehensive income for the year		-	-	-	-	-	146,011	146,011	
Dividends to owners of the Company	18	-	-	-	-	-	(192,621)	(192,621)	
Others		-	-	-	349	-	-	349	
Total distribution to owners		-	-	-	349	-	(192,621)	(192,272)	
Fair value of put option		-	-	-	-	(20,057)	-	(20,057)	
At 31 December 2013/1 January 2014		154,039	(12,043)	7,367	554	(20,057)	294,854	424,714	
Profit/Total comprehensive income for the year		-	-	-	-	-	149,088	149,088	
Dividends to owners of the Company	18	-	-	-	-	-	(186,506)	(186,506)	
Others		-	-	-	24	-	-	24	
Total distribution to owners		-	-	-	24	-	(186,506)	(186,482)	
Changes in fair value of put option		-	-	-	-	9,466	-	9,466	
At 31 December 2014		154,039	(12,043)	7,367	578	(10,591)	257,436	396,786	

The notes on pages 82 to 125 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash flows from operating activities					
Profit before tax		274,252	236,429	157,748	149,895
<i>Adjustments for:</i>					
Amortisation of intangible assets	4	2,609	2,395	663	334
Depreciation of property, plant and equipment	3	23,494	22,304	14,752	13,703
Property, plant and equipment written off		26	9	26	9
Gain on disposal of property, plant and equipment		(1,385)	(1,530)	(371)	(101)
Gain on disposal of other assets		-	(101)	-	-
Dividend income from subsidiaries		-	-	(126,943)	(116,880)
Dividend income from associate		-	-	(1,719)	(1,700)
Allowance for inventories write down	9	779	320	300	300
Inventories written off	9	-	2,032	304	162
Impairment loss on receivables		1,883	423	-	-
Loss/(Gain) on unrealised foreign exchange		2,047	(102)	562	283
Finance income		(951)	(977)	(454)	(550)
Finance costs		5,201	5,318	1,263	521
Share of profit of equity accounted associate, net of tax		(10,991)	(5,878)	-	-
Others		790	745	801	494
Operating profit before changes in working capital					
Changes in working capital:					
Inventories		(13,208)	(5,219)	(4,896)	(6,421)
Receivables, deposits and prepayments		12,847	(27,654)	(9,946)	2,504
Payables and accruals		5,515	2,745	58,738	39,693
Cash generated from operations					
Taxes paid		(60,974)	(56,854)	(12,554)	(6,597)
Net cash from operating activities					
		241,934	174,405	78,274	75,649

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(11,116)	(29,955)	(6,872)	(19,797)
Acquisition of intangible assets	4	(652)	(1,169)	(147)	(187)
Acquisition of subsidiary, net of cash and cash equivalents acquired	26	(3,348)	-	-	-
Dividend received from subsidiaries		-	-	126,943	116,880
Dividend received from an associate		1,719	1,700	1,719	1,700
Interest received		951	977	454	550
Repayment from subsidiary		-	-	648	4,200
Proceeds from disposal of other assets		-	481	-	-
Proceeds from disposal of property, plant and equipment		1,499	1,601	444	101
Subscription of shares in an associate company		(4,823)	-	(4,823)	-
Net cash (used in)/generated from investing activities		(15,770)	(26,365)	118,366	103,447
Cash flows from financing activities					
Dividend paid to shareholders of the Company	18	(186,506)	(192,621)	(186,506)	(192,621)
Interest paid		(5,201)	(5,318)	(1,263)	(521)
Reimbursement to ultimate holding company for share options granted to employees of the Group		(777)	(145)	(777)	(145)
Net proceed of short-term borrowings		11,790	35,422	22,056	-
Net cash used in financing activities		(180,694)	(162,662)	(166,490)	(193,287)
Net increase/(decrease) in cash and cash equivalents		45,470	(14,622)	30,150	(14,191)
Effect of exchange rate fluctuations on cash held		(1,618)	1,075	(521)	(75)
Cash and cash equivalents at 1 January		44,141	57,688	3,436	17,702
Cash and cash equivalents at 31 December	(i)	87,993	44,141	33,065	3,436

(i) Cash and cash equivalents

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

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits with licensed banks		1,991	1,990	1,200	1,200
Cash and bank balances		86,002	42,151	31,865	2,236
Cash and cash equivalents	10	87,993	44,141	33,065	3,436

NOTES TO THE FINANCIAL STATEMENTS

Carlsberg Brewery Malaysia Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

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

The consolidated financial statements as at and for the financial year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in an associate. The financial statements of the Company as at and for the financial year ended 31 December 2014 do not include other entities.

The Company is principally engaged in the production of beer, stout, shandy and non-alcoholic beverages for distribution in the home market and for export while the other Group entities are primarily involved in the marketing and distribution of beer, stout, shandy, wine, liquor and non-alcoholic beverages.

The immediate and ultimate holding companies during the financial year are Carlsberg Breweries A/S and Carlsberg A/S respectively. Both companies are incorporated in Denmark.

The financial statements were authorised for issue by the Board of Directors on 18 March 2015.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*

The Group and the Company plans to apply the abovementioned accounting standards, amendments and interpretations, where applicable:

- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014;
- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016;
- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017; and
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and Company.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(b) Basis of measurement

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

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed in Note 2(c)(ii) in respect of the put option liability.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

(iv) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vi) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Loss applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency

(i) Foreign currency transactions

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

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

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

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

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

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

Foreign currency differences are recognised in other comprehensive income and accumulated in the ER in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the ER related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

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

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

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

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

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

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

Financial liabilities

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

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

Financial liability in respect of put option held by non-controlling interests is initially recognised and measured based on the estimated exercise price of the put option. Any subsequent changes with respect to the financial liability held by non-controlling interests is recognised in equity.

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

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Assets in-progress are not depreciated until the assets are ready for their intended use.

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

• Leasehold land	90 – 999 years
• Buildings	15 – 50 years
• Renovation	15 years
• Plant and machinery	5 – 20 years
• Motor vehicles	5 years
• Furniture and office equipment	3 – 5 years

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

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

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible assets

(i) Goodwill

Goodwill arising on business combinations is measured at cost less accumulated impairment losses. In respect of equity accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associates.

(ii) Customised computer software

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

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

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

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Cash and cash equivalents

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

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

(i) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investments in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

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

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

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment (continued)

(ii) Other assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Equity instruments

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

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer to those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(iii) Share-based payment transactions

Certain employees of the Group are entitled to a share option programme established by Carlsberg A/S that gives the right to Carlsberg A/S shares. The grant date fair value of the share options granted to these employees is recognised as an employee expense in profit or loss and a corresponding increase in equity, over the period from the grant date until the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Any reimbursement to Carlsberg A/S in relation to the share option programme is treated as a capital distribution and would be recorded directly in equity.

(l) Provisions

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

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

(m) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Revenue and other income (continued)

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iii) Interest income

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

(n) Borrowing costs

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

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

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

(o) Income tax

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

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(q) Operating segments

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

(r) Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(s) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Leasehold land		Freehold land	Buildings		Renovation	Plant and machinery		Motor vehicles	Furniture and office equipment		Assets in-progress	Total
		RM'000	RM'000		RM'000	RM'000		RM'000	RM'000		RM'000	RM'000		
Cost														
At 1 January 2013		10,571	19,097	56,545	585	339,660	25,570	46,862	7,148	506,038				
Additions		-	-	903	56	18,067	5,060	3,909	1,960	29,955				
Disposals		-	-	-	-	-	(4,264)	(103)	-	(4,367)				
Written off		-	-	-	(187)	(133)	-	(486)	-	(806)				
Transfers		-	-	200	-	4,564	-	-	(5,896)	(1,132)				
Effect of movements in exchange rates		-	-	-	-	47	1	73	-	121				
At 31 December 2013/1 January 2014		10,571	19,097	57,648	454	362,205	26,367	50,255	3,212	529,809				
Additions		-	-	548	30	5,439	992	2,814	1,293	11,116				
Disposals		-	-	-	-	(57)	(4,087)	(2,044)	-	(6,188)				
Written off		-	-	-	-	(1,067)	-	(538)	-	(1,605)				
Transfers		-	-	93	160	(199)	(38)	83	(99)	-				
Acquisition of a subsidiary		-	-	-	-	266	-	1,526	-	1,792				
Effect of movements in exchange rates		-	-	-	(3)	167	2	16	-	182				
At 31 December 2014		10,571	19,097	58,289	641	366,754	23,236	52,112	4,406	535,106				

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Depreciation										
At 1 January 2013		3,016	-	24,407	233	270,103	13,654	36,183	-	347,596
Depreciation for the year	14	122	-	1,542	187	11,269	3,722	5,462	-	22,304
Disposals		-	-	-	-	-	(4,193)	(103)	-	(4,296)
Written off		-	-	-	(187)	(124)	-	(486)	-	(797)
Effect of movements in exchange rates		-	-	-	6	(2)	-	22	-	26
At 31 December 2013/1 January 2014										
Depreciation for the year	14	123	-	1,627	42	12,897	4,180	4,625	-	23,494
Disposals		-	-	-	-	(57)	(3,978)	(2,039)	-	(6,074)
Written off		-	-	-	-	(1,042)	-	(537)	-	(1,579)
Transfers		-	-	(8)	(111)	985	12	(878)	-	-
Effect of movements in exchange rates		-	-	1	3	38	(1)	48	-	89
At 31 December 2014										
		3,261	-	27,569	173	294,067	13,396	42,297	-	380,763
Carrying amounts										
At 1 January 2013		7,555	19,097	32,138	352	69,557	11,916	10,679	7,148	158,442
At 31 December 2013/1 January 2014		7,433	19,097	31,699	215	80,959	13,184	9,177	3,212	164,976
At 31 December 2014		7,310	19,097	30,720	468	72,687	9,840	9,815	4,406	154,343

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Note	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Cost									
At 1 January 2013		10,399	18,952	55,453	338,069	2,133	18,862	7,148	451,016
Additions		-	-	903	15,757	570	707	1,860	19,797
Disposals		-	-	-	-	(296)	(70)	-	(366)
Written off		-	-	-	(131)	-	-	-	(131)
Transfers		-	-	200	4,564	-	-	(5,896)	(1,132)
At 31 December 2013/1 January 2014		10,399	18,952	56,556	358,259	2,407	19,499	3,112	469,184
Additions		-	-	548	4,405	272	354	1,293	6,872
Disposals		-	-	-	-	(1,236)	(1,829)	-	(3,065)
Written off		-	-	-	(1,067)	-	(47)	-	(1,114)
At 31 December 2014		10,399	18,952	57,104	361,597	1,443	17,977	4,405	471,877
Depreciation									
At 1 January 2013		2,943	-	24,068	270,068	1,522	17,387	-	315,988
Depreciation for the year	14	118	-	1,505	10,987	223	870	-	13,703
Disposals		-	-	-	-	(296)	(70)	-	(366)
Written off		-	-	-	(122)	-	-	-	(122)
At 31 December 2013/1 January 2014		3,061	-	25,573	280,933	1,449	18,187	-	329,203
Depreciation for the year	14	118	-	1,574	12,071	271	718	-	14,752
Disposals		-	-	-	-	(1,169)	(1,823)	-	(2,992)
Written off		-	-	-	(1,042)	-	(46)	-	(1,088)
At 31 December 2014		3,179	-	27,147	291,962	551	17,036	-	339,875
Carrying amounts									
At 1 January 2013		7,456	18,952	31,385	68,001	611	1,475	7,148	135,028
At 31 December 2013/1 January 2014		7,338	18,952	30,983	77,326	958	1,312	3,112	139,981
At 31 December 2014		7,220	18,952	29,957	69,635	892	941	4,405	132,002

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Leasehold land

Included in the carrying amount of leasehold land are lease of land with:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unexpired lease period less than 50 years	90	95	–	–
Unexpired lease period more than 50 years	7,220	7,338	7,220	7,338
	7,310	7,433	7,220	7,338

4. INTANGIBLE ASSETS

Group	Note	Goodwill RM'000	Computer software RM'000	Total RM'000
Cost				
At 1 January 2013		5,000	15,812	20,812
Acquisition		–	1,169	1,169
Transfer of property, plant and equipment		–	1,132	1,132
Effect of movements in exchange rates		–	28	28
At 31 December 2013/1 January 2014		5,000	18,141	23,141
Acquisition		–	652	652
Acquisition of a subsidiary		2,634	–	2,634
Effect of movements in exchange rates		–	48	48
At 31 December 2014		7,634	18,841	26,475
Amortisation				
At 1 January 2013		–	11,424	11,424
Amortisation for the year	14	–	2,395	2,395
Effect of movements in exchange rates		–	13	13
At 31 December 2013/1 January 2014		–	13,832	13,832
Amortisation for the year	14	–	2,609	2,609
Effect of movements in exchange rates		–	25	25
At 31 December 2014		–	16,466	16,466
Carrying amounts				
At 1 January 2013		5,000	4,388	9,388
At 31 December 2013/1 January 2014		5,000	4,309	9,309
At 31 December 2014		7,634	2,375	10,009

NOTES TO THE FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS (CONTINUED)

Company	Note	Computer software RM'000
Cost		
At 1 January 2013		8,560
Additions		187
Transfer to a subsidiary		1,132
At 31 December 2013/1 January 2014		9,879
Additions		147
At 31 December 2014		10,026
Amortisation		
At 1 January 2013		8,035
Amortisation for the year	14	334
At 31 December 2013/1 January 2014		8,369
Amortisation for the year	14	663
At 31 December 2014		9,032
Carrying amounts		
At 1 January 2013		525
At 31 December 2013/1 January 2014		1,510
At 31 December 2014		994

4.1 Impairment testing for cash-generating units containing goodwill

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

	Group	
	2014 RM'000	2013 RM'000
Subsidiary		
Luen Heng F&B Sdn. Bhd.	5,000	5,000
MayBev Pte. Ltd.	2,634	-
	7,634	5,000

4. INTANGIBLE ASSETS (CONTINUED)

The recoverable amounts of the cash-generating unit (“CGU”) - Luen Heng F&B Sdn. Bhd. and Maybev Pte. Ltd. were based on their value-in-use calculations. The recoverable amount for these CGU was higher than the aggregate carrying amounts of the identifiable net assets and goodwill allocated and hence, no impairment loss was recognised during the year.

Value-in-use of these CGU was determined by discounting the future cash flows forecasted to be generated from the continuing use of these CGU. The key assumptions used for these CGU are as follows:

- Projected EBITDA are expected to approximate the annual net cash flow.
- EBITDA was projected for 5 years and discounted at 9%.

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	2013
	RM'000	RM'000
Unquoted shares - at cost	393,672	393,672

The following are the subsidiaries of the Group:

Name of company	Principal activities	Country of incorporation	Effective ownership Interest	
			2014 %	2013 %
Carlsberg Marketing Sdn. Bhd.	Marketing and distribution of beer, stout, shandy and non-alcoholic beverages	Malaysia	100	100
Euro Distributors Sdn. Bhd.	Dormant	Malaysia	100	100
Luen Heng F&B Sdn. Bhd.	Importation, distribution and sale of alcoholic and non-alcoholic beverages	Malaysia	70	70
Carlsberg Singapore Pte. Ltd. #	Importation and marketing of beer and liquor products	Singapore	100	100
MayBev Pte. Ltd. ^	Importation and marketing of beer and liquor products	Singapore	51	-

Audited by a member firm of KPMG International.

^ Audited by a non-KPMG firm.

In conjunction with the investment undertaken in Luen Heng F&B Sdn. Bhd. (“LHFB”) in 2008, the Company entered into a call and put option with LHFB’s corporate shareholder, Luen Heng Agency Sdn. Bhd. (“LHA”), allowing the Company to acquire the remaining interest held by LHA or LHA to sell its interest in LHFB to the Company, at any time after three (3) years of the date of the acquisition. The consideration is to be based on LHFB’s fair value which is to be determined by an international firm of accountants. Both parties have not exercised their rights during the year.

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Quoted shares, outside Malaysia	24,759	19,936	24,759	19,936
Share of post-acquisition reserves	33,468	20,944	-	-
	58,227	40,880	24,759	19,936
Market value				
Quoted shares, outside Malaysia	350,822	178,914	-	-

Name of company	Principal activities	Country of incorporation	Effective ownership Interest	
			2014 %	2013 %
Lion Brewery (Ceylon) PLC	Manufacturing, marketing and distribution of beer, stout, shandy and non- alcoholic beverages	Sri Lanka	24.97	24.60

Summary financial information on associate:

	2014 RM'000	2013 RM'000
Revenue (100%)	357,963	338,272
Profit after taxation (100%)	44,680	23,894
Total assets (100%)	561,445	532,448
Total liabilities (100%)	427,412	377,440

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

7. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current					
Loan to a subsidiary		-	-	-	648
Current					
Trade					
Trade receivables	20.4	199,619	222,113	-	-
Allowance for impairment loss	20.4	(4,310)	(4,833)	-	-
		195,309	217,280	-	-
Amount due from related companies	7.1	2,487	3,270	-	-
		197,796	220,550	-	-
Non-trade					
Amount due from subsidiaries	7.1	-	-	458	190
Amount due from immediate holding company	7.1	230	-	36	-
Amount due from related companies	7.1	3	265	2	230
Other receivables		7,622	7,094	2,171	1,797
Deposits		17,393	7,050	14,833	5,350
Prepayments	7.2	56,724	53,003	345	329
		81,972	67,412	17,845	7,896
		279,768	287,962	17,845	7,896

7.1 Amounts due from immediate holding, subsidiaries and related companies

Amounts due from immediate holding, subsidiaries and related companies are unsecured, interest free and repayable on demand.

7.2 Prepayments

Prepayments comprise of upfront cash payment to sales outlets which are amortised over the duration of the contracts entered with these outlets.

NOTES TO THE FINANCIAL STATEMENTS

8. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Property, plant and equipment	-	-	(19,319)	(19,967)	(19,319)	(19,967)
Others	5,779	2,927	-	-	5,779	2,927
Tax assets/(liabilities)	5,779	2,927	(19,319)	(19,967)	(13,540)	(17,040)
Set off of tax	(3,313)	(2,891)	3,313	2,891	-	-
Net tax assets/(liabilities)	2,466	36	(16,006)	(17,076)	(13,540)	(17,040)

Company

Property, plant and equipment	-	-	(17,238)	(17,351)	(17,238)	(17,351)
Others	1,623	991	-	-	1,623	991
Tax assets/(liabilities)	1,623	991	(17,238)	(17,351)	(15,615)	(16,360)
Set off of tax	(1,623)	(991)	1,623	991	-	-
Net tax liabilities	-	-	(15,615)	(16,360)	(15,615)	(16,360)

Movement in temporary differences during the year

Group	At		Recognised in profit or loss		At	
	1.1.2013 RM'000	31.12.2013 RM'000	(Note 16) RM'000	(Note 16) RM'000	1.1.2014 RM'000	31.12.2014 RM'000
Property, plant and equipment	(22,871)	(22,871)	2,904	(19,967)	(19,967)	(19,319)
Others	3,094	3,094	(167)	2,927	2,852	5,779
	(19,777)	(19,777)	2,737	(17,040)	3,500	(13,540)

Company

Property, plant and equipment	(21,040)	(21,040)	3,689	(17,351)	112	(17,239)
Others	546	546	445	991	633	1,624
	(20,494)	(20,494)	4,134	(16,360)	745	(15,615)

9. INVENTORIES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Finished goods	49,476	35,386	11,298	9,163
Work-in-progress	4,019	2,457	4,019	2,457
Raw, packaging and other materials	8,713	8,394	8,583	8,314
Spare parts for machinery	4,161	3,470	3,601	3,275
	66,369	49,707	27,501	23,209
Recognised in profit or loss:				
Allowance for inventories written down	779	320	300	300
Finished goods written off	-	2,032	304	162

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits with licensed banks	1,991	1,990	1,200	1,200
Cash and bank balances	86,002	42,151	31,865	2,236
	87,993	44,141	33,065	3,436

11. SHARE CAPITAL AND RESERVES

Share capital

	Group and Company			
	Amount 2014 RM'000	Number of shares 2014 '000	Amount 2013 RM'000	Number of shares 2013 '000
Authorised:				
Ordinary shares of RM0.50 each	300,000	600,000	300,000	600,000
Issued and fully paid:				
Ordinary shares of RM0.50 each	154,039	308,078	154,039	308,078

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group and the Company (see Note 11.4), all rights are suspended until those shares are reissued.

NOTES TO THE FINANCIAL STATEMENTS

11. SHARE CAPITAL AND RESERVES (CONTINUED)

Reserves

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-distributable reserves:					
Share premium		7,367	7,367	7,367	7,367
Other reserves:					
Capital reserve	11.1	3,931	3,931	-	-
Exchange reserve	11.2	4,379	505	-	-
Share option reserve	11.3	760	747	578	554
Treasury shares	11.4	(12,043)	(12,043)	(12,043)	(12,043)
Put option reserve	11.5	(10,591)	(20,057)	(10,591)	(20,057)
Others		(780)	(780)	-	-
		(6,977)	(20,330)	(14,689)	(24,179)
Distributable reserves:					
Retained earnings	11.6	165,093	140,017	257,436	294,854
		158,116	119,687	242,747	270,675

11.1 Capital reserve

The capital reserve comprises reserve capitalised by a subsidiary for bonus issue of shares in prior years.

11.2 Exchange reserve

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

11.3 Share option reserve

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

11.4 Treasury shares

In 1999 via a resolution passed in a general meeting, the Company repurchased 2,330,000* of its issued share capital from the open market. The aggregate consideration paid for the repurchased shares was RM12,043,000, representing an average price of RM5.17* per ordinary share. The shares repurchased are being held as treasury shares in accordance with the provisions of Section 67A of the Companies Act, 1965.

No further shares were repurchased during the financial year ended 31 December 2014 and none of the previously repurchased shares were reissued, distributed as share dividends, resold or cancelled.

* After adjusting for the share split exercise in 2005.

11.5 Put option reserve

As disclosed in Note 5, in 2008, the Company entered into a call and put option with LHFB's corporate shareholder, LHA, allowing the Company to acquire the remaining interest held (30%) by LHA or LHA to sell its interest in LHFB to the Company, at any time after (3) years of the acquisition. The put option liability is recognised based on projected multiples of LHFB's 2014 EBITDA and is recognised as a liability and correspondingly in the put option reserve.

11. SHARE CAPITAL AND RESERVES (CONTINUED)

11.6 Retained earnings

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. Under this system, companies are not required to have tax credits under Section 108 of the Income Tax Act 1967 for dividend payment purposes. The Company has made an irrevocable election to pay dividends under the single tier tax system.

12. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade					
Trade payables		162,759	159,977	50,671	47,977
Amount due to immediate holding company	12.1	16,887	13,670	4,188	5,803
Amount due to related companies	12.1	10,813	9,530	6,394	5,793
		190,459	183,177	61,253	59,573
Non-trade					
Other payables		22,592	21,257	5,351	6,543
Accrued expenses		20,631	16,548	7,870	6,461
Amount due to ultimate holding company	12.2	919	149	919	149
Amount due to subsidiary	12.2	–	–	111,420	55,352
Amount due to related companies	12.2	155	109	155	109
Put option liability	11.5	10,591	20,057	10,591	20,057
		54,888	58,120	136,306	88,671
		245,347	241,297	197,559	148,244

12.1 Amounts due to immediate holding company and related companies

Amounts due to immediate holding company and related companies are unsecured, interest free and subjected to credit terms of 90 days.

12.2 Amounts due to ultimate holding company, subsidiary and related companies

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

NOTES TO THE FINANCIAL STATEMENTS

13. LOANS AND BORROWINGS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current-unsecured				
Bank overdraft	2,514	8,422	-	-
Revolving credits	49,698	32,000	22,056	-
	52,212	40,422	22,056	-

The short term bank loan and revolving credits of the Group are subjected to interests ranging from 1.00% to 1.80% (2013: 1.30% to 4.76%) per annum.

14. OPERATING PROFIT

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating profit is arrived at after charging:				
Amortisation of intangible assets	2,609	2,395	663	334
Auditors' remuneration:				
- Audit services	353	393	66	91
Depreciation of property, plant and equipment	23,494	22,304	14,752	13,703
Allowance for inventories written down	779	320	300	300
Inventories written off	-	2,032	304	162
Impairment loss on receivables	1,883	423	-	-
Bad debts written off	35	236	-	45
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	9,435	8,295	2,570	2,489
- Contributions to other defined contribution plan	631	608	242	253
- Wages, salaries and others	80,360	78,402	26,800	26,667
Property, plant and equipment written off	26	9	26	9
Rental of land and buildings	7,234	7,397	1,204	1,679
Realised foreign exchange loss	20	286	20	161
Unrealised foreign exchange loss	2,047	-	562	283
and after crediting:				
Bad debts recovered	4,556	370	-	-
Dividend income from unquoted subsidiaries	-	-	126,943	116,880
Dividend income from a foreign quoted associate	-	-	1,719	1,700
Gain on disposal of property, plant and equipment	1,385	1,530	371	101
Gain on disposal of other assets	-	101	-	-
Interest income	951	977	454	550
Realised foreign exchange gain	698	-	-	-
Rental income from subsidiary	-	-	840	840
Unrealised foreign exchange gain	-	102	-	-

15. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors:				
- Fees	158	168	158	168
- Remuneration	1,563	1,332	1,563	1,332
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	1,091	1,010	1,091	1,010
	2,812	2,510	2,812	2,510
- Post-employment benefits	116	108	116	108
- Share-based payments	582	172	582	172
	3,510	2,790	3,510	2,790
Other key management personnel:				
- Short term employee benefits	9,716	8,767	2,369	2,205
- Post-employment benefits	255	292	71	69
- Share-based payments	238	213	150	107
	10,209	9,272	2,590	2,381
	13,719	12,062	6,100	5,171

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

NOTES TO THE FINANCIAL STATEMENTS

16. TAX EXPENSE

Recognised in profit or loss

Major components of tax expense include:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian				
- current year	52,865	44,788	10,088	8,771
- over provision in prior year	(2,148)	(478)	(683)	(753)
Overseas				
- current year	10,113	8,269	-	-
- under/(over) provision in prior year	1	(33)	-	-
	60,831	52,546	9,405	8,018
Deferred tax expense				
Origination and reversal of temporary differences	(3,418)	(325)	(1,483)	(249)
(Over)/Under provision in prior year	(82)	(2,412)	738	(3,885)
Total deferred tax	(3,500)	(2,737)	(745)	(4,134)
Total tax expense	57,331	49,809	8,660	3,884
Reconciliation of tax expense				
Profit before tax	274,252	236,429	157,748	149,895
Share of profit of equity accounted associate, net of tax	(10,991)	(5,878)	-	-
Profit before tax excluding share of profit after tax of equity accounted associate	263,261	230,551	157,748	149,895
Tax at Malaysian tax rate of 25% (2013: 25%)	65,815	57,638	39,437	37,474
Effect of tax in foreign jurisdiction	(5,102)	(4,000)	-	-
Non taxable income	(543)	(547)	(32,279)	(29,783)
Non-deductible expenses	2,240	2,054	1,448	831
Double deduction on permitted expenses	(2,525)	(2,383)	-	-
Other items	(760)	(163)	-	-
Current year losses for which no deferred tax asset was recognised	435	133	-	-
(Over)/Under provision in prior year	(2,229)	(2,923)	54	(4,638)
Tax expense	57,331	49,809	8,660	3,884

17. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2014 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

Profit attributable to ordinary shareholders

	2014 RM'000	Group 2013 RM'000
Profit for the year attributable to shareholders	211,582	183,925

Weighted average number of ordinary shares

	2014 '000	Group 2013 '000
Issued ordinary shares as at 1 January/31 December	308,078	308,078
Effect of treasury shares held	(2,330)	(2,330)
	305,748	305,748
Basic earnings per ordinary share (sen)	69.20	60.16

18. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2014			
First interim 2014 ordinary – single tier	5.0	15,287	10 October 2014
Final & special 2013 ordinary – single tier	56.0	171,219	20 May 2014
Total amount		186,506	
2013			
First interim 2013 ordinary – single tier	5.0	15,287	11 October 2013
Final & special 2012 ordinary – single tier	58.0	177,334	20 May 2013
Total amount		192,621	

NOTES TO THE FINANCIAL STATEMENTS

18. DIVIDENDS (CONTINUED)

After the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial report upon approval by the shareholders.

	Sen per RM0.50 share	Total amount RM'000
2014		
Final and special ordinary – single tier	66.0	201,794

19. OPERATING SEGMENTS

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

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

- **Malaysia** Includes manufacturing, marketing and distribution of both alcoholic and non-alcoholic beverages by entities in Malaysia.
- **Singapore** Includes marketing and distribution of both alcoholic and non-alcoholic beverages by an entity in Singapore.
- **Others** Includes marketing and distribution of both alcoholic and non-alcoholic beverages in geographical locations other than Malaysia and Singapore.

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

Segment assets, liabilities and capital expenditures

Segment assets, liabilities and capital expenditures information is neither included in the internal management reports nor provided regularly to the Group's Managing Director. Hence no disclosure is made.

19. OPERATING SEGMENTS (CONTINUED)

Segment assets, liabilities and capital expenditures (continued)

	Malaysia RM'000	Singapore RM'000	Others RM'000	Total RM'000
2014				
Segment profit	203,855	64,092	–	267,947
<i>Included in the measure of segment profit are:</i>				
Revenue from external customers	1,221,229	413,867	–	1,635,096
Inter-segment revenue	54,956	–	–	54,956
Depreciation and amortisation	24,319	1,784	–	26,103
<i>Not included in the measure of segment profit but provided to Managing Director:</i>				
Finance costs	(4,887)	(314)	–	(5,201)
Interest income	951	–	–	951
Income tax expense	(47,311)	(10,020)	–	(57,331)
Share of profit of equity accounted associate, net of tax	–	–	10,991	10,991
	Malaysia RM'000	Singapore RM'000	Others RM'000	Total RM'000
2013				
Segment profit	184,251	50,637	–	234,888
<i>Included in the measure of segment profit are:</i>				
Revenue from external customers	1,219,324	335,825	–	1,555,149
Inter-segment revenue	54,110	–	–	54,110
Depreciation and amortisation	23,158	1,541	–	24,699
<i>Not included in the measure of segment profit but provided to Managing Director:</i>				
Finance costs	(4,682)	(636)	–	(5,318)
Interest income	977	–	–	977
Income tax expense	(41,598)	(8,211)	–	(49,809)
Share of profit of equity accounted associate, net of tax	–	–	5,878	5,878

NOTES TO THE FINANCIAL STATEMENTS

19. OPERATING SEGMENTS (CONTINUED)

Reconciliations of segment profit or loss

	2014 RM'000	2013 RM'000
Profit		
Total segment profit	267,947	234,888
Inter-segment elimination	(436)	4
Finance costs	(5,201)	(5,318)
Interest income	951	977
Share of profit of equity accounted associate, net of tax	10,991	5,878
Consolidated profit before tax	274,252	236,429

Geographical segments

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

Geographical location	Revenue		Non-current assets	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Malaysia	1,207,717	1,211,009	158,495	170,557
Singapore	413,867	335,825	5,857	3,728
Other countries	13,512	8,315	-	-
	1,635,096	1,555,149	164,352	174,285

Major customers

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

20. FINANCIAL INSTRUMENTS

20.1 Categories of financial instruments

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

- (a) Loans and receivables ("L&R"); and
- (b) Other financial liabilities measured at amortised cost ("OL").

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.1 Categories of financial instruments (continued)

2014	Carrying amount RM'000	L&R/ (OL) RM'000
Group		
Financial assets		
Trade and other receivables*	223,044	223,044
Cash and cash equivalents	87,993	87,993
	311,037	311,037
Financial liabilities		
Loans and borrowings	(52,212)	(52,212)
Payables and accruals	(245,347)	(245,347)
	(297,559)	(297,559)
Company		
Financial assets		
Trade and other receivables*	17,500	17,500
Cash and cash equivalents	33,065	33,065
	50,565	50,565
Financial liabilities		
Payables and accruals	(197,559)	(197,559)

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.1 Categories of financial instruments (continued)

2013	Carrying amount RM'000	L&R/ (OL) RM'000
Group		
Financial assets		
Trade and other receivables*	234,959	234,959
Cash and cash equivalents	44,141	44,141
	279,100	279,100
Financial liabilities		
Loans and borrowings	(40,422)	(40,422)
Payables and accruals	(241,297)	(241,297)
	(281,719)	(281,719)
Company		
Financial assets		
Trade and other receivables*	7,567	7,567
Cash and cash equivalents	3,436	3,436
Loan to a subsidiary	648	648
	11,651	11,651
Financial liabilities		
Payables and accruals	(148,244)	(148,244)

* excluding prepayments

20.2 Net gains and losses arising from financial instruments

Net gains/(losses) arising from financial instruments comprises interest income/(expense), unrealised foreign exchange gains/(losses) and impairment losses.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Loans and receivables	5,735	1,368	972	438
Financial liabilities measured at amortised cost	(5,300)	(5,896)	(1,219)	(737)

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

20.4 Credit risk

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

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are required to be performed on new customers requiring credit. The Group normally requires collateral from its customers.

Exposure to credit risk, credit quality and collateral

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

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

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

	2014 RM'000	2013 RM'000
Malaysia	137,588	151,899
Singapore	57,721	65,381
	195,309	217,280

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.4 Credit risk (continued)

Receivables (continued)

Impairment losses

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

Group 2014	Gross RM'000	Individual impairment RM'000	Net RM'000
Not past due	161,526	–	161,526
Past due 1 - 30 days	24,322	–	24,322
Past due 31 - 60 days	5,003	–	5,003
Past due 61 - 90 days	2,501	–	2,501
Past due more than 90 days	6,267	(4,310)	1,957
	199,619	(4,310)	195,309

Group 2013	Gross RM'000	Individual impairment RM'000	Net RM'000
Not past due	188,494	–	188,494
Past due 1 - 30 days	23,090	(820)	22,270
Past due 31 - 60 days	4,181	(78)	4,103
Past due 61 - 90 days	1,373	(30)	1,343
Past due more than 90 days	4,975	(3,905)	1,070
	222,113	(4,833)	217,280

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

	2014 RM'000	2013 RM'000
At 1 January	(4,833)	(4,850)
Impairment loss recognised	(1,883)	(423)
Impairment loss reversed	2,195	–
Impairment loss written off	211	440
At 31 December	(4,310)	(4,833)

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

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.4 Credit risk (continued)

Intercompany balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk and credit quality

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

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries were not recoverable. Non-current loans to subsidiaries are not overdue whilst advances to subsidiaries have been outstanding for less than a year.

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

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

Cash and cash equivalents are placed only with licensed financial institutions.

Exposure to credit risk and credit quality

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

Impairment losses

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

20.5 Liquidity risk

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

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

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.5 Liquidity risk (continued)

Maturity analysis

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000
Group				
2014				
Payables and accruals*	234,756	–	234,756	234,756
Bank borrowings	52,212	1.00 – 1.80	52,254	52,254
	286,968		287,010	287,010
2013				
Payables and accruals*	220,962	–	220,962	220,962
Loan from a subsidiary's non-controlling shareholder	278	4.85	291	291
Bank borrowings	40,422	1.30 – 4.76	40,497	40,497
	261,662		261,750	261,750
Company				
31 December 2014				
Payables and accruals*	186,968	–	186,968	186,968
31 December 2013				
Payables and accruals*	128,187	–	128,187	128,187

* excluding put option reserve

20.6 Market risk

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

20.6.1 Currency risk

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

Risk management objectives, policies and processes for managing the risk

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

Currency risk sensitivity analysis

The exposure to currency risk of Group entities to USD is not material and hence, sensitivity analysis is not presented.

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.6 Market risk (continued)

20.6.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's borrowings are short term in nature. As such, the Group and the Company do not engage in any hedging activities to manage interest risk fluctuations.

Exposure to interest rate risk

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Fixed rate instruments				
Deposits with licensed banks	1,991	1,990	1,200	1,200
Floating rate instruments				
Bank overdraft	(2,514)	(8,422)	-	-
Loan to a subsidiary	-	-	-	648
Loan from a subsidiary's non-controlling shareholder	-	(278)	-	-
Revolving credits	(49,698)	(32,000)	(22,056)	-

Interest rate risk sensitivity analysis

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

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

20.7 Fair value of financial instruments

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

The fair value of the loan to subsidiary of the Company approximates its carrying value.

21. CAPITAL MANAGEMENT

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

NOTES TO THE FINANCIAL STATEMENTS

22. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Less than one year	4,249	4,593	376	508
Between one and five years	4,757	4,006	64	172
	9,006	8,599	440	680

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

23. CAPITAL COMMITMENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Capital expenditure commitments				
Plant and equipment				
Authorised and contracted for	560	779	280	–

24. CONTINGENT LIABILITIES

On 23 September 2014, the Board of Directors of the Company has announced to the Bursa Malaysia that the Company has on 19 September 2014 received two bills of demand both dated 17 September 2014 from Selangor State Director of Royal Malaysian Customs (“State Customs”) for the following:

- (i) Excise duty amounting to RM35,698,219.81 for period 1 July 2011 to 14 January 2014;
- (ii) Sales tax amounting to RM13,763,381.02 and penalty amounting to RM6,881,690.56 for period of 1 July 2011 to 14 January 2014.

The Company has not agreed to the demands made by the State Customs. Based on legal advice sought, there are reasonable grounds to object the basis of the bills of demand issued by the State Customs. At this stage, the Directors believe that it is not probable that a future sacrifice of economic benefits will be required.

25. RELATED PARTIES

Identity of related parties

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

The Group has a related party relationship with the holding company and its related corporations, its subsidiaries (see Note 5), an associate (see Note 6), Directors and key management personnel.

25. RELATED PARTIES (CONTINUED)

Identity of related parties (continued)

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

Details of the related party transactions (other than key management personnel remuneration disclosed in Note 15 to the financial statements) with the Group are as follows:

	Transaction value for year ended 31 December			
	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Immediate holding company				
Management fees payable	4,399	4,303	3,272	3,171
Purchases of materials and products	3,048	1,372	546	647
Reimbursement of expenses	9,401	9,449	7,919	5,029
Royalties payable	31,562	31,531	5,793	6,132
Related companies				
Purchases of materials and products	37,597	34,835	26,955	16,122
Purchases of services	555	569	555	569
Sale of goods and services	9,585	5,685	–	–
Rental of premises	752	832	–	–
Others	132	944	–	25
Companies deemed related to certain directors of a subsidiary				
Sale of goods and services	5,039	4,738	–	–
Purchases of materials and products	464	516	–	–
Rental of premises	80	78	–	–
			Transaction value for year ended 31 December	
			Company	
			2014	2013
			RM'000	RM'000
Subsidiaries				
Sale of goods and services			755,514	766,890
Management fee received			11,500	11,500
Rental income			840	840
Dividend income			126,943	116,880
Interest received			3	132

The terms and conditions for the above transactions are based on negotiated terms. All the amounts outstanding are unsecured and expected to be settled with cash.

Outstanding balances are disclosed accordingly in Notes 7 and 12.

NOTES TO THE FINANCIAL STATEMENTS

26. ACQUISITIONS OF SUBSIDIARIES

26.1 Acquisition of subsidiary – MayBev Pte. Ltd.

On 3 April 2014, the Group via its wholly owned subsidiary, Carlsberg Singapore Pte. Ltd., acquired 51% shares in MayBev Pte. Ltd. For RM6,071,000, satisfied in cash. The company is the sole distributor for “Asahi” brand Japanese beer in Singapore. The company’s principal activity is as disclosed in Note 5. In the nine months to 31 December 2014, the subsidiary contributed revenue of RM41,699,000 and profit of RM4,720,000.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	Group 2014 RM'000
Fair value of consideration transferred		
Cash and cash equivalents		6,072
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment	3	1,792
Inventories		4,233
Trade and other receivables		6,537
Cash and cash equivalents		2,724
Deferred tax liabilities		(112)
Provision for taxation		(549)
Total identifiable net assets		(8,101)
		6,524
Net cash arising from acquisition of subsidiaries		
Purchase consideration settled in cash		6,072
Cash and cash equivalents acquired		(2,724)
Net cash outflow		3,348
Goodwill		
Goodwill was recognized as a result of the acquisition as follows:		
Total consideration transferred		6,072
Fair value of identifiable net assets @ 51%		(3,327)
Exchange reserve		(111)
Goodwill		2,634

27. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2014, into realised and unrealised profits pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised	528,534	516,916	272,321	313,881
- unrealised	(14,296)	(19,334)	(14,885)	(19,027)
	514,238	497,582	257,436	294,854
Total share of retained earnings of associate:				
- realised	37,213	23,710	-	-
- unrealised	(8,568)	(5,818)	-	-
	542,883	515,474	257,436	294,854
Less: Consolidation adjustments	(377,790)	(375,457)	-	-
Total retained earnings	165,093	140,017	257,436	294,854

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

STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 75 to 124 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 27 on page 125 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Henrik Juel Andersen
Managing Director

Chew Hoy Ping
Director

Shah Alam
18 March 2015

STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, **Lew Yoong Fah**, the officer primarily responsible for the financial management of Carlsberg Brewery Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 75 to 125 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 18 March 2015.

Lew Yoong Fah

Before me:
Manoharan A/L Sellamuthu
(No.W656)
Commissioner of Oaths

Kuala Lumpur
18 March 2015

INDEPENDENT AUDITORS' REPORT

to the members of Carlsberg Brewery Malaysia Berhad
(Company No. 9210-K) (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Carlsberg Brewery Malaysia Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 75 to 124.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 5 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

to the members of Carlsberg Brewery Malaysia Berhad
(Company No. 9210-K) (Incorporated in Malaysia)

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 27 on page 125 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

KPMG

Firm Number: AF 0758
Chartered Accountants

Petaling Jaya, Selangor

18 March 2015

Adrian Lee Lye Wang

Approval Number: 2679/11/15(J)
Chartered Accountant

CARLSBERG MALAYSIA'S SALES OFFICES

Alor Setar

c/o Chuan Leong Trading (Kedah) S/B
No. 59, Jalan Utara 4,
Kawasan Perusahaan Mergong Barrage,
Jalan Lencong Barat,
05050 Alor Setar, Kedah.
Tel : 04-734 8702
Fax : 04-734 3712

Butterworth

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

Ipoh

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

Kota Bharu

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

Kuantan

No. 25, Jalan IM14/3,
Kawasan Perindustrian Ringan,
Indera Mahkota,
25200 Kuantan, Pahang.
Tel : 09-573 0135 / 573 0136
Fax : 09-573 0136

Mentakab

c/o Lit Tat Trading Sdn. Bhd.
Pt 13030B, Jalan Industrial 4,
Taman Industrial Park,
28400 Mentakab, Pahang.
Tel : 09-278 3710
Fax : 09-278 3161

Shah Alam

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

Seremban

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

Malacca

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

Batu Pahat

No. 38, Jalan Tukas 2,
Taman Soga,
83000 Batu Pahat,
Johor Darul Takzim.
Tel : 07-433 2463
Fax : 07-433 2464

Kota Kinabalu

No. 34 Towering Industrial Estate,
Mile 4 1/2, Jalan Penampang,
P.O. Box 13435,
88838 Kota Kinabalu, Sabah.
Tel : 088-715 091 / 715 019
Fax : 088-717 480

Kuching

No. 287, Section 9, KTL D,
Ground & 1st Floor, Lorong Rubber 9
Off Rubber Road,
93400, Kuching, Sarawak.
Tel : 082-425 319 / 425 320
Fax : 082-421 660

Tawau

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

Sandakan

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

Miri

Lot 1415, Ground Floor & 1st Floor,
Lorong 5, Jalan Krokop, P.O. Box 1301,
98009 Miri, Sarawak.
Tel : 085-417 821 / 427 821
Fax : 085-437 821

Sibu

c/o Ee Chung Han Co. Sdn. Bhd.
Lot 1248-1249 Lorong Sukun 18,
Off Jalan Teng Kung Suk,
Upper Lanang, 96007 Sibu, Sarawak.
Tel/Fax : 084-213 892

Johor Bahru

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

PARTICULARS OF GROUP PROPERTIES

The Properties included in land and buildings as at 31 December 2014 (Note 3 to the Financial Statements) and their net book values are indicated below:-

Address	Description	Area (Acres)	Existing Use	Land Tenure	Approx. Age of Building (Years)	Net Book Value RM'000	Date of Acquisition Or Revaluation
55, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan.	Land and Building	20.00	Brewery and Offices	Leasehold expiring 23.2.2070	44	29,554	31/3/81 (revaluation)
No. 34, Towering Industrial Estate Mile 4 1/2, Jalan Penampang, P.O. Box 13435, 88838 Kota Kinabalu, Sabah.	Land and Building	0.06	Office and Warehouse	Leasehold expiring 31.12.2037	35	368	28/3/95 (acquisition)
No. 394, Taman AST, Jalan Labu, 70200 Seremban, Negeri Sembilan Darul Khusus.	Land and Building	0.04	Office and Warehouse	Freehold	20	316	23/12/96 (acquisition)
Lot 22, Jalan Pengapit 15/19, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan.	Land and Building	1.81	Factory and Office	Leasehold expiring 23.2.2082	24	7,837	12/03/96 (acquisition)
No. 25, Jalan IM14/3, Kawasan Perindustrian Ringan, Indera Mahkota, 25200 Kuantan, Pahang Darul Makmur.	Land and Building	0.05	Office and Warehouse	Leasehold expiring 29.3.2097	17	183	17/12/97 (acquisition)
No. EMR 3099, Lot No. 9 & No. EMR 3100, Lot No. 10, No. GM 76, Lot No. 35 & No. GM 77, Lot No. 36, In the Village of Batu Tiga / Mukim of Damansara, District of Petaling, Selangor Darul Ehsan.	Land	6.41	Factory	Freehold	-	15,953	24/7/98 (acquisition)
Lot 1071, Mukim Damansara, District of Petaling, Selangor Darul Ehsan.	Land	1.30	Factory	Freehold	-	2,999	18/9/03 (acquisition)
						57,210	

ANALYSIS OF SHAREHOLDINGS

as at 27 February 2015

Authorised Share Capital	: RM300,000,000
Issued and Paid Up Share Capital	: RM154,039,000 comprising 308,078,000 ordinary shares of RM0.50 each
No. of Treasury Shares held by the Company	: 2,330,000
Class of Shares	: Ordinary Shares of RM0.50 each
Voting Rights	: One Vote Per Ordinary Share

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	744	5.90	6,935	0.00
100 - 1,000	5,045	40.01	3,658,349	1.20
1,001 - 10,000	5,317	42.16	20,443,582	6.69
10,001 - 100,000	1,310	10.39	40,739,355	13.32
100,001 - 15,287,399*	193	1.53	84,967,279	27.79
15,287,400 and above**	1	0.01	155,932,500	51.00
TOTAL	12,610	100.00	305,748,000	100.00

* Less than 5% of issued holdings

** 5% and above of issued holdings

THIRTY LARGEST SHAREHOLDERS

	Name	No. of Shares	% of Shares
1	UOBM Nominees (Asing) Sdn. Bhd. Carlsberg Breweries A/S	155,932,500	51.000
2	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	9,085,320	2.971
3	HSBC Nominees (Asing) Sdn. Bhd. BNP Paribas Secs Svs Lux For Aberdeen Global	4,781,100	1.563
4	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	4,122,000	1.348
5	Citigroup Nominees (Asing) Sdn. Bhd. Exempt AN For Citibank New York (Norges Bank 9)	3,675,800	1.202
6	Citigroup Nominees (Tempatan) Sdn. Bhd. Exempt AN For AIA Bhd.	2,672,400	0.874
7	Cartaban Nominees (Tempatan) Sdn. Bhd. Exempt AN For Eastspring Investments Berhad	1,922,900	0.628
8	Tai Tak Estates Sdn. Bhd.	1,500,000	0.500
9	UOBM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Wong Yoke Fong @ Wong Nyok Fing (6110553745-T232)	1,400,000	0.457
10	Yeoh Saik Khoo Sendirian Berhad	1,392,000	0.455
11	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt AN For UOB Kay Hian Pte. Ltd. (A/C Clients)	1,374,340	0.450
12	CIMSEC Nominees (Asing) Sdn. Bhd. Exempt AN For CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)	1,360,570	0.444
13	DB (Malaysia) Nominee (Asing) Sdn. Bhd. SSBT Fund W4B9 For Wasatch Frontier Emerging Small	1,321,873	0.432

ANALYSIS OF SHAREHOLDINGS

	Name	No. of Shares	% of Shares
14	Tokio Marine Life Insurance Malaysia Bhd As Beneficial Owner (PF)	1,219,800	0.400
15	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN For JPMorgan Chase Bank, National Association (U.S.A.)	1,176,457	0.384
16	Citigroup Nominees (Asing) Sdn. Bhd. CBNY For DFA Emerging Markets Small Cap Series	1,144,000	0.374
17	UOBM Nominees (Asing) Sdn. Bhd. Banque DE Luxembourg For BL Emerging Markets	1,100,000	0.360
18	Key Development Sdn. Berhad	1,038,000	0.340
19	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Mak Tian Meng (JRC)	1,000,000	0.327
20	Chang Sin Fong	970,000	0.317
21	Citigroup Nominees (Asing) Sdn. Bhd. Exempt AN For Citibank New York (Norges Bank 1)	952,100	0.311
22	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad For Saham Amanah Sabah (Acc 2-940410)	918,700	0.300
23	Cartaban Nominees (Tempatan) Sdn. Bhd. Exempt AN For State Street Bank & Trust Company (West CLT OD67)	876,300	0.286
24	Gan Teng Siew Realty Sdn. Berhad	845,000	0.276
25	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad For Manulife Investment - HW Flexi Fund (270519)	826,600	0.270
26	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN For J.P. Morgan Bank Luxembourg S.A.	803,200	0.262
27	CIMB Commerce Trustee Berhad Public Focus Select Fund	788,700	0.257
28	Amsec Nominees (Asing) Sdn. Bhd. AmFraser Securities Pte. Ltd. For Chong Chew Lim @ Chong Ah Kau (214028)	755,100	0.246
29	DB (Malaysia) Nominee (Asing) Sdn. Bhd. SSBT Fund DRNY For Aberdeen Global Small Cap Fund	731,300	0.239
30	Cartaban Nominees (Asing) Sdn. Bhd. SSBT Fund J728 For SPDR S&P Emerging Asia Pacific ETF	726,203	0.237
	TOTAL	206,412,263	67.510

SUBSTANTIAL SHAREHOLDER

	Name	Direct Interest	
		No. of Shares	% of Shares
1	Carlsberg Breweries A/S	155,932,500	51

DIRECTORS' INTERESTS

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

Deemed interested by virtue of shares held by his daughter.

None of the other Directors holding office as at 27 February 2015 had any interest in shares whether direct or indirect in the Company.

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Group and/or its subsidiaries involving directors' and major shareholders' interests either subsisting as at 31 December 2014 or entered into since the end of the previous financial year ending 31 December 2013. The following are the existing material contracts:-

1. A call option agreement between Carlsberg Brewery Malaysia Berhad ("**CBMB**") and Carlsberg A/S ("**CAS**") dated 18 November 1996, allowing CAS to acquire CBMB's interest in Lion Brewery Ceylon Limited, should certain events occur. The purchase consideration is to be based on an agreed formula and in any event, to be a minimum of the original purchase price paid by CBMB.

CAS is the holding company of Carlsberg Breweries A/S ("**CBAS**"), which in turn is the holding company and major shareholder of CBMB.

2. A shareholders agreement between CBMB, Luen Heng Agency Sdn. Bhd. ("**LHA**") and Luen Heng F&B Sdn. Bhd. ("**LHFB**") dated 26 November 2008 for CBMB and LHA to participate in the equity of LHFB whereupon CBMB holds 70% equity shareholding consisting of 2,100,000 ordinary shares of RM1.00 each. Mr. Henrik Juel Andersen who is a Director of CBMB is also the Director of LHFB.

LIST OF RECURRENT RELATED PARTY TRANSACTIONS

The breakdown of the aggregate value of the recurrent related party transactions entered into by the Group pursuant to the shareholders' mandate obtained during the **44th AGM held on 24 April 2014** is as follows:

Transacting Parties	Interested Related Parties	Nature of Transaction	Actual Value Transacted (25 April 2014 - 28 Feb 2015) (RM' million)
CBAS and the Group	CJW, HJA, RAL, JAJS and CBAS	Purchase of raw materials (hops, yeasts, aroma etc) and related services from CBAS	3.4
CBAS and the Group	CJW, HJA, RAL, JAJS and CBAS	Provision of administrative support and property leasing services to CBAS	0.3
CBAS and the Group	CJW, HJA, RAL, JAJS and CBAS	Provision of administrative support services from CBAS	3.1
CBAS and the Group	CJW, HJA, RAL, JAJS and CBAS	Royalties payable to CBAS for inter alia, the exclusive use of trademark licences and supply of technical and commercial assistance	30.5
DMG and the Group	CJW, HJA, RAL, JAJS and CBAS	Purchase of raw materials (malts) from DMG	21.6
CUKL and the Group	CJW, HJA, RAL, JAJS and CBAS	Purchase of beverage products and services from CUKL	0.0
DMG Polska and the Group	CJW, HJA, RAL, JAJS and CBAS	Purchase of raw materials (malts) from DMG Polska	2.4
SSSp and the Group	CJW, HJA, RAL, JAJS and CBAS	Purchase of raw materials (malts) from SSSp	0.7
CIT and the Group	CJW, HJA, RAL, JAJS and CBAS	Purchase of IT services from CIT	0.6
CGPAG and the Group	CJW, HJA, RAL, JAJS and CBAS	Purchase of materials and services (A&P items) from CGPAG	5.6
BK and the Group	CJW, HJA, RAL, JAJS and CBAS	Purchase of beverage products from BK	0.4
HVTB and the Group	CJW, HJA, RAL, JAJS and CBAS	Purchase of beverage products from HVTB	1.2
SOAS and the Group	CJW, HJA, RAL, JAJS and CBAS	Purchase of beverage products from SOAS	1.1
CHKL and the Group	CJW, HJA, RAL, JAJS and CBAS	Purchase of beverage products by CHKL	0.0
CSAB and the Group	CJW, HJA, RAL, JAJS and CBAS	Purchase of beverage products from CSAB	0.0

Transacting Parties	Interested Related Parties	Nature of Transaction	Actual Value Transacted (25 April 2014 - 28 Feb 2015) (RM' million)
CDTL and the Group	CJW, HJA, RAL and CBAS	Sale and supply of goods by CMSB to CDTL	1.7
CHKL and the Group	CJW, HJA, RAL and CBAS	Sales and supply of goods by CSPL to CHKL	0.0
THCD and the Group	CJW, HJA, RAL and CBAS	Sale and supply of goods by CMSB to THCD	6.8
EKSB and LHFB	KSCW and LHA	Sale and supply of goods by LHFB to EKSB ^{(2)(v)-(viii)}	3.5
LHA and LHFB	KSCW and LHA	Rental of property by LHFB from LHA ^{(2)(v) & (3)}	0.7
Beerite and LHFB	KSCW and LHA	Rental of property by LHFB from Beerite ^{(2)(v)-(vii), (ix) & (4)}	0.07
Hock Lee and LHFB	KSCW and LHA	Sale and supply of goods by LHFB to Hock Lee ^{(2)(v)-(vii) & (xi)}	0.3
World Wide and LHFB	KSCW	Sale and supply of goods by LHFB to World Wide ^{(2)(v)-(vii) & (xii)}	0.006
ICB and LHFB	KSCW	Sale and supply of goods by LHFB to ICB ^{(2)(v)-(vii), (x) & (xii)}	0.0
BDSB and LHFB	KSCW and LHA	Purchase of beverage products and services from BDSB ^{(2)(v)-(vii) & (xiii)}	0.4
LFBS and LHFB	KSCW	Sale and supply of goods by LHFB to LFBS ^{(2)(v)-(vii) & (xiv)}	0.4

Notes:

- (1) The above actual value of the recurrent related party transactions is for the period 24 April 2014 to 28 February 2015.
- (2) The nature of relationship with the above Related Parties is as follows as at 28 February 2015:
- (i) CBAS is the holding company and Major Shareholder of the Company, holding an equity interest of 51.0% in the Company. The Company in turn holds 100% interest in both CMSB and CSPL.
 - (ii) CJW, RAL and JAJS, who are Non-Executive Directors of the Company, are the Senior Vice-President, Asia of CBAS, Vice President Finance, Asia of CBAS and the Commercial Vice-President, Asia of CBAS respectively. HJA is the Managing Director of the Company. All the four Directors namely, CJW, RAL, JAJS and HJA are nominees/representatives of CBAS and do not hold any shares in CBAS nor the Company.
 - (iii) BK, CBGL, CBHKL, CGPAG, CHKL, CIT, CSAB, CSCAG, CUKL, DMG, DMG Polska, HVTB, SOAS SSSp and THCD are subsidiaries of CBAS and do not hold any direct equity interest in the Company.
 - (iv) CBAS holds 49.6% equity interest in CDTL.
 - (v) LHFB is a subsidiary of the Company and is in the business of selling and supplying alcoholic and non-alcoholic beverages. The Company and LHA hold 70% and 30% equity interests respectively in LHFB.
 - (vi) KSCW is a director of BDSB, Beerite, EKSB, Hock Lee, ICB, LHA, LHAFBI, LFBS, LHFB and World Wide.
 - (vii) KSCW holds 28.51% equity interest in LHA.
 - (viii) SohYan Holdings Sdn. Bhd. ("SYHSB") holds 35% equity interest in EKSB. KSCW holds 28.50% equity interest in SYHSB.
 - (ix) LHA holds 100% equity interest in Beerite.
 - (x) World Wide holds 30% equity in ICB.
 - (xi) KSCW holds 25.86% equity interest in Hock Lee.
 - (xii) KSCW holds 15% equity interest in World Wide.
 - (xiii) KSCW holds 27% equity interest in BDSB.
 - (xiv) LHA Food & Beverage (International) Sdn. Bhd. ("LHAFBI") holds 70% equity interest in LFBS.

LIST OF RECURRENT RELATED PARTY TRANSACTIONS

- (3) Rental of Property by LHFB from LHA –
- a three storey office premises warehouse, at No. 8, Jalan Kilang Midah, Taman Midah, 56000 KL for tenure of 01/12/2014 to 30/11/2017 at monthly rental of RM50,000.00.
 - a single storey warehouse, at No. 10, Jalan Kilang Midah, Taman Midah, 56000 KL for tenure 01/12/2014 to 30/11/2017 at monthly rental of RM9,950.00.
 - the whole of ground floor inclusive of two (2) cold rooms, at No. 14, Persiaran 118C, Desa Tun Razak, Cheras, 56000 KL for tenure of 01/12/2014 to 30/11/2017 at monthly rental RM10,000.00.
- (4) Rental of Property by LHFB from Beerite – a 11/2 storey warehouse cum office, at No. 31, Jalan Istimewa 4, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim for tenure of 01/12/2014 to 30/11/2017 at monthly rental of RM7,000.00.

Abbreviations:

BDSB	- Bennison Distillery Sdn. Bhd.	Group	- Company and its wholly-owned subsidiaries, namely Carlsberg Marketing Sdn. Bhd., Euro Distributors Sdn. Bhd. and Carlsberg Singapore Pte. Ltd.
Beerite	- Beerite (M) Sdn. Bhd.	HJA	- Henrik Juel Andersen
BK	- Brasseries Kronenbourg SAS	Hock Lee	- Hock Lee & Co. Sdn. Bhd.
CBAS	- Carlsberg Breweries A/S	HVTB	- Hanoi Vungtau Beer Joint Stock Co
CBGL	- Carlsberg Brewery (Guangdong) Ltd.	ICB	- Ice Cold Bier Sdn. Bhd.
CBHKL	- Carlsberg Brewery Hong Kong Ltd.	JAJS	- Jessica Alice Jacqueline Spence
CDTL	- Carlsberg Distributors Taiwan Ltd.	KSCW	- Kenneth Soh Chee Whye, a Director of LHFB
CSPL	- Carlsberg Singapore Pte. Ltd.	LFBS	- LHA Food & Beverages Pte. Ltd.
CGPAG	- Carlsberg Group Procurement AG	LHA	- Luen Heng Agency Sdn. Bhd.
CHKL	- Carlsberg Hong Kong Ltd.	LHFB	- Luen Heng F&B Sdn. Bhd., a subsidiary of the Company
CIT	- Carlsberg IT A/S	RAL	- Roland Arthur Lawrence
CMSB	- Carlsberg Marketing Sdn. Bhd.	SOAS	- Saku Olletahase AS
CSAB	- Carlsberg Sverige AB	SSSp	- Slodownia Strzegom Sp.z.o.o.
CSCAG	- Carlsberg Supply Company AG	THCD	- CB Distribution Co. Ltd.
CUKL	- Carlsberg UK Limited	World Wide	- World Wide Privilege Sdn. Bhd.
CJW	- Christopher John Warmoth		
DMG	- Danish Malting Group A/S		
DMG Polska	- Danish Malting Group Polska		
EKSB	- Eurobier Koncepts Sdn. Bhd.		

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Fifth (45th) Annual General Meeting of the Company will be held at Sime Darby Convention Centre, Ballroom 2 & 3, First Floor, 1A, Jalan Bukit Kiara, 60000 Kuala Lumpur on Thursday, 23 April 2015 at 11.00 a.m. for the following purposes:

AGENDA:

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Directors' and Auditors' reports thereon. **Ordinary Resolution 1**
2. To approve the payment of a Final and Special Single Tier Dividend of 66 sen per RM0.50 share in respect of the financial year ended 31 December 2014. **Ordinary Resolution 2**
3. To approve the payment of Directors' fees of RM168,000 for the financial year ended 31 December 2014. **Ordinary Resolution 3**
4. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

Special Business

5. To consider, and if thought fit, to pass the following Resolutions:-

RE-ELECTION OF DIRECTORS

- (a) THAT Roland Arthur Lawrence, who retires pursuant to Article 92(a) of the Articles of Association of the Company, be and is hereby re-elected as Director of the Company. **Ordinary Resolution 5**
 - (b) THAT Chew Hoy Ping, who retires pursuant to Article 92(e) of the Articles of Association of the Company, be and is hereby re-elected as Director of the Company. **Ordinary Resolution 6**
 - (c) THAT Jessica Alice Jacqueline Spence, who retires pursuant to Article 92(e) of the Articles of Association of the Company, be and is hereby re-elected as Director of the Company. **Ordinary Resolution 7**
6. To consider, and if thought fit, to pass the following Resolution in accordance with Section 129 of the Companies Act, 1965:-

RE-APPOINTMENT OF DIRECTOR

- THAT pursuant to Section 129 of the Companies Act, 1965, Dato' Lim Say Chong who is over the age of seventy (70) years, be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. **Ordinary Resolution 8**

To consider, and if thought fit, to pass the following Resolutions, with or without modifications, as Ordinary Resolutions of the Company:

NOTICE OF ANNUAL GENERAL MEETING

7. **AUTHORITY FOR DIRECTORS TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** Ordinary Resolution 9

“**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting.”

8. **PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** Ordinary Resolution 10

“**THAT** subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies (“the Group”) be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related party as set out in Section 2.3(a) of the Circular to Shareholders dated 23 March 2015 (“the Related Party”) provided that such transactions are:-

- (a) necessary for the day-to-day operations;
- (b) undertaken in the ordinary course of business and at arm’s length basis and on normal commercial terms which are not more favourable to the Related Party than those generally available to the public; and
- (c) are not prejudicial to the minority shareholders of the Company

(“the Shareholders’ Mandate”).

THAT such approval shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following this AGM at which the Shareholders’ Mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed; or
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act (“the Act”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) is revoked or varied by resolution passed by shareholders in a general meeting,

whichever is the earliest;

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders’ Mandate.”

9. **PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **Ordinary Resolution 11**

“THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies (“the Group”) be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related party as set out in Section 2.3(b) of the Circular to Shareholders dated 23 March 2015 (“the Related Party”) provided that such transactions and/or arrangements are:-

- (a) necessary for the day-to-day operations;
- (b) undertaken in the ordinary course of business and at arm’s length basis and on normal commercial terms which are not more favourable to the Related Party than those generally available to the public; and
- (c) are not prejudicial to the minority shareholders of the Company

(“the Shareholders’ Mandate”)

THAT such approval shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following this AGM at which the Shareholders’ Mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed; or
- (b) the expiration of the period within the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earliest;

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders’ Mandate.”

10. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE CHAIRMAN** **Ordinary Resolution 12**

“THAT subject to the passing of Ordinary Resolution 8, authority be and is hereby given to Dato’ Lim Say Chong who has served as an Independent Non-Executive Director and Chairman of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company.”

- 11. To consider any other business of which due notice shall be given in accordance with the Companies Act, 1965 and the Company’s Articles of Association.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND PAYMENT AND CLOSURE OF REGISTER

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Forty-Fifth (45th) Annual General Meeting to be held on Thursday, 23 April 2015, a Final and Special Single Tier Dividend of 66 sen per RM0.50 share in respect of the financial year ended 31 December 2014 will be payable on 20 May 2015 to shareholders registered in the Register of Members and Record of Depositors at the close of business on 5 May 2015.

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

- (a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 5 May 2015 in respect of ordinary transfers;
- (b) Shares deposited into the Depositor's securities account before 12.30 p.m. on 29 April 2015 (in respect of shares which are exempted from mandatory deposit); and
- (c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Lew Yoong Fah (MIA 10936)
Lu Kee Chee (LS 0009744)
 Secretaries

Shah Alam
 23 March 2015

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint **ONE** person as his proxy to attend and vote in his stead at the meeting. A proxy need not be a Member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. If a Member having appointed a proxy to attend a general meeting attends such meeting in person, the appointment of such proxy shall be null and void in respect of such meeting and his proxy shall not be entitled to attend such meeting.
3. Where a Member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it shall be entitled to appoint at least one proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. 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.
6. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 50(9)(a) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 16 April 2015 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

(i) Ordinary Resolutions 5, 6 and 7– Re-election of Directors

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

(ii) Ordinary Resolution 8 – Re-appointment of Director pursuant to Section 129 of the Companies Act, 1965

The re-appointment of Dato' Lim Say Chong, person over the age of 70 years as Director of the Company to hold office until conclusion of the next Annual General Meeting of the Company shall take effect if the proposed Resolution is passed by a majority of not less than three-fourths (3/4) of such members as being entitled to vote in person or, where proxies are allowed, by proxy, at a general meeting of which not less than 21 days' specifying the intention to propose the Resolution has been duly given.

(iii) Ordinary Resolution 9 – Authority for Directors 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 shares in the Company up to and not exceeding in total ten per cent (10%) of the issued and paid-up share capital of the Company for such purposes as the Directors deem fit and in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

This mandate is a renewal of the last mandate granted to the Directors at the Forty-Forth (44th) Annual General Meeting held on 24 April 2014 and which will lapse at the conclusion of the Forty-Fifth (45th) Annual General Meeting.

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

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

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

The detailed text on Ordinary Resolution 10 on the Proposed Renewal of Shareholders' Mandate is included in the Circular to Shareholders dated 23 March 2015 which is enclosed together with the Annual Report.

(v) Ordinary Resolution 11 – Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed New Shareholders' Mandate")

The detailed text on Ordinary Resolution 11 on the Proposed New Shareholders' Mandate is included in the Circular to Shareholders dated 23 March 2015 which is enclosed together with the Annual Report.

(vi) Ordinary Resolution 12 – Continuing in Office as Independent Non-Executive Chairman

Dato' Lim Say Chong has served the Board as an Independent Non-Executive Director and Chairman of the Company for a cumulative term of nearly twelve (12) years. The Board has recommended him to continue to act as an Independent Non-Executive Chairman based on the following justifications:-

- a. He has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board;
- b. He has vast experience in a diverse range of businesses and therefore would be able to provide constructive opinion; he exercises independent judgement and has the ability to act in the best interest of the Company;
- c. He has devoted sufficient time and attention to his professional obligations for informed and balanced decision making; and
- d. He has continued to exercise his independence and due care during his tenure as an Independent Non-Executive Director and Chairman of the Company and carried out his professional duties in the best interest of the Company and shareholders.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Authority For Directors To Issue Shares Pursuant To Section 132D Of The Companies Act, 1965

Kindly refer to item (iii) of Explanatory Notes On Special Business at page 141

NO. OF SHARES HELD	
CDS ACCOUNT NO.	



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

FORM OF PROXY

I/We, _____ I.C./Passport/Company No. _____

of _____ being

a member of the abovenamed Company, hereby appoint _____

I.C./Passport No. _____ of _____ OR

failing him/her _____ I.C./Passport No. _____

of _____

OR the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Forty-Fifth (45th) Annual General Meeting of the Company to be held at Sime Darby Convention Centre, Ballroom 2 & 3, First Floor, 1A, Jalan Bukit Kiara, 60000 Kuala Lumpur on Thursday, 23 April 2015 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):

RESOLUTION	AGENDA	FOR	AGAINST
Ordinary Resolution 1	Receipt of the Directors' and Auditors' Reports and Audited Financial Statements for the financial year ended 31 December 2014.		
Ordinary Resolution 2	Payment of a Final and Special Single Tier Dividend.		
Ordinary Resolution 3	Approval of Directors' fees of RM168,000 for the financial year ended 31 December 2014.		
Ordinary Resolution 4	Re-appointment of KPMG as auditors and to authorise the Directors to determine their remuneration.		
Ordinary Resolution 5	Re-election of Roland Arthur Lawrence as Director.		
Ordinary Resolution 6	Re-election of Chew Hoy Ping as Director.		
Ordinary Resolution 7	Re-election of Jessica Alice Jacqueline Spence as Director.		
Ordinary Resolution 8	Re-appointment of Dato' Lim Say Chong as Director.		
Ordinary Resolution 9	Authority for Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965.		
Ordinary Resolution 10	Proposed renewal of shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature.		
Ordinary Resolution 11	Proposed new shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature.		
Ordinary Resolution 12	Continuing in office for Dato' Lim Say Chong as an Independent Non-Executive Chairman.		

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

As witness my/our hand this _____ day of _____ 2015.

Signed by the said _____

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint ONE person as his proxy to attend and vote in his stead at the meeting. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. If a member having appointed a proxy to attend a general meeting attends such meeting in person, the appointment of such proxy shall be null and void in respect of such meeting and his proxy shall not be entitled to attend such meeting.
3. Where a Member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it shall be entitled to appoint at least one proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. 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.
6. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 50(9)(a) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 16 April 2015 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

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SHARE REGISTRAR
CARLSBERG BREWERY MALAYSIA BERHAD (9210-K)
Tricor Investor Services Sdn. Bhd.
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

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