CHAIRMAN'S ADDRESS

"The Board is pleased to declare and propose total dividends of 100.0 sen per ordinary share, equivalent to 110.3% of the Group's net profit in 2018."

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 (Carlsberg Malaysia Group / the Group) for the financial year ended 31 December 2018.

Firstly, I would like to extend my sincere appreciation to all shareholders and the Board for your trust and confidence in me.

I joined the Board on 17 May 2017 as an Independent Non-Executive Director before my appointment as Chairman on 12 April 2018 as part of the Group's succession plan. It was a smooth transition that was made possible thanks to the support of our previous Chairman Dato' Lim Say Chong, who served the Group with success and distinction for 15 years.

Despite having only been Chairman since April 2018, I am already appreciating the strength of the Group's businesses, our highly professional and dedicated employees and our strong portfolio of beers, stouts and ciders.

Carlsberg Group's purpose of *Brewing for a Better Today and Tomorrow* is a vision that I strongly support together with our strategy, SAIL'22 and our sustainability priorities. I genuinely look forward to being part of the Group's exciting growth journey.

2018 has been 'Probably the Best Year' ever for us in many respects. We enjoyed an outstanding 2018 in terms of our financial performance and the performance of our brands.

Our success was driven by the successful and consistent execution of our SAIL'22 strategy, now entering its third year in Malaysia and Singapore and continuing the momentum achieved following its launch in 2017.

A YEAR OF UNCERTAINTIES

Malaysia experienced a change in government following the 14th General Election in May 2018.

The new government zero-rated the Goods and Services Tax (GST) from 1 June 2018, leading to a tax holiday for three months, which increased consumption in the short term. The Sales and Service Tax (SST) was reintroduced on 1 September 2018 with a 10% Sales Tax for our products compared to 5% in the past, and a 6% Service Tax.

This resulted in price adjustments especially at bars and restaurants with yearly revenues above RM1.5 million, which are exposed to double taxation from both Sales Tax and Service Tax.

In September 2018, dozens of deaths related to methanol poisoning from illicit alcohol products prompted the authorities to further increase enforcement, which resulted in a substantial reduction in contraband products available in the market.

On the regulatory front, we are thankful to the Malaysian Government for maintaining the status quo on excise duties in its Budget 2019 announcement on 2 November 2018, especially as Malaysia and Singapore already have the second-highest excise duties on beer globally.

Meanwhile, in Singapore, market conditions have remained relatively stable in 2018. The implementation of the EU-Singapore Trade Agreement, which removes import tax on beer from EU, has been deferred to 2019.

THE GROUP'S BEST EVER RESULTS

2018 has been a year of excellent performance for the Group.

For our financial year ended 31 December 2018, the Group achieved impressive double-digit top- and bottom-line growth. This was driven by strong demand for our flagship brand Carlsberg – especially our great innovation Carlsberg Smooth Draught – together with rapid growth of our

premium brands Kronenbourg Blanc, Somersby cider, Asahi Super Dry and Connor's Stout Porter.

Our 'Probably the Best' consumer promotions, product quality, great innovations as well as support from our customers in Malaysia and Singapore helped to deliver the best results ever in the history of the Group. The Group also benefited from the higher share of profits from our associate company, Lion Brewery (Ceylon) PLC in Sri Lanka.

Carlsberg Malaysia Group's revenue increased by 14.6%* to RM1.98 billion, while net profit rose 25.3% to RM277.2 million for the year ended 31 December 2018. Profit from operations grew 16.1% to RM347.0 million, whilst free cash flow was up 7.4% to RM328.0 million.

The performance within each of the strategic levers of the SAIL'22 strategy namely "Strengthen the Core", "Position for Growth" and "Create a Winning Culture" will be covered in the Managing Director's Statement and Management Discussion and Analysis on pages 30 to 39.

MAXIMISING SHAREHOLDER VALUE

Carlsberg Malaysia Group has consistently improved its dividend to shareholders.

On 14 February 2018, we announced a new dividend policy, where we target a 100% payout of the Group's consolidated net profit, subject to business prospects, capital requirements, expansion strategy and other factors considered relevant by the Board.

We also moved from yearly payout of dividends to interim dividends on a quarterly basis, where the target payout is at least 75% of the Group's quarterly consolidated net profit with the remaining dividend declared in the last quarter. The Board may also consider a special dividend in the event of surplus cash after considering the future cash requirements of the Group.

In line with our positive performance for 2018, the Group has declared a fourth quarter single tier interim dividend of 16.6 sen per ordinary share. In addition, the Board has also proposed a FINAL single tier dividend of 22.4 sen per ordinary share plus a SPECIAL single tier dividend of 9.3 sen per ordinary share amounting to 48.3 sen per ordinary share. The proposed FINAL and SPECIAL dividends are subject to shareholders' approval at the forthcoming 49th Annual General Meeting.

Together with the interim single tier dividends declared for the first nine months of the financial year, amounting to 51.7 sen per ordinary share, the total declared and proposed dividend in respect of 2018 is 100.0 sen per ordinary share. This is equivalent to a 110.3% payout of the Group's net profit in 2018.

SAILING INTO 2019

In 2019, we will continue to execute on the strategic levers of SAIL'22. The overall strategy remains the same, but new innovations and activities will be launched.

On the external front, the Malaysian economy is expected to face another challenging year in 2019 with relatively weak consumer confidence as the government undertakes reforms to reduce the high national debt, while new legislation such as the smoking ban in eateries negatively impacts on-premise beer consumption.

We applaud the Malaysian Government for intensifying their efforts to fight contraband. Illegal beers continue to create unfair competition for legal manufacturers and retailers.

Through our participation in the Confederation of Malaysia Brewers Berhad (CMBB), a joint task force has been working the last two years with the Ministry of Finance, Royal Malaysian Customs and various government agencies to support the fight against contraband. One important CMBB initiative is the training of enforcement officers to identify illegal beer.

Singapore, as an open economy, is expected to have modest economic growth in light of the US-China trade tensions and slowdown in global trading. The implementation of the EU-Singapore Trade Agreement in 2019 will increase competition from beer imported from EU.

Total beer consumption in Malaysia and Singapore for 2019 is expected to remain unchanged from 2018. However, rising raw- and packaging material prices will negatively impact production costs.

The Sri Lanka beer market is sensitive to changes in taxation for the different alcohol categories like beer, arrack and toddy. If the 2018 tax scheme is maintained, then the Sri Lanka beer market is expected to continue its positive development.

IN APPRECIATION

On behalf of the Board of Directors, I would like to welcome Chow Lee Peng as our new Non-Executive Director. Appointed to the position on 16 August 2018, she brings with her many years of experience in legal, M&A, corporate and compliance matters, which will be beneficial to the Group.

Finally, I would like to take this opportunity to thank the leadership team and employees in Malaysia and Singapore for their hard work and dedication to make 2018 'Probably the Best Year' for us, so far.

Appreciation must also go to our trade partners, consumers and shareholders for their support for our brands and our Group.

Together, I am confident that we will continue to strengthen our position as a successful, professional and attractive brewer in both Malaysia and Singapore.

Datuk Toh Ah Wah
Chairman
Shah Alam

8 March 2019

**vs adjusted 2017 Revenue had the Group applied MFRS 15*

MANAGING DIRECTOR'S MESSAGE AND **MANAGEMENT DISCUSSION AND ANALYSIS**

"We are proud to have delivered 14.6%* growth in our revenue and 25.3% growth in our net profit in 2018."

**vs adjusted 2017 Revenue had the Group applied MFRS 15*

Dear Shareholders,

2018 was 'Probably the Best Year', so far, thanks to excellent financial performance and very strong growth of our brands in Carlsberg Malaysia Group.

We grew revenues and profits on the back of excellent execution of our strategic levers, enabling us to declare and propose a total dividend payout of 100.0 sen per ordinary share, which is equivalent to 110.3% of the Group's net profit.

We recorded solid growth in all our brands across the mainstream, premium, craft and cider segments.

We also made progress in our sustainability objectives Together Towards ZERO across all our key priorities except water usage. The improvements were in carbon footprint, responsible drinking as well as health & safety.

These achievements were made despite a difficult macro environment in Malaysia that suffered from weak consumer sentiment and the re-introduction of Sales and Services Tax. The Singaporean economy remains strong, though GDP growth was reduced to +3.2% while growth in the bar and restaurant sector has flattened.

In 2018, we increased our investments further behind the two SAIL'22 strategic levers of "Strengthen the Core" and "Position for Growth" in order to accelerate growth.

STRENGTHEN THE CORE

- Grow in Mainstream
- Win in Store
- Fund the Journey

POSITION FOR GROWTH

- Go Big in Premium
- Build New Revenue Streams

DELIVER VALUE FOR SHAREHOLDERS

- Growth in Net Profit
- High and Stable Dividend Yield

CREATE A WINNING CULTURE

DEFEND OUR LICENSE TO OPERATE

STRENGTHEN THE CORE

The 3 strategic priorities under "Strengthen the Core" of "Grow in Mainstream" (with Carlsberg and Carlsberg Smooth Draught), "Win in Store" (with better in-store execution) and "Fund the Journey" (by delivering efficiencies in the areas of supply chain, operating expenses and value management) all contributed to 2018's achievements.

Grow in Mainstream | Win in Store | Fund the Journey

MAINSTREAM BRANDS

+12%

Volume growth in 2018

Double-digit Growth in Mainstream

Our flagship brands Carlsberg and Carlsberg Smooth Draught grew 12% in volume across Malaysia and Singapore. The double-digit sales increase was mainly driven by our great innovation Carlsberg Smooth Draught, which recorded 58% growth in 2018.

These healthy growth figures were due to engaging and impactful consumer activations.

In the first quarter, both Carlsberg, *Probably the Best Beer in the World* and Carlsberg Smooth Draught, *Probably the Smoothest Beer in the World*, celebrated Chinese New Year with the theme "*Probably the Most Victorious Year*", which featured the auspicious red colour on all bottle caps.

In Malaysia, Carlsberg also ran "*Probably the Best CNY Shopping Experience – I Shop, Carlsberg Pays*" promotions at hypermarkets for the second consecutive year due to its prior success.

In the second quarter, Carlsberg Smooth Draught introduced the innovative "POP Cap", an easy-to-open bottle cap, with the slogan *Now You Can POP A Draught Anywhere!*

In the second and into the third quarter, Carlsberg rolled out *Probably the Best Football Beer campaign.* More than 3,000 football parties were hosted together with customers in Malaysia, delighting more than 200,000 football fans across the country. Thousands of football merchandise and prizes were given out including an all-expenses-paid trip to watch a Liverpool FC match at Anfield stadium.

For the 25th year in a row we hosted the Carlsberg Golf Classic – *Probably the Best Golf Tournament* – the biggest and longest running amateur golf tournament in Malaysia, with over 3,200 participants across 34 qualifying legs in 2018. In conjunction with its 25th anniversary, the tournament featured a record RM2.6 million in partner sponsorships and prizes.

Carlsberg and Carlsberg Smooth Draught finished the last quarter of the year with *Probably the Best Party* campaign, where 50 lucky winners each got the chance to host 80 of their friends in themed parties fully sponsored and prepared by Carlsberg.

Improved Execution in-Store

Our systematic approach to improving the distribution and presentation of our brands in stores across Malaysia and Singapore is paying off. Sales promoters have become more effective and our merchandising has improved as well.

Funding the Journey

In 2018, the Group faced increases in its costs from raw and packaging materials and unfavourable foreign exchange. We continued to champion the spirit of Fund the Journey with a focus on efficiency, costs and cash as important drivers for value creation.

POSITION FOR GROWTH

The two strategic priorities under this lever are "Go Big in Premium" and "Build New Revenue Streams".

Go Big in Premium

Build New Revenue Streams

Premium Brands Getting Bigger

Our premium brands portfolio — Kronenbourg 1664 Blanc, Somersby Cider, Asahi Super Dry and Connor's Stout Porter – significantly improved distribution and sales thanks to excellent product quality and relevant consumer promotions that delivered a combined volume growth of 20% in 2018.

Kronenbourg 1664 Blanc, the French wheat beer, ran several 'Pause for a Blue Treat' promotions, which introduced the fruity-sweet beer to thousands of new consumers making it the No. 1 wheat beer in both Malaysia and Singapore.

Malaysia's leading cider brand, Somersby, made its limited-edition Somersby Sparkling Rosé a permanent variant following strong demand and introduced Somersby Elderflower-Lime as a new exciting flavour appealing to women and men alike.

We followed up on the 2017 success of the Connor's Challenge campaign with the nationwide Stout Challenge, which had stout drinkers tasting a non-branded Connor's. 96% of the consumers liked the Connor's taste and claimed it was "Just Made Right"!

New Revenues via Brooklyn Brewery Craft Beers and E-Commerce

With beer consumers demanding more variety and choice we introduced the US award-winning craft beers – Brooklyn Lager and Brooklyn East IPA at the end of 2017 through a strategic partnership with Brooklyn Brewery in New York, USA's No. 1 exporter of craft beer.

In 2018, we introduced Brooklyn Lager and Brooklyn East IPA in draught in Malaysia and new seasonal variants in Singapore.

To cater for consumers, who prefer to shop for beers on-line, we continued to expand our e-commerce business via multiple partnerships.

PREMIUM BRANDS
+20%
Volume growth in 2018

DELIVER VALUE FOR SHAREHOLDERS

We grew both revenue and profits in 2018. Carlsberg Malaysia Group recorded a net profit of RM277.2 million, up 25.3% from 2017, while revenue increased 14.6%* to RM1.98 billion in 2018.

Growth in Net Profit

High and Stable Dividend Yield

The significant improvements were due to higher sales in Malaysia driven by successful implementation of consumer promotions and improved profit from operations in Singapore, which was partly due to absence of the one-off negative trade offer adjustments of RM17.2 million we had in 2017.

Profit before tax (PBT) was RM361.3 million, while profit after tax (PAT) increased by 23.4% to RM286.8 million.

Our balance sheet continued to be strong with cash of RM96.6 million versus debt of RM75.0 million. Total assets amounted to RM682.5 million (2017: RM651.4 million), while total equity stood at RM181.0 million due to quarterly and higher dividend payouts.

Free cash flow amounted to RM328.0 million, representing an increase of 7.4% compared with 2017.

Our Malaysia operations generated revenue of RM1.41 billion, or 21.9%* higher than a year ago, due to robust demand for Carlsberg, successful innovation with Carlsberg Smooth Draught and high growth of our premium brands. Operating profits improved by 17.4% to RM254.1 million, mainly due to revenue growth fuelled by higher commercial investments.

Revenue for Singapore operations declined marginally by 0.3%* to RM569.1 million, whilst profit from operations improved by 12.4% to RM92.9 million.

In Sri Lanka, our share of profits from Lion Brewery (Ceylon) PLC stood at RM21.0 million versus a share of loss of RM0.2 million in 2017. The main drivers of the profit growth were higher sales growth, improved operational performance, net insurance recoveries received and the absence of charges relating to the 2016 floods, which impacted results in 2017.

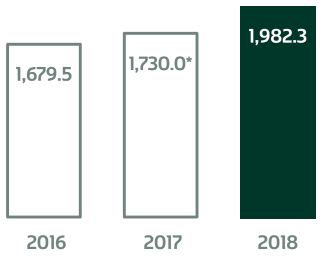
High and Increasing Dividend Yield

We continued to improve our earnings and dividends with a very shareholder-friendly dividend policy.

In line with our dividend policy, we are pleased to deliver a total declared and proposed dividend of 100.0 sen per ordinary share in respect of 2018, equivalent to 110.3% of the Group's net profit in 2018.

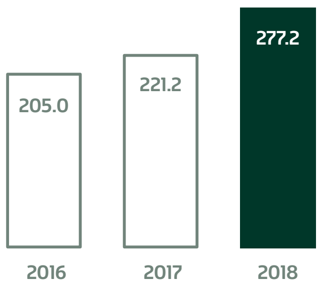
vs adjusted 2017 Revenue had the Group applied MFRS 15

Revenue (RM million)

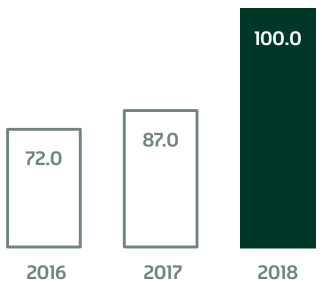


**Adjusted 2017 Revenue had the Group applied MFRS 15.*

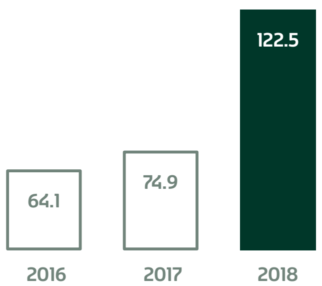
Group Net Profit (RM million)

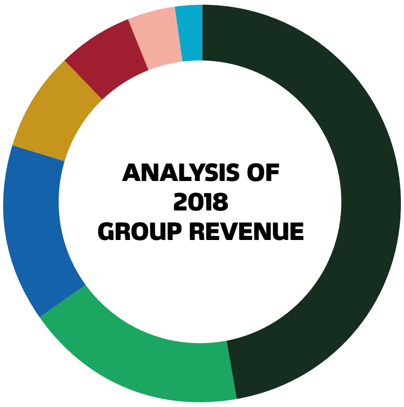


Dividend per Ordinary Share (sen)

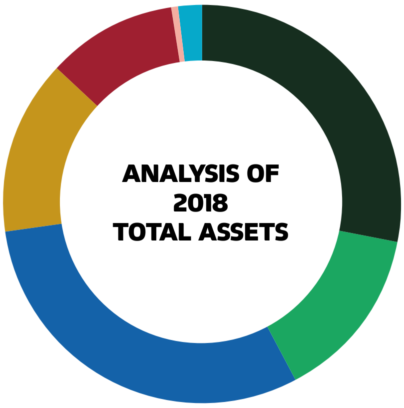


Return on Shareholders' Fund (%)

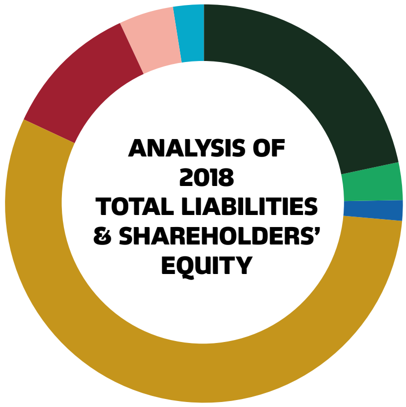




	2017	2018
Excise & Customs Duties	47.1%	**47.3%**
Sales, Distribution, Administration & Other Costs	20.8%	**18.2%**
Profit After Tax	13.1%	**14.5%**
Raw & Packaging Materials Costs	7.8%	**8.1%**
Staff Costs	5.8%	**6.1%**
Taxation	3.5%	**3.8%**
Depreciation	1.9%	**2.1%**



	2017	2018
Property, Plant and Equipment	27.3%	**28.3%**
Inventories	10.5%	**14.2%**
Receivables, Deposits and Prepayments	38.1%	**30.4%**
Cash and Cash Equivalents	11.5%	**14.2%**
Investments	9.9%	**10.7%**
Intangible Assets	0.5%	**0.5%**
Other Assets	2.2%	**1.8%**



	2017	2018
Share Capital	22.9%	**21.9%**
Reserves	23.0%	**2.9%**
Minority Interest	2.1%	**1.7%**
Payables and Accruals	42.4%	**55.6%**
Loans and Borrowings	2.6%	**11.0%**
Current Tax Liabilities	4.0%	**4.6%**
Deferred Tax Liabilities	3.0%	**2.3%**

STATEMENTS OF COMPREHENSIVE INCOME (RM - MILLION)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenue	1,045.5	1,368.2	1,489.4	1,584.8	1,555.1	1,635.1	1,659.9	1,679.5	1,730.0*	**1,982.3**
Profit Before Tax	102.6	176.5	220.4	245.7	236.4	274.3	283.6	283.8	294.8	**361.3**
Taxation	25.9	42.4	53.0	51.9	49.8	57.3	63.4	73.2	62.4	**74.5**
Profit for the Financial Year	76.7	134.1	167.4	193.8	186.6	216.9	220.2	210.6	232.4	**286.8**

** Adjusted 2017 Revenue had the Group applied MFRS 15.*

STATEMENTS OF FINANCIAL POSITION (RM - MILLION)

		I---Restated---I								
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Issued and Paid-up Share Capital	142.0	142.0	142.0	142.0	142.0	142.0	142.0	142.0	149.4	**149.4**
Retained Earnings	363.5	91.5	130.4	148.7	140.0	165.1	163.9	148.8	133.7	**17.3**
Call and Put Option Reserve	–	–	–	–	(20.1)	(10.6)	–	–	–	**–**
Non-Distributable Reserves	9.3	11.8	13.0	8.3	11.8	15.7	29.7	30.9	15.9	**2.4**
Shareholders' Fund	514.8	245.3	285.4	299.0	273.7	312.2	335.6	321.7	299.0	**169.1**
Deferred Taxation	72.3	16.5	18.3	19.8	17.1	13.5	10.2	12.1	16.6	**12.4**
Net Non-Current Liabilities	–	–	–	–	–	–	–	1.7	0.3	**0.3**
Non-Controlling interests	1.8	2.7	3.9	7.8	10.5	19.0	7.0	8.4	13.4	**11.9**
	588.9	264.5	307.6	326.6	301.3	344.7	352.8	343.9	329.3	**193.7**
Property, Plant, Equipment and Intangible Assets (Net Book Value)	521.5	152.3	158.6	168.2	174.3	164.4	167.5	176.6	181.2	**196.2**
Investment in Associated Company	24.3	26.3	33.4	34.7	40.9	58.2	80.2	73.1	64.3	**73.0**
Net Current Assets / (Liabilities)	43.1	85.9	115.6	123.7	86.1	122.1	105.1	94.2	83.8	**(75.5)**
	588.9	264.5	307.6	326.6	301.3	344.7	352.8	343.9	329.3	**193.7**

FINANCIAL RATIO

	2009	I---Restated---I 2010	 2011	2012	2013	2014	2015	2016	2017	2018
Post-Tax Earnings per Share (RM)*	0.25	0.44	0.55	0.63	0.61	0.71	0.72	0.69	0.76	**0.94**
Net Assets Backing per Share (RM)*	1.68	0.80	0.93	0.98	0.90	1.02	1.10	1.05	0.98	**0.55**
Return on Shareholders' Fund (%)+	15.6	35.3	63.1	66.3	65.2	74.0	68.0	64.1	74.9	**122.5**
Current Ratio	1.1	1.3	1.5	1.5	1.3	1.4	1.3	1.3	1.3	**0.8**
Bursa Securities Price at 31 December (RM)	4.54	6.32	8.54	12.52	12.18	11.74	11.70	13.92	15.30	**19.68**
Net Dividend Yield (%) ^	2.1	3.0	4.9	4.5	5.2	5.2	6.1	5.2	5.0	**6.5**

* *Computed based on total number of shares net of Treasury shares. Treasury shares were cancelled on 17 May 2017.*
\+ *Return on Shareholders' Fund was computed based on Group's Profit for the Financial Year over average Group's Shareholders' Fund.*
^ *Net dividend yield was computed based on dividend paid out and declared during the year divided by the share price at year end.*

FIVE YEAR DIVIDEND AS % OF NET PROFIT

	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
Group's Net Profit	211,582	215,913	204,978	221,165	**277,154**
Dividend Amount Declared and Proposed for the year	217,081	220,139	220,139	266,001	**305,748**
Dividend as % of Net Profit	102.6%	102.0%	107.4%	120.3%	**110.3%**
Dividend per Ordinary Share (sen)	71.0	72.0	72.0	87.0	**100.0**

CREATE A WINNING CULTURE

Employee engagement in Malaysia improved 12 percentage points in 2018, which indicates a more engaged workforce and is key to “Create a Winning Culture”. In Singapore the employee engagement was stable in 2018.

Our people are regularly updated about corporate developments and targets and are fully engaged in how they can contribute towards the set targets.

In addition, we also prioritise their personal career aspirations by encouraging growth within or outside their job scopes through various work assignments.

DEFEND OUR LICENSE TO OPERATE

ZERO CARBON FOOTPRINT

ZERO IRRESPONSIBLE DRINKING

ZERO WATER WASTE

ZERO ACCIDENTS CULTURE

Our sustainability programme, Together Towards ZERO, ensures focus on the key sustainability areas for our Group.

Together Towards ZERO consists of four major ambitions: ZERO Carbon Footprint, ZERO Water Waste, ZERO Irresponsible Drinking and ZERO Accidents Culture.

You can read more about our initiatives in the Sustainability Statement on pages 40 to 63.

Business Risks

There are no new developments on the two bills of demand amounting to RM56.3 million issued by the Selangor State Director of the Royal Malaysian Customs on 17 September 2014.

Details of the two bills are as follows:

I. Excise duty amounting to RM35.7 million for the period 1 July 2011 to 14 January 2014;
II. Sales tax amounting to RM13.8 million and a penalty amounting to RM6.8 million for the period 1 July 2011 to 14 January 2014.

We reiterate once again that we do not admit any liability on the demands made and have been in discussions with the authorities together with our legal counsel. As such, no provisions have been recognised for the year ended 31 December 2018.

Regarding contraband, the Group, together with the local beer industry, continues to advocate greater and more stringent enforcement from the authorities.

We offer our full support to the Royal Malaysian Customs and other law enforcement agencies to further curb illegal alcoholic drinks.

In our Singapore operations, the implementation of the EU-Singapore Trade Agreement in 2019 will see tougher competition from imports.

CHALLENGING OUTLOOK AMIDST STRONG FUNDAMENTALS

Going forward, we expect the operating environment to continue to be challenging due to a weak global economic outlook, subdued consumer sentiment and regulatory interventions such as the smoking ban in Malaysia.

In Malaysia, GDP growth is expected to slow due to fiscal consolidation by the new government. Singapore's economy, meanwhile, is expected to bear the brunt of any significant global slowdown. Nonetheless, strong momentum of our business will help us navigate through these challenges.

We expect the growth momentum of Carlsberg and the premium brands over the last couple of years to continue throughout 2019.

Coupled with our Fund the Journey initiatives, I am confident that we will have yet another successful year in 2019.

In Appreciation

I would like to take this opportunity to welcome Caroline Moreau, who joined us on 7 January 2019 as our new Marketing Director.

I would also like to thank the new leadership team in Singapore for their support and great contributions towards the Group.

Thank you.

Lars Lehmann
Managing Director

Shah Alam
8 March 2019

SUSTAINABILITY STATEMENT

PROGRESS TOWARDS ZERO

As a responsible corporate citizen, we are mindful of our role in securing a sustainable future for us and the communities we interact with in an era when climate change, water scarcity and public health are ever-increasing global issues.

This is why our sustainability programme, Together Towards ZERO, is as high a priority for all of us at Carlsberg Brewery Malaysia as the financial and strategic health of the business.

Having run the programme for over a year in line with our global goals, we are convinced that the science-based and partnership-driven approach embodied in the targets set for Together Towards ZERO is effective in increasing efficiency, reducing risks and building resilience all along our value chain in our efforts to build a sustainable business.

Scope

Our Sustainability Statement this year underscores our commitment to conduct our business in a sustainable manner across the value chain. It covers key sustainability initiatives in our Malaysia and Singapore operations from 1 January to 31 December 2018.

However, our associate company, Lion Brewery (Ceylon) PLC, is not included in this report given that we do not have direct management control.

Details of our 'Together Towards ZERO' programme, along with our strategy and performance in 2018, are laid out within our four sustainability ambitions – ZERO Carbon Footprint, ZERO Water Waste, ZERO Irresponsible Drinking and ZERO Accidents Culture, which have been set with clear and measurable targets for 2022 and 2030 respectively. This report updates you on our progress.

Together, the four ambitions focus particularly on the environmental and social pillars of our operations with our economic contributions forming the foundation of our sustainability efforts.

Additional data is also disclosed under the heading 'Committing Towards a Responsible Business'.

All of the information provided is extracted from the Enablon online sustainability reporting platform, adopted Groupwide and used in our global sustainability reporting.

This Sustainability Statement is to be read in conjunction with the rest of Carlsberg Brewery Malaysia Berhad's 2018 Annual Report, which highlights other financial and non-financial aspects of our business.

Governance

Our sustainability performance is overseen by the Management team, led by Managing Director, and endorsed by the Board of Directors.

A network of Together Towards ZERO area and policy owners have been assigned to implement the relevant key performance indicators (KPIs), so that the functions that have the biggest impact and ability to influence are empowered to initiate change.

We leverage on the Enablon online sustainability reporting system to track performance in all policy areas on a regular basis, including monthly, quarterly, half-yearly, and annual intervals.

ZERO CARBON FOOTPRINT

BREWING FOR A BETTER TODAY **AND TOMORROW**

Our Purpose has always been clear - Brewing for a Better Today and Tomorrow. This means the pursuit of perfection every day as we strive to brew better beers that stand at the heart of moments that bring people together. It also means we do not focus merely on short-term gains, but work towards a sustainable future for our business, stakeholders, and the communities we operate in.

We also believe a healthy business ensures that profitability and sustainability co-exist in harmony, which is why we have embedded sustainability into our corporate strategy, SAIL'22, via the two enablers - 'Create a Winning Culture' and 'Defend our License to Operate'.

ZERO WATER WASTE

ZERO IRRESPONSIBLE DRINKING

ZERO ACCIDENTS CULTURE

Ultimately it sets us towards our vision of becoming a successful, professional and attractive brewer in the markets we operate in.

The four areas in the Together Towards ZERO sustainability programme - ZERO Carbon Footprint, ZERO Water Waste, ZERO Irresponsible drinking and ZERO Accidents Culture across our business - correspond with Bursa Malaysia Securities Berhad's (Bursa Malaysia) Economic, Environmental and Social (EES) pillars, the exchange's recommended sustainability framework.

TOWARDS FULL **SUSTAINABILITY**

Our sustainability programme was devised by Carlsberg Group with the support of leading global experts using a science-based approach. It is an ambitious programme that is aligned with the United Nations' (UN) Sustainable Development Goals and the Paris Agreement on Climate Change.

The UN's Sustainable Development Goals (SDGs) are ambitious goals for a more sustainable world and call on governments, civil society, businesses and the general public to act to end poverty, reduce inequality and reduce climate change by 2030.

The SDGs are interconnected, share equal importance and within each goal occupy a number of targets and topics.

Our Together Towards ZERO programme focuses on SDG goals and targets that are relevant to our business and where we can have the greatest influence and impact.

The four key areas – ZERO Carbon Footprint, ZERO Water Waste, ZERO Irresponsible Drinking and a ZERO Accidents Culture are aligned to SDGs 3, 6, 7, 8 and 13, which advocate good health and wellbeing, clean water and sanitation, affordable and clean energy, decent work and economic growth, and climate action.

Our 'Reuse, Reduce, Recycle and Rethink' (4R) programme supports SDG 12, which aims, amongst others, at substantial reduction in waste generation by 2030 through prevention, reduction, recycling and reuse.

Our sustainability approach mirrors SDG 17, which promotes partnerships for the goals, by increasing the involvement of relevant stakeholders in our TTZ programmes.

SUSTAINABLE DEVELOPMENT GOALS THAT CUT ACROSS OUR OPERATIONS

* **7.2** By 2030, increase substantially the share of renewable energy in the global energy mix.

* **7.3** By 2030, double the global rate of improvement in energy efficiency.

* **13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.

* **13.3** Improve education, awareness-raising and capacity on climate change mitigation, adaptation, impact reduction and early warning.

* **12.2** By 2030, achieve the sustainable management and efficient use of natural resources.

* **12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

* **12.9** Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production.

* **3.5** Strengthen the prevention and treatment of substance abuse, including harmful use of alcohol.

* **3.6** By 2020, halve the number of global deaths and injuries from road traffic accidents.

*** 6.4** By 2030, substantially increase water-use efficiency and ensure sustainable withdrawals and supply of freshwater to address water scarcity.

*** 6.5** By 2030, implement integrated water resources management at all levels.

CREATE A WINNING CULTURE

DEFEND OUR LICENSE TO OPERATE

TING SDGs

*** 17.16** Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships.

*** 17.17** Encourage and promote effective public, public-private and civil society partnerships.

*** 8.8** Protect labour rights and promote safe and secure working environments for all workers.

BREWING ECONOMIC GROWTH

TOWARDS SUSTAINABLE ECONOMIC GROWTH

Carlsberg Malaysia Group is an established brewer with more than 45 years of operations in Malaysia and more than 30 years in Singapore. We play an integral part in supporting the local F&B marketplace and in striving to become a successful, professional and attractive brewer, our priority is to promote sustainable economic growth.

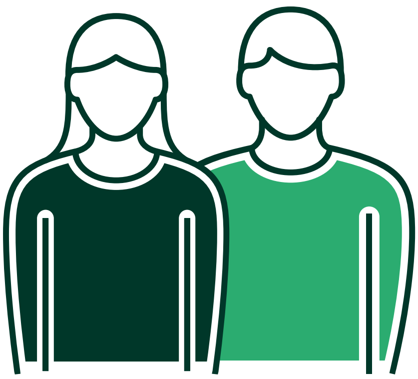
The brewery, together with 17 sales offices across Peninsula and East Malaysia, provide employment and high-value and high-impact commercial activities throughout our value chain, including research and development, production, packaging, logistics, sales and marketing.

Our Singapore operations in Zhongshan Park own a 51% equity share in a local importer MayBev Pte. Ltd. (MayBev), which distributes Japanese premium alcohol brands.

We contribute to the local economy with new jobs created and with significant government revenue generated in terms of excise duties and other related taxes.

Our Malaysia and Singapore operations have collectively contributed over a billion ringgit in taxes and duties in 2018.

It is important to note that while Malaysia's excise duty rate for beer is the second-highest in the world together with Singapore and only after Norway, its Gross Domestic Product (GDP) per capita is nine times lower than Norway and five times lower than Singapore.



No. of people employed

2,027

Direct:
574 employees in Malaysia and
64 staff in Singapore

Indirect:
1,156 sales promoters in Malaysia and
233 sales promoters in Singapore

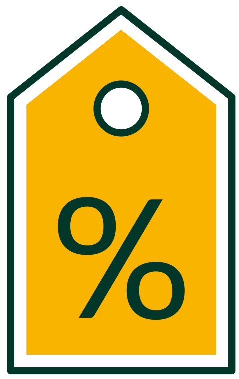
+47 individuals
in 2018 vs 2017

Excise duties

RM938 mil

paid on our products brewed and sold in both Malaysia and Singapore

+13% in 2018 vs 2017



Direct taxes

RM77 mil

paid in corporate taxes with RM63 million for Malaysia and RM14 million for Singapore

+12% in 2018 vs 2017

Through our Malaysian and Singaporean operations, we contribute to SDG targets 8.1 and 8.2 by supporting economic prosperity, higher productivity and innovation by providing decent work and economic growth in the markets we operate in.

Indirect taxes

RM59 mil

in SST & GST paid / collected on behalf of the Malaysian and Singapore governments

+RM1 mil in 2018 vs 2017

Amount spent on human capital development

RM651,000

spent on training activities for employees in Malaysia and Singapore

+2% in 2018 vs 2017

ZERO
CARBON FOOTPRINT

Climate change is becoming a huge concern around the world as it threatens people's lives and livelihoods.

The Intergovernmental Panel on Climate Change (IPCC) has issued critical warnings for global warming of 2°C and more above pre-industrial levels.

Without urgent action, by the end of the century weather patterns will be more extreme, sea levels will rise and crops will struggle to survive, let alone flourish. As a brewer, we have an elemental dependence on the natural resources of water and fertile earth, which is reflected in our founder J.C. Jacobsen's commitment to brewing excellence.

In so far as we can help mitigate this deterioration, the Carlsberg Group is committed to bold climate goals that help the business progress to a ZERO carbon footprint.

Our Ambition

Our Together Towards ZERO carbon footprint to reduce emissions is in line with the more ambitious 1.5°C level of the Paris Agreement.

We are confident that it is possible for businesses to reduce emissions significantly, while still driving growth.

Targets

Our aim is to achieve ZERO carbon emissions at all of Carlsberg Group's breweries by 2030.

At Carlsberg Group's level, we have also set a target that extends beyond our own brewery operations to include the full value chain, as the brewing process represents only one portion of the total carbon footprint. We are aiming for a 30% reduction in "beer-in-hand" emissions by 2030.

Intermediate targets for 2022 include a 50% reduction in emissions and a switch to 100% renewable electricity, plus eliminating coal as an energy source. We also aim to reduce our beer-in-hand carbon footprint by 15%, have 100% low-impact cooling, and to establish 30 global partnerships with suppliers by 2022, leading to a reduction of our shared carbon footprint.

In line with Carlsberg Group's goals, our Malaysia operations have set annual targets based on the ultimate ambition of ZERO carbon emissions at our brewery in Shah Alam, Selangor.

Supporting The Global Goals

SDG targets

7.2: By 2030, substantially increase the share of renewable energy in the global energy mix.

7.3: By 2030, double the global rate of improvement in energy efficiency.

Examples of our actions

- Increasing share of renewable energy.
- Improving energy efficiency.

SDG targets

12.9: Help developing countries to strengthen their scientific and technological capacity in their move towards more sustainable patterns of consumption and production.

Examples of our actions

- Using research to improve every element of our production process and by increasing operational efficiency at our brewery.

SDG targets

13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.

13.3: Improve education, awareness-raising and capacity on climate change mitigation, adaptation, impact reduction and early warning.

Examples of our actions

- Setting tough yet science-based targets.
- Act as agents of change by raising awareness of the need for action on climate change.
- Cooperate with stakeholders in our value chain and other related industries to reduce carbon emissions.

ZERO CARBON FOOTPRINT

2030 TARGETS

ZERO CARBON EMISSIONS AT OUR BREWERIES

30% REDUCTION IN BEER-IN-HAND CARBON FOOTPRINT

2022 TARGETS

50% REDUCTION IN CARBON EMISSIONS AT OUR BREWERIES

100% ELECTRICITY FROM RENEWABLE SOURCES AT OUR BREWERIES

ZERO COAL AT OUR BREWERIES

15% REDUCTION IN BEER-IN-HAND CARBON FOOTPRINT

100% LOW-CLIMATE-IMPACT COOLING

30 PARTNERSHIPS TO REDUCE SHARED CARBON FOOTPRINT

ELIMINATING BREWERY EMISSIONS

Our Supply Chain Director and senior management team are responsible for the implementation of our improvement roadmap towards a ZERO carbon footprint.

We are always on the lookout for ideas and new ways to reduce energy use, packaging efficiency and carbon emissions at our brewery, which is ISO-certified to 14001:2015 benchmarks.

ENERGY USAGE

33.24
kwh/hl
(33.61 kwh/hl in 2017)

CARBON FOOTPRINT

10.8
$kgCO_2/hl$
(10.9 $kgCO_2/hl$ in 2017)

In 2018, our brewery's heat energy consumption stood at 23.17 kwh/hl, an improvement from the previous year's 23.23 kwh/hl.

The reduction in energy usage is partly due to improvement in hot insulation, which was mainly on heat supply piping and boiler stations.

We will continue this initiative in 2019 with more focus on packaging equipment, including bottle washers and pasteuriser body insulation. This can potentially result in energy savings of between 10 to 15%.

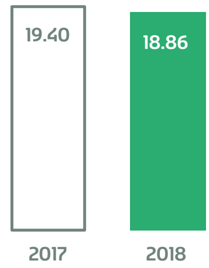
We have also installed energy meters for all levels of production to enable more detailed consumption monitoring, while prioritising on focus areas.

Other measures include setting up flue gas online monitoring systems to have better boiler efficiency control, as well as upgrading all steam traps and high temperature water purging system, which were aging and inefficient, to a new system to reduce thermal losses.

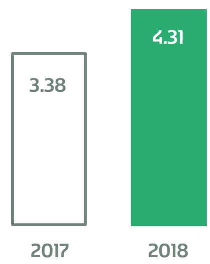
Our use of natural gas reduced to 18.86 kwh/hl from 19.40 kwh/hl a year ago, while use of renewable energy in the form of biogas increased to 4.31 kwh/hl versus 3.83 kwh/hl previously.

The higher use of biogas is due to our upgrading of the anaerobic-stage settlers and biogas blower system, which reduced gas losses at the reactor and recovered more gas for boiler usage.

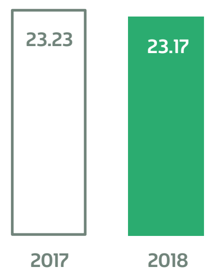
Natural Gas Usage (kwh/hl)



Biogas (Renewable Energy) usage (kwh/hl)

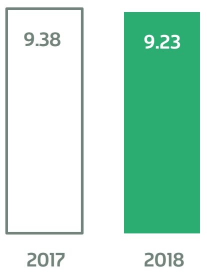


Total Thermal Energy Usage (kwh/hl)

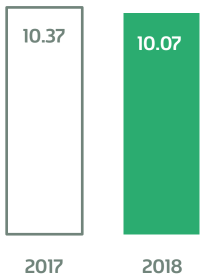


Electricity Usage (kwh/hl)

**for production only*



Total Electricity Usage (kwh/hl)



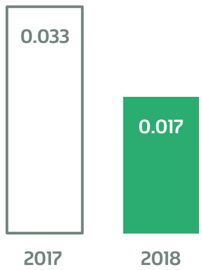
We have also reduced electricity use in 2018 due to several measures undertaken:

- Optimisation of cooling plant condenser by implementing a wet bulb control system to have a more dynamic pressure regulation base on environmental climate.
- Added inverters to all condenser fans to further improve load regulation base on demand.
- Continued compressed air leakage audits with regular scheduled inspections and rectification.
- Replaced one of the old air compressors with a new unit that comes with variable-speed drive control for better load regulation base on demand.

As a result of our efforts, electricity usage at the production facility was reduced to 9.23 kwh/hl in 2018 from 9.38 kwh/hl previously.

Total energy use decreased to 33.24 kwh/hl compared to 33.61 kwh/hl in 2017, resulting in a reduction in carbon emissions to 10.80 $kgCO_2$/hl from 10.91 $kgCO_2$/hl a year ago.

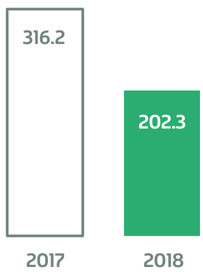
Chemical oxygen demand (COD) in waste water after treatment (kg/hl)



Apart from reducing energy usage, we also took efforts to reduce our carbon footprint through improvements in waste management.

We were able to reduce chemical oxygen demand (COD) in final discharge by almost 50% in 2018, mainly due to improvements and refurbishment of anaerobic settlers. This improved sludge carry-over and improvements in aerobic aeration controls based on the recommendations in the Carlsberg Operating Manual (COM).

Refrigerant usage (R22) in kg/CO_2 equivalents



Our Malaysian operations also saw a reduction in R22 refrigerant usage by 36% to 202.3 kg/CO_2 in 2018 thanks to a maintenance strategy that focuses more on preventive maintenance to avoid overly-long running hours and leakages.

R22 is a hydrochlorofluorocarbon (HCFC) that has been identified as a high climate-impact refrigerant gas, which is currently still used in older air conditioning systems in our Malaysia's operations.

One of our Together Towards ZERO Carbon Footprint goals for 2022 is 100% usage of low climate-impact cooling, which include opting for more environmentally-friendly alternatives to R22 as a refrigerant throughout our operations. We aim to phase out R22 usage completely by 2022.

At the same time, more office spaces within our operations now employ centralised air conditioning, which in turn reduces the number of air conditioning units required to cool individual offices.

Reduce, Reuse, Recycle and Rethink (4Rs) programme

As the production and disposal of packaging materials represents the largest component of Carlsberg's global carbon footprint, our 4Rs programme is aimed to encourage the return of all reusable bottles, kegs and crates from market to brewery via an incentive scheme.

In 2018, we maintained a return rate of 83% for returnable glass bottles (RGBs) – even while the volume of bottles in circulation increased by 11.3%.

This continues our improvement efforts for longer RGB lifecycles via the application of a Kercoat coating on bottles to reduce bottle scuffing and increase bottle reusability and total lifespan. Together with the use to thinner aluminium can walls, these efforts contribute towards reduced carbon emissions while simultaneously reducing material and logistics costs.

ZERO WATER WASTE

Water is the most important ingredient in our production, making up more than 90% in every brew.

Without it, there is no beer!

Research shows that by 2025 two-thirds of the world's population may face water shortages and ecosystems will be under stress.

Our Ambition
We envision a better tomorrow in a world with ZERO water wasted.

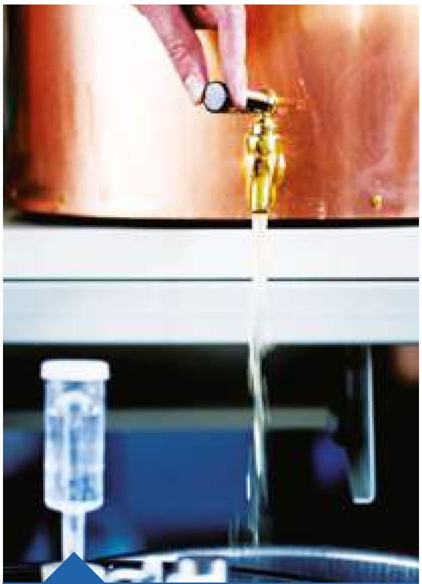
Our Targets
Even today, fresh water is a scarcity in many parts of the world due to the impact of pollution, climate change and other human factors – hence our aim to reduce water usage by 25% by 2022 and to halve water usage at our brewery by 2030.

Globally, Carlsberg is committed to establishing partnerships to safeguard shared water resources in high-risk areas.

Supporting The Global Goals

SDG targets
6.4: By 2030, substantially increase water-use efficiency and ensure sustainable withdrawals and supply of fresh water to address water scarcity.
6.5: By 2030, implement integrated water resources management at all levels.

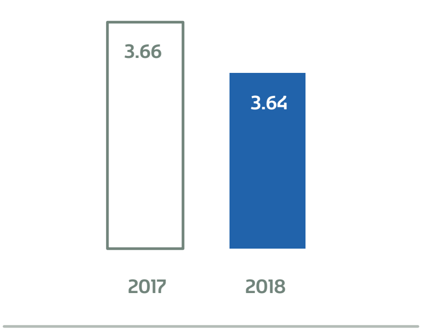
Examples of our actions
- Continuous water use reduction in our operations.
- Water reuse / recycling strategies to reduce water wastage.



REDUCING WATER WASTE
The Group's Environmental Policy and accompanying operating manual was updated in 2017 and helps to provide guidance on water management.

Water stewardship is primarily the responsibility of the senior management team, particularly the Supply Chain Director when it comes to managing permits for water extraction and discharge.

Water Usage (Production only) – hl/hl



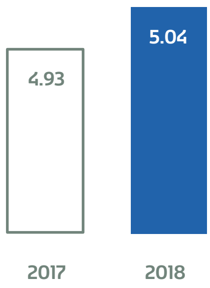
In 2018, water usage for production was reduced to 3.64 hl/hl compared to 3.66 hl/hl, mainly due to the optimisation of water usage in packaging lines, while minimising losses in packaging machinery.

Nevertheless, the total water consumption in 2018 was higher at 5.04 hl/hl versus 4.93 hl/hl in the previous year due to less water drawn from the brewery's on-site tube well to accommodate upgrades of the water treatment plant. Water losses also occurred at the water treatment plant during the reverse osmosis filtration process.

We realise that a flat performance in 2018 versus 2017 means that we need to catch up to reach our 2022 target.

As such, we will work to implement and refine our ZERO water waste roadmap that includes the continued roll-out of existing wastewater recycling technology and searching for new wastewater recycling technologies.

Total Water Usage – hl/hl



We are well aware that the cleaning of equipment is where most water waste occurs.

There are a number of projects in the pipeline that will continue into 2019.

System layout studies are currently in progress for:

- Recycling of final discharge water from the waste water treatment plant for reuse in rough cleaning applications such as crate washing and screen cleaning;
- Recycling and reuse of reverse osmosis discharge water for drainage; and,
- Rainwater collection for toilet flushing and floor cleaning.

ZERO WATER WASTE

2030 TARGETS

50% **REDUCTION IN WATER USAGE AT OUR BREWERIES**

PARTNER TO SAFEGUARD SHARED WATER RESOURCES IN HIGH-RISK AREAS

2022 TARGETS

25% **REDUCTION IN WATER USAGE AT OUR BREWERIES**

EXPLORE GOING BELOW 2.0 HL/HL AT ALL HIGH-RISK BREWERIES

ZERO IRRESPONSIBLE DRINKING

While our beers and ciders have always been enjoyed in moments of celebration and relaxation, we have always advocated responsible drinking.

Our Ambition

While consumers make their own decisions about how they consume our beers, we can support them in making smart choices.

Our vision: a society with ZERO irresponsible Drinking.

Our Targets

Our approach to this consists of enabling, informing and encouraging responsible choices.

While beers provide a quality low-alcohol choice, there are occasions when consumers look for options that do not contain alcohol.

The Carlsberg Group already offers many quality alcohol-free brews that can be alternatives for those who do not wish to consume alcohol, such as those who are driving, are pregnant, or who abstain as part of a lifestyle choice.

Our target is to distribute attractive and refreshing alcohol-free brews by 2022, meaning consumers will be given more opportunities to choose non-alcoholic options, such as when enjoying a brew by themselves or in social occasions.

All our packaging and online platforms contain responsible drinking messages.

In addition, we also collaborate with relevant stakeholders for targeted interventions, whether it is at point-of-sale, during consumption or across all our marketing communications.

Supporting The Global Goals

SDG targets

3.5: Strengthen the prevention and treatment of substance abuse, including harmful use of alcohol.

3.6: By 2020, halve the number of global deaths and injuries from road traffic accidents.

Examples of our actions

- Disclosure of the natural ingredients of our products on our corporate website.
- Deploy #CelebrateResponsibly campaign during consumer-facing events to raise awareness of responsible consumption.

- Collaborate with e-hailing service providers to offer alternative rides to discourage drink driving, when one's body alcohol content exceeds national legal limits.
- Implement health warning labelling on the primary and secondary packaging of our products in Malaysia in compliance with local legislation.

ZERO IRRESPONSIBLE DRINKING

2030 TARGETS

100% OF OUR MARKETS IMPROVE ON RESPONSIBLE DRINKING YEAR ON YEAR

2022 TARGETS

✓ AVAILABILITY OF ALCOHOL-FREE BREWS (AFB)

100% RESPONSIBLE DRINKING MESSAGING THROUGH PACKAGING AND BRAND ACTIVATIONS

100% OF OUR MARKETS RUN PARTNERSHIPS TO SUPPORT RESPONSIBLE CONSUMPTION

#CelebrateResponsibly

Carlsberg Malaysia conducted the *#CelebrateResponsibly* campaign for the fourth year in 2018 in support of Global Be(er) Responsibility Day (GBRD) – a worldwide initiative to promote the responsible consumption of beer.

Since the campaign kicked off in 2015, it has reached more than 31,000 consumers during Oktoberfest activations.

For 2018, there were six *#CelebrateResponsibly* activations during the Oktoberfest celebrations, which reached around 6,000 consumers, an improvement from 4,500 consumers over four activations in 2017. A total of 180 consumers signed up as #CelebrateResponsibly ambassadors.

This brought the total to some 17,300 consumers reached via on-ground and social media communications versus an estimated 15,000 consumers in 2017.

We also initiated a new partnership with ride-hailing provider Riding Pink, which provides rides for female passengers by female drivers.

This business model allays potential fears for personal safety and privacy, which may hinder certain consumers to choose ride-hailing after a night out.

The new partnership is on top of our existing partnership with Grab since 2017, where visitors to the Probably The Best Brewery Tour in Shah Alam can redeem up to RM5 off their rides each way to promote no drinking and driving.

In conjunction with the *#CelebrateResponsibly* campaign in October, Carlsberg Malaysia offered up to 1,000 free rides, subsidising up to RM20 each for rides from Grab and Riding Pink.

Such rides were available to and from 400 participating Carlsberg outlets and trade partner promotions across Malaysia. We had more than 650 rides redeemed compared to 31 rides in 2017.

In addition, visitors to Carlsberg Malaysia's Probably The Best Brewery Tour in Shah Alam are provided with bottled drinking water throughout the duration of their visit while learning more about our brands, whether viewing the art of brewing or sampling the full range of our beers, ciders and stouts.

They are also encouraged to use the breathalysers provided before departing the visitor lounge.

In 2019, we plan to extend *#CelebrateResponsibly* education and initiatives beyond October to include major product launches and more consumer touchpoints.

6,000
Consumers reached throughout 6 #CelebrateResponsibly activations

17,300
+15% vs 2017
Consumers reached via on-ground and social media

180
vs 298 in 2017
Consumers signed up as #CelebrateResponsibly ambassadors

1,000
Free rides offered during Oktoberfest

>650
vs 31 in 2017
Subsidised rides redeemed throughout the year

New legal purchasing age
In support of the increased legal purchasing age effective 1 December 2017, Carlsberg Malaysia worked closely with the authorities, trade partners and customers to display official signage prohibiting sales of alcohol products to individuals below the age of 21.

We also comply with the government's directive to include a warning label ("MEMINUM ARAK BOLEH MEMBAHAYAKAN KESIHATAN") on all primary packaging.

Moving forward, we intend to add one or more responsible drinking symbols in primary packaging changes in line with the Group's efforts.

Employees as Responsible Drinking Ambassadors
Our employees are also our ambassadors for responsible drinking.

They are encouraged to choose ride-hailing services and are allowed to claim expenses incurred, when attending work-related events or market visits involving the consumption of alcohol.

All sales and marketing employees are given breathalysers and are required to test their blood alcohol content (BAC) before driving after drinking during events or market visits.

Employees are subject to a strict policy on responsible drinking covering allocations for employee hospitality at the visitor lounge and consequence management for drink-driving that can lead up to civil action and/or dismissal.

As a result, we are proud to state that we had ZERO drink-driving accidents recorded in 2018 among employees both in Malaysia and Singapore, continuing the record from 2017.

ENABLE
Offer a wider set of alcohol-free choices that consumers can turn to on different drinking occasions.

INFORM
Inform positive drinking choices by providing responsible drinking information on packaging and online.

ENCOURAGE
Encourage consumers to make positive drinking choices through dialogue and engagement.

ZERO ACCIDENTS CULTURE

Protecting the lives and health of our people has and always will be a fundamental and immutable company principle.

We therefore constantly improve our efforts to ensure a safe working environment for our employees.

Our Ambition

We aspire to a ZERO accidents culture by ensuring employee health and safety is top of mind at all times and by ensuring compliance with our rules and standards.

A best-case scenario is when our people observe all rules and procedures and are empowered to continually identify risks and propose solutions themselves, thereby enabling us to prevent accidents and, if and when they do occur, to learn from them.

Our Targets

We aim to reduce the number of accidents year-on-year, with the aspiration to reach ZERO lost-time accidents by 2030.

Supporting The Global Goals

SDG targets

8.8: Protect labour rights and promote safe and secure working environments for all workers.

Examples of our actions

- Embedding a ZERO accidents culture in employees and contractors through communication and initiatives.
- Management is committed to model desired behaviours, communicate consistently and engage with teams on health & safety.
- Our Shah Alam brewery is OHSAS 18001 certified.

ZERO ACCIDENTS CULTURE

2030 TARGETS

ZERO LOST-TIME ACCIDENTS

2022 TARGETS

REDUCTION IN ACCIDENT RATE YEAR ON YEAR

405

CONSECUTIVE DAYS
with no lost-time accidents
in the brewery
as of 31 Dec 2018
(vs previous record of
257 days in 2016)

TOWARDS A SAFER WORK ENVIRONMENT

Carlsberg Malaysia has introduced Life-Saving Rules (LSR), a group-wide initiative, since June 2018. They are:

- LSR 1 : Always follow traffic rules
- LSR 2 : Always follow lockout / tagout procedures
- LSR 3 : Never remove, bypass or impair safeguards or interlocks
- LSR 4 : Always follow work-at-height procedures
- LSR 5 : Always follow confined space entry procedures

To enhance visibility, knowledge and understanding of the LSRs, following its introduction, we conducted mandatory LSR training for all employees and e-Learning for all sales and administration employees.

We also installed pledge boards and information buntings at key areas within administration and operational facilities while also showcasing LSR posters at the supply chain offices.

Going forward, we will conduct LSR training for all employees on an annual basis.

ZERO LOST-TIME ACCIDENTS

2018 was a landmark year for health and safety in the brewery with ZERO lost-time accidents, setting a new record for 405 consecutive days without lost-time accidents as of 31 December 2018 and beating the previous record of 257 days in 2016.

The achievement can be attributed to an enhanced health and safety culture inculcated via a combination of employee communication, new procedures, and reward cum performance management systems.

At the heart of this is a renewed focus on the Health & Safety Triangle, where the more near-misses and safety concerns reported and acted upon, the higher the chances of preventing first aid and recordable injuries, lost-time accidents, and ultimately fatalities.

Consequent to this raised awareness, we had a perfect record of 100% of employees worked within the brewery (including unionised staff) submit near-miss and safety concerns, compared with only half in 2017.

The goal is to have each employee at the brewery submit at least six near-miss incidents or safety concerns throughout the year.

In 2018, the Group saw a threefold increase in safety concern submissions compared with a year earlier.

Moreover, line managers and supervisors play an important role in driving safety concern submissions by including it as part of the agenda before every shift begins, and via walkabouts with their respective teams.

In Malaysia, employees are required to don safety vests when entering the brewery or logistics areas in the Shah Alam premise. They are also provided with additional PPE (personal protective equipment) as required for access to specific areas of the brewery.

In Singapore, MayBev Pte Ltd, in which Carlsberg has a controlling stake, has aligned with, and is committed to the same health and safety standards as our warehousing operations.

TOP HEALTH & SAFETY INITIATIVES AT THE BREWERY IN 2018

LOCKOUT / TAGOUT (LOTO) AND MACHINE GUARDING PROJECT

- LOTO training to relevant employees
- LOTO station & equipment installed at production & maintenance areas

TRAFFIC SAFETY IMPROVEMENT

- Mandatory safety cap (semi-hard hat) as part of personal protective equipment (PPE) at Logistics area since April 2018
- Installation of a covered walkway at the empty bottle store
- Pedestrian crossing, markings and railings in the brewery especially in areas with truck and forklift traffic

SAFETY SIGNAGE AT THE BREWERY

- Pipe labelling project
- Entrance signage project

OTHER SAFETY IMPROVEMENT PROJECTS

- Installation of more handrails alongside metal steps in the brewery.
- LSR 4: Working at height procedure and equipment improvements in spent grain and finished-goods storage loading areas.

EMPLOYEE TRAINING AND EDUCATION

Carlsberg Malaysia conducted a Health and Safety Day on 5 October 2018, involving employees in both the administration and supply chain operations in the Shah Alam brewery.

There were interactive exhibitions on all LSRs and employees had a chance to have their health and fitness checked during the day. We also conducted a defensive driving and road safety simulators.

On 30 October 2018, we conducted the first annual safety briefing for contractors with participation from some 50 contractors representing 26 companies.

The objective is to ensure alignment of contractors, their representatives and workers with the LSRs and local health and safety procedures set forth by the Carlsberg Group.

The feedback from the session has been unanimously positive with contractors understanding the need for compliance with the Group's safety policies on top of ethical policies outlined by the Group's Live by Our Compass framework.

Other health and safety trainings conducted during the year include:

- First aid / CPR training on 9 & 10 August 2018.
- Fire-fighting training on 24 September 2018.

REDUCING TRAFFIC ACCIDENTS

Any accident is one too many in our goal towards ZERO accidents.

In line with LSR 1 – always follow traffic rules – we have introduced or reinforced the following initiatives:

- Every employee operating a company vehicle is given handsfree holders – one for a breathalyser and one for their mobile phone. Installation is mandatory with regular spot-checks.
- Every sales promoter and employee commuting on motorcycle is provided with a high-visibility safety vest. When on Carlsberg's premises, usage of the vest is mandatory.
- Employees entering or leaving Carlsberg Malaysia's headquarters in Shah Alam are required to ensure safety belts or helmet buckles are fastened securely.
- Employees involved in accidents are interviewed and given counselling after formal reporting to identify potentially hazardous or reckless driving habits.
- Road safety briefings and distribution of safety vests are conducted as part of regular sales promoter onboardings and briefings throughout Malaysia and Singapore.
- Employees in violation of traffic laws can be given verbal or official reprimands leading up to dismissal or liability to civil or legal action depending on the severity of the offence, as part of a consequence management process.
- Monthly sales operations updates communicated to all sales employees include road safety reminders, accident statistics and consequence management.

OTHER SAFETY & SECURITY MEASURES IN THE BREWERY

In 2018, Carlsberg Malaysia changed its security provider in an effort to close real and perceived gaps on internal and external security risks.

The number of security checkpoints along routine patrols were also increased by almost 300%, including in areas within the administration building in Shah Alam.

The new security provider has a command centre based in Kuala Lumpur that is connected around the clock to the security office in the Shah Alam brewery.

When a security incident occurs, the command centre can immediately contact the police, fire department, and its mobile security patrol, whilst escalating incident reporting to an identified chain of command comprising the Carlsberg security team.

We also engaged a new access card vendor to revamp access to the Shah Alam brewery, which regularly sees ingress and egress of employees, contractors, logistics providers, and visitors.

The new access card system is expected to see a full rollout in the first quarter of 2019 and consolidates the formerly disparate systems into one.

Under the new system, access cards cannot be shared or duplicated and is fully digitalised with the following features:

- On-site printing of new cards with photo ID.
- RFID reading of Malaysian identity cards (IC).
- Full integration with in-house Visitor Management System (VMS) and brewery visitor registration to reduce registration times.

In 2018, we also introduced a more comprehensive vehicle inspection procedure to reduce the risk of pilferage from the brewery.

Simultaneously, and in support of LSR 1 – Always Follow Traffic Rules, vehicle inspections include checks of company vehicles for installation of breathalysers and hands-free holders, no handphone usage while driving, safety vests worn by motorcyclists and to ensure all drivers and riders have their seatbelts and helmets securely fastened.

COMMITTING TOWARDS A RESPONSIBLE BUSINESS

Labour & Human Rights Policy

Carlsberg Group is committed to providing a safe, healthy and empowering environment for our people, always acting in a fair and responsible manner with respect for global standards and guidelines.

Our Labour & Human Rights (LHR) Policy lays out the labour & human rights standards to which all employees in the Carlsberg Group are entitled, irrespective of the country in which they work.

Building a High-Performing Culture

In line with one of the enablers of SAIL'22, Create a Winning Culture, our approach to growing our people is based on the Triple A framework – Alignment, Accountability and Action – which defines the way we work together across the organisation in building a high performance team, including treating people in a fair and equal way.

We align by providing visibility and clarity of corporate targets and developments. Employees attended a National Conference in January 2018 where company strategic priorities and Must-Win Battles for the year were communicated. Regular updates are provided via monthly town hall sessions (held live at the HQ and simultaneously via Skype for regional employees).

Our employees are accountable for their actions and we track this through performance management and consequence management.

The Group also adopts a pay-for-performance philosophy. High performers are rewarded while underperformers undertake corrective action.

We encourage employee growth and development by prioritising each employee's Individual Development Plan.

Recognition and Engagement

In keeping with previous years practice, SAIL'22 Awards were given to individuals and groups who demonstrated Triple A attributes in their roles. These awards were given out during the monthly townhall sessions.

A total of 37 of SAIL'22 Awards were given out in 2018, of which 9 were individual recipients and 28 group recipients.

Long-service awards were given out to recognise employees for their tenure within the organisation.

In 2018, we also continued the practice of having annual appreciation dinners for sales promoters to thank them for their tireless efforts.

Number of people directly employed:

638
Malaysia: 574
Singapore: 64

Indirect employment (sales promoters):

1,389
Malaysia: 1,156 Singapore: 233

Training and development for Malaysia and Singapore:
Total sum (RM) invested:

RM651,000

Total hours of training for Malaysia and Singapore:

Production:
2,260 hours

Logistics:
2,074 hours

Sales & Marketing:
6,105 hours

Corporate Functions:
2,079 hours

Learning & Development

In 2018, we continued to develop employees via the 70/20/10 learning approach.

There were several key HR initiatives in 2018, including a LEAD Fundamentals roadshow which was conducted nationwide to drive employees' awareness on performance management, total rewards and individual development plans.

In addition, we conducted 'Coach to Lead' workshops for 56 people managers to build leadership and team development capabilities. In the same vein, several regional-led capability development programmes were rolled out in Malaysia, to enhance commercial competencies to deliver our SAIL'22 strategy. Among these were workshops on our "Growth Story", beer ambassador workshop, effective selling and negotiation and best practices in shopper marketing and POSM.

We also continued to hold 'Lunch & Learn' sessions on selected Friday afternoons covering broad topics aimed to inform or upskill employees.

Live By Our Compass

Our business is built on solid values that include honesty and integrity, which reflect a company culture of fair and ethical behaviour at all levels.

Such values are integral to achieving sustainability.

The Live by Our Compass programme, launched in 2016 and built into SAIL'22, offers detailed guidance on ethical behaviour and emphasises the importance of integrity at all levels of the business.

To ensure compliance while staying at the forefront of business, it is important that all of us understand what is required of us in order to achieve our goals.

In 2018, the e-learning for Carlsberg Group's competition law policy was rolled out to relevant employees who are in direct contact with customers, competitors or suppliers to avoid circumstances where legislation is breached and affects Carlsberg's reputation and business.

Enforced by line managers and closely monitored by Group Legal, the e-learning module saw a 100% completion rate.

In 2018, the EU General Data Protection Regulation (GDPR) was a landmark legislation covering data privacy and management in European markets.

As part of the Carlsberg Group globally, Carlsberg Malaysia updated its privacy policy across stakeholder communications, especially the privacy notice on the website and digital communications.

GDPR adds to and does not replace Carlsberg's compliance to the Malaysia's Personal Data Protection Act 2010 (PDPA).

Supporting Local Communities & Vernacular Education

Carlsberg Malaysia has and always will be fully committed to contributing to, and supporting the communities it operates in.

Our flagship programme, the Top Ten Charity Campaign is acclaimed as Probably The Best Fundraising Platform for Chinese Education.

This programme is unique in that it has successfully helped over 600 schools raise more than RM520 million over three continuous decades – a feat as yet unmatched in Malaysia and which earned its place in the Malaysia Book of Records as the longest-running Chinese education charity campaign with the highest funds raised.

In 2018, Top Ten raised more than RM18 million, bringing the total to RM520 million since the campaign's inception.

Held since 1987, Top Ten is a fundraising platform via charity concerts and in collaboration with vernacular schools throughout the country for the development of Chinese education in Malaysia.

Funds raised are used for infrastructure upgrades such as new classrooms, administration buildings and school halls, as well as roofed recreational facilities.

In 2019, Top Ten will seek more partnerships from Chinese vernacular schools so that more schools and students can benefit from the campaign.

MOVING FORWARD

2018 would not be Probably the Best Year if we focused only on our financial performance. We placed greater emphasis on EES priorities and shall continue to deliver in 2019.

We constantly strive to be the most successful, professional and attractive brewer in creating sustainable social growth among the people we work with while practicing good environmental stewardship within the markets we operate in.

As we move into 2019, Carlsberg Malaysia Group will continue to be committed to Brewing For a Better Today and Tomorrow!

This statement was approved by Board Resolution dated 8 March 2019.

MANAGEMENT TEAM

1. Caroline Moreau
2. Pearl Lai Ming Choo
3. Lim Chee Keat
4. Lars Lehmann
5. Felicia Teh Sook Ching
6. Gary Tan Sim Huan
7. Piotr Zajac
8. Lew Yoong Fah
9. Olivier Dubost

PROFILE OF MANAGEMENT TEAM

	Lars Lehmann Managing Director	**Lim Chee Keat** Chief Financial Officer	**Gary Tan Sim Huan** Sales Director	**Caroline Moreau** Marketing Director
Nationality, Gender, Age	Danish, Male, age 52	Malaysian, Male, age 47	Malaysian, Male, age 47	French, Female, age 44
Date of Appointment	1 July 2016	12 February 2018	17 August 2009	7 January 2019
Academic / professional qualification(s)	Master of Science, International Marketing and Bachelor of Business Administration, Copenhagen Business School	Member of the Malaysian Institute of Certified Public Accountants (MICPA) Member of the Malaysian Institute of Accountants (MIA) Bachelor of Accounting, (Honours), University of Malaya	BA (Hons) Economics, University of Malaya	Master's degree (ESCP-EAP), PSB Paris School of Business, France
Work Experience	Mr. Lehmann has overall responsibility for the Carlsberg Malaysia Group, covering our operations in Malaysia and Singapore and oversees Carlsberg's investment in Sri Lanka. Having joined the Carlsberg Group since 2003, Mr. Lehmann has held various senior commercial and general management positions in Western and Eastern Europe as well as Carlsberg's License, Export and Duty Free company.	Mr. Lim is responsible for finance, investor relations, legal and company secretarial functions as well as IT. Prior to joining the Company, he was the Director and CFO of a telecommunications company based in Jakarta.	Mr. Tan oversees the sales and distribution functions of the duty-paid business within the Malaysia operations. Prior to joining the Company, he was the Customer Development Director of Unilever Malaysia. He has over 20 years of experience in the Fast-Moving Consumer Goods (FMCG) industry.	Ms. Moreau is in charge of brand and channel marketing and market research. She has been with the Carlsberg Group since 2007, where her last role was as Commercial Director of Global Craft and Specialty Beer. She has more than 19 years of international experience in the Fast-Moving Consumer Goods (FMCG) industry.

Piotr Zajac
Supply Chain Director

Polish,
Male, age 44

1 February 2017

MBA, Institute of Economics in Polish Academy of Science

Master of Science, Engineering Technology of Food, Academy of Agriculture Krakow, Poland

Mr. Zajac is responsible for production, logistics and procurement for both the Malaysia and Singapore operations as well as production for the export markets.

Since joining the Carlsberg Group in 1997, he has held various positions in supply chain, commercial and marketing. His last position, prior to joining the Company, was as Brewery & Investment Director, Carlsberg Poland.

Felicia Teh Sook Ching
Human Resources Director

Malaysian,
Female, age 41

19 November 2012

MBA, University of Nottingham

B Comm (Hons), University of Western Australia

Ms. Teh is responsible for HR operations, talent management and organisation development for the Malaysia operations. She also oversees the human resources function of the Singapore operations.

On 3 September 2014, her role was expanded to Regional Human Resources Director for Southeast Asia.

Pearl Lai Ming Choo
Corporate Communications and CSR Director

Malaysian,
Female, age 38

1 July 2014

Bachelor of Social Science (Hons) Communication Studies, University Malaysia Sarawak

Ms. Lai has been with the Company since September 2005. She is currently responsible for external affairs, internal communications and sustainability in Malaysia, while overseeing key communication and sustainability priorities in the Singapore operations.

She also leads the marketing activation portfolio and the brewery tour operations in Shah Alam, Malaysia.

Lew Yoong Fah
Government Affairs and Duty Free Director

Malaysian,
Male, age 50

6 February 2017

MBA, University of Malaya

Fellowship of Association of Chartered Certified Accountants (ACCA)

Member of Malaysian Institute of Accountants (MIA)

Mr. Lew joined the company on 5 January 2010 as Chief Financial Officer and was re-designated in 2017 to manage all matters relating to government affairs, duty-free and export activities as well as security for the Malaysia operations.

He also represents the Company on the committee of the Confederation of Malaysian Brewers Berhad (CMBB).

Olivier Dubost
General Manager of Carlsberg Singapore Pte. Ltd.

French,
Male, age 45

6 February 2018

MBA, ESCP, Management Business School of Paris

Mr. Dubost is responsible for the Singapore operations. He also represents the Company in handling matters pertaining to government affairs.

Since joining the Carlsberg Group in 2011, Mr. Dubost had held the position of Vice President of Marketing at Brasseries Kronenbourg in France from 2011 to April 2016, a company owned by the Group.

He was most recently Vice President Commercial of Carlsberg Asia (based in Hong Kong) since May 2016.

Notes:
None of the management team have any family relationship with any director/substantial shareholder of the Group and the Company, nor any conflict of interest with the company. None of the management team have any interest in the securities of the listed issuer or its subsidiaries or hold any directorship in public companies and listed issuers. None of them have had any convictions for any offences, other than traffic offences, within the past 5 years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF THE DIRECTORS

Datuk Toh Ah Wah
P.M.W.
Independent Non-Executive Chairman
Member of Audit & Risk Management Committee
Chairman of Remuneration Committee
Chairman of Nomination Committee

Nationality, Gender, Age
Malaysian, Male, 61

Date of Appointment
17 May 2017

Length of service (as of 11 March 2019)
1 year 10 months (Chairman since 12 April 2018)

Date of last Re-election
Re-elected 12 April 2018

Academic / professional qualification(s)
Bachelor of Commerce from Concordia University of Montreal, Canada

Work Experience and Present Directorship(s)
Datuk Toh Ah Wah joined Rothmans of Pall Mall (Malaysia) Berhad in July 1981, and stayed with this organisation throughout his professional career - this included being merged into the British American Tobacco (Malaysia) Berhad in 1999 and retiring from BAT Malaysia at the end of June 2013.

Datuk Toh spent the first 10 years in Sales and Marketing in Malaysia. He subsequently began a succession of increasingly challenging line roles throughout the Asia-Pacific region including China, Hong Kong, Taiwan, New Zealand, South Asia and Southeast Asia.

This culminated in his appointment as Managing Director of BAT Malaysia in October 2009, the first and only Malaysian to have ever held this position.

Datuk Toh currently sits on other two Boards, namely Petronas Chemicals Group Berhad and Choice Foundation.

Lars Lehmann
Managing Director

Nationality, Gender, Age
Danish, Male, 52

Date of Appointment
1 July 2016

Length of service (as of 11 March 2019)
2 year 8 months

Date of last Re-election
Re-elected 20 April 2017

Academic / professional qualification(s)
Master of Science, International Marketing, Copenhagen Business School

Bachelor of Business Administration, Copenhagen Business School

Work Experience and Present Directorship(s)
Mr. Lars Lehmann is responsible for Carlsberg's Southeast Asia sub-region comprising Malaysia and Singapore and oversees the Group's investment in Sri Lanka.

Joining Carlsberg Group since 2003, he has undertaken various senior positions in the area of sales, marketing and general management for the Western and Eastern Europe markets as well as the export businesses.

Prior to his appointment, Mr. Lehmann was the Regional CEO, Western Europe Challenger Markets from October 2012 overseeing 11 European markets like Germany, Italy, Greece, Bulgaria, Serbia, Croatia, Portugal, Estonia, Latvia, Lithuania and Carlsberg ExLiD (Export, License and Duty Free).

Before joining the Carlsberg Group, he was with an advertising agency, Action Nordic for three (3) years and subsequently at Unilever Denmark for eight (8) years in sales and marketing.

Mr. Lehmann is currently the Chairman of Carlsberg Singapore Pte. Ltd. He is also on the Board of Carlsberg Marketing Sdn. Bhd. and Euro Distributors Sdn. Bhd., wholly owned subsidiaries of Carlsberg Brewery Malaysia Berhad, the Malaysian Danish Business Council and Maybev Pte. Ltd., a 51% owned subsidiary by Carlsberg Singapore Pte. Ltd., Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC.

He is also a member of the Governing Council of the Confederation of Malaysian Brewers Berhad.

Chew Hoy Ping
Independent Non-Executive Director
Chairman of Audit & Risk Management Committee
Member of Remuneration Committee
Member of Nomination Committee

Nationality, Gender, Age
Malaysian, Male, 61

Date of Appointment
23 May 2014

Length of service (as of 11 March 2019)
4 years 9 months

Date of last Re-election
Re-elected 20 April 2017

Academic / professional qualification(s)
Member of the Malaysian Institute of Accountants

Member of the Malaysian Institute of Certified Public Accountants

Work Experience and Present Directorship(s)
Mr. Chew Hoy Ping spent 30 years of his career with PricewaterhouseCoopers (PwC) in various positions since joining in 1976, including 15 years as a partner of the firm.

Whilst at PwC, he was involved in a diverse range of professional services including auditing, corporate finance and business recovery. He held several leadership roles in PwC including Asia Pacific Chairman of Financial Advisory Services, Risk Management & Independence Leader, Deputy Chairman of the Governance Board, and a member of the Country Management Team. Mr. Chew was also with PwC Houston, Texas (1982-1984) and Bank Negara Malaysia (1986-1988). After PwC, he was the Chief Financial Officer for Southern Bank Berhad (subsequently acquired by CIMB) for about a year until mid-2006.

Mr. Chew is currently an Independent Non-Executive Director of Mulpha International Berhad (MIB) and Mudajaya Group Berhad (MSC) where he is the chair of their respective Audit Committees. He also sits on the Board of Ge-Shen Corporation Berhad where he is a member of its Audit Committee.

Graham James Fewkes
Non-Executive Director

Nationality, Gender, Age
British, Male, 51

Date of Appointment
Re-appointed to the Board on 26 February 2016

Length of service (as of 11 March 2019)
3 years (served on the Board previously from 12 March 2009 to 23 May 2014)

Date of last Re-election
Re-elected 12 April 2018

Academic / professional qualification(s)
BA (Hons) History, University of York, United Kingdom

Work Experience and Present Directorship(s)
Mr. Graham Fewkes was previously a Board member of the Company from 12 March 2009 to 23 May 2014.

Mr. Fewkes is currently the Executive Vice President, Asia of Carlsberg Breweries A/S with management responsibility for the Group's Asia and Africa operations.

Mr. Fewkes has worked in a range of commercial and senior management roles for international companies such as Grand Metropolitan PLC, Fosters Group and Scottish and Newcastle PLC, where he served as Commercial Director in the BBH joint venture in Russia and Eastern European markets.

He joined the Carlsberg Group in October 2008 and has recently returned to Asia after serving as the Carlsberg Group's Global Chief Commercial Officer, based in Copenhagen. He also sits on the Board of several private companies within the Carlsberg Group.

Roland Arthur Lawrence
Non-Executive Director
Member of Audit & Risk Management Committee

Nationality, Gender, Age
Australian, Male, 60

Date of Appointment
28 August 2012

Length of service (as of 11 March 2019)
6 years 6 months

Date of last Re-election
Re-elected 12 April 2018

Academic / professional qualification(s)
Fellow Certified Practicing Accountant (FCPA) in Australia

Master of Enterprise, Melbourne University

Postgraduate Diploma, Business, Deakin University, Australia

BA (Hons), National University of Singapore

Work Experience and Present Directorship(s)
Mr. Lawrence is currently the Vice President Finance, Asia of Carlsberg Breweries A/S.

He is also Chairman of Chongqing Brewery Company Limited and holds directorships in Carlsberg Vietnam Breweries Limited, Carlsberg India Private Limited, Gorkha Brewery Private Limited, Carlsberg Asia Pte. Ltd., Carlsberg Brewery Hong Kong Limited, Lao Brewery Co. Ltd., and Myanmar Carlsberg Co. Ltd.

He was previously 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.

Michelle Tanya Achuthan
Independent Non-Executive Director

Nationality, Gender, Age
Malaysian, Female, 47

Date of Appointment
30 November 2017

Length of service (as of 11 March 2019)
1 year 3 months

Date of last Re-election
Re-elected 12 April 2018

Academic / professional qualification(s)
Certified professional coach accredited by the International Coach Federation (ICF)

Certified Neuro Linguistics Programming practitioner accredited by the Association of Neuro Linguistics Programming (ANLP)

Work Experience and Present Directorship(s)
Ms. Achuthan has more than 27 years of experience in the advertising industry and is currently the Managing Director of MEC Malaysia, a GroupM agency.

Prior to that, she spent over a decade at BBDO Malaysia in various positions before leaving as its Managing Director.

Her years of experience also included working at JWT and Saatchi & Saatchi over varied business categories including Airlines, FMCG, Tourism, Luxury Goods, Finance, Telco, Retail and F&B.

Chow Lee Peng
Non-Executive Director

Nationality, Gender, Age
Malaysian, Female, 50

Date of Appointment
16 August 2018

Length of service (as of 11 March 2019)
7 months

Date of last Re-election
N/A

Academic / professional qualification(s)
Graduate of the University of New South Wales, Australia

Qualified accountant

Qualified lawyer and is admitted to practise law in Malaysia and Hong Kong

Work Experience and Present Directorship(s)
Ms. Chow Lee Peng has practised law in private practice and as an in-house counsel for more than 24 years in Malaysia, Hong Kong, Singapore, and Mainland China. She is currently Vice President - Legal, Asia of Carlsberg leading the legal function of Carlsberg in Asia.

Prior to joining Carlsberg, Ms. Chow was the Mainland China Head of Legal of Diageo during which she served as the Chairman of the Supervisory Board of Shuijingfang, a Chinese white spirit company listed on the Shanghai Stock Exchange.

She has extensive experience in M&A, corporate, and compliance affairs.

Other information on directors:
- *Each director does not have any family relationships with any directors and/or major shareholders of the Company.*
- *Each director does not have any conflict of interest with the Company.*
- *Each director does not have any convictions for offences within the past five years.*
- *Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement at page 78 of this Annual Report*

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board of Directors is fully committed to ensuring that the highest standards of corporate governance ("CG") including accountability and transparency are practised 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 principles and practices of the Malaysian Code on Corporate Governance 2017 ("Code") towards achieving corporate excellence.

The Corporate Governance Overview Statement is prepared in compliance with Paragraph 15.25(1) of the Main Market Listing Requirement of Bursa Malaysia Securities and it is to be read together with the Corporate Governance Report ("CG Report") which comprised the detailed application for each practice as set out in the Code. The CG Report is available on the corporate website: www.carlsbergmalaysia.com.my.

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 2018.

A BOARD LEADERSHIP AND EFFECTIVENESS

Part I - Board Responsibilities

1. Board's Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board leads and has effective controls over 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 matters reserved for the collective decision of the Board are listed in the Appendix A of the Board Charter which is available on the corporate website: www.carlsbergmalaysia.com.my.

The Board has oversight on matters delegated to the Management whereby updates are reported at least on a quarterly basis. The Group adopts a Chart of Authority approved by the Board which the Management has to adhere to in carrying out its day-to-day functions.

The roles and responsibilities of the Board as set out in the Board Charter are clear and distinct from that of the Managing Director. 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 has delegated specific responsibilities to the following committees ("Committees"):-

i. Audit & Risk Management Committee ("ARMC")
ii. Nomination Committee
iii. Remuneration Committee

The powers delegated to the Committees are set out in the Terms of Reference of each of the Committees as approved by the Board and set out in the Appendices B, C and D of the Board Charter.

1.2 The Chairman

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 Chairman is committed to good corporate governance practices and has been leading the Board towards high performing culture.

1.3 Chairman and Managing Director

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 Managing Director oversees the day to day management and running of the Group and the implementation of the Board's decisions and policies.

1.4 Qualified and competent Company Secretaries

The role of the Company Secretary is currently held by the Chief Financial Officer and since year 2013, an Assistant Secretary was appointed to jointly carry out the responsibilities in providing support to the Board as follows:-

(a) Ensure compliance of listing and related statutory obligations as well as updates on regulatory requirements, codes, guidance and relevant legislation;
(b) Ensure adherence to board policies and procedures, rules, relevant laws and best practices on corporate governance;
(c) Attend Board, Committees and General Meetings, and ensure the proper recording of minutes as well as follow-up on matters arising;
(d) Ensure proper upkeep of statutory registers and records and maintain a secured retrieval system which stores meeting papers and minutes of meetings;
(e) Assist the Chairperson in the preparation for and conduct of meetings in terms of policies and procedures, and updates on regulatory requirements, codes, guidance and relevant legislation.

Both Company Secretaries have the requisite credentials and are qualified to act as company secretary under Section 235(2) of the Companies Act 2016.

The Group also engages the services of Tricor Corporate Services Sdn Bhd, an external consultant, on corporate secretarial matters and compliance to provide additional advice on issues pertaining to compliance and corporate governance.

1.5 Access to information and advice

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.

All Directors are furnished with a comprehensive Board File including the meeting agenda usually not less than seven (7) days 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 ARMC and other major operational, financial, compliance, strategic planning, succession planning and legal issues. In addition, there is a schedule of matters reserved specifically for the Board's decision.

A secured online portal has been created to allow Directors online access to Board file, updates and other relevant documents. This portal enables sharing of updated information and documents with the Directors and amongst the Directors themselves.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

2. Demarcation of Responsibilities

2.1 Board Charter

The Board Charter was adopted by the Board on 27 August 2013. Any subsequent amendment to the Charter can only be approved by the Board. Apart from setting out the roles and responsibilities of the Board, the Board Charter also outlines the membership guidelines, procedures for Board Meetings, Directors' remuneration, and investor relations and shareholder communication, as well as the matters reserved for collective decision of the Board.

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available on the corporate website: www.carlsbergmalaysia.com.my.

3. Good Business Conduct and Corporate Culture

3.1 Code of Ethics & Conduct

The first step in effectively embedding the Live by our Compass programme in the Group culture was to agree on the ethical standards valued by the Carlsberg Group that will support conducting business with integrity. In 2016, the Group adopted the 'Code of Ethics & Conduct' (the "COEC"), introduced by the Carlsberg Group to help its employees to make the right choices and to act appropriately in response to ethical dilemmas in their daily work. The COEC applies to the management, employees and contract workers of the Carlsberg Group.

The COEC has 14 key areas: Compliance with laws and company policies • Anti-corruption and anti-bribery laws • Trade sanctions and export control laws • Competition laws • Data protection and privacy laws • Responsible drinking • Conflicts of interest • Insider trading and handling of inside information • Protection and proper use of corporate assets • Confidential and proprietary information • Work environment • Gifts, meals and entertainment • Political activities and donations • Accuracy of books, records and public reports. The COEC is extensive but not exhaustive and the Group expects its employees to exercise sound judgement in their decision-making in order to adhere to the highest ethical standards. The COEC will be reviewed periodically.

In order to bring the COEC to life, employees were trained on the ethical standards set out in the COEC. As part of this training, the Group launched an e-learning module in 2017 that makes employees aware of ethical behaviours that are meaningful for the Carlsberg Group and need to be followed. The e-learners face various realistic dilemmas in which they have to help the main character – Cody the Elephant – to make the right ethical decisions. The e-learning module is available in all the local languages.

The Group also adopted the Carlsberg Group's new policy structure which was launched in 2017 to support more effective and ethical business conduct. There are 29 group policies and around 200 manuals supporting the policies which are divided into • Governance and Strategic Risks • Legal and Compliance Risks • Financial Risks and Operational Risks. The policies aim to mitigate the main company risks, protect our brands and highlight what is expected of employees. The policies explain what is expected and supporting manuals explain how the employees should comply to the requirements set.

3.2 Carlsberg's Speak Up Policy

Carlsberg embraces an 'open-door' culture and all employees are encouraged to talk to their managers, or managers' manager, if they believe there has been a breach of the COEC. If they do not feel comfortable doing this, they can talk to their HR business partner, or reach out directly to the Chief Compliance Officer via SpeakUp@Carlsberg.com. Besides the above-mentioned channels, the Group has introduced a new integrated phone and web system called the "Speak Up" system in 2016 for employees to report compliance issues via a secured web link or telephone line 1-800-88-4307 with designated access code, hosted by an external provider. A Carlsberg employee can make an initial report in his or her own language contact via the Speak Up Line (phone or web) and the report is transcript and translated into English by the external provider before it is assigned to a Carlsberg Group Compliance officer for review and follow up.

The Board has adopted the Speak Up system as the Group's whistleblowing policy. It is kept informed on all reported matters which it is ultimately responsible for. Where reports affect senior executives, the ARMC Chairman is also involved in overseeing the progress of any investigations.

Part II - Board Composition

4. Board's objectivity

4.1 Composition of the Board

Currently, the Board has seven (7) members as set out below:

		Independent	Non-Executive
1.	Datuk Toh Ah Wah	✓	✓
2.	Lars Lehmann	×	×
3.	Roland Arthur Lawrence	×	✓
4.	Chew Hoy Ping	✓	✓
5.	Graham James Fewkes	×	✓
6.	Michelle Tanya Achuthan	✓	✓
7.	Chow Lee Peng	×	✓
		3 out of 7	6 out of 7

The three (3) Independent Directors representing approximately 43% of the Board, demonstrate independence of judgment and ensure board decisions are made objectively in the best interests of the Company.

4.2 Tenure of Independent Director

The cumulative tenure of each Independent Director of the Company, namely Datuk Toh Ah Wah, Mr. Chew Hoy Ping and Ms. Michelle Tanya Achuthan, does not exceed nine (9) years.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

4.3 Policy of Independent Director's Tenure

The Board Charter stipulates that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's redesignation as a Non-Independent Director. Otherwise, the Board must justify and seek shareholders' approval at Annual General Meeting ("AGM") in the event it retains the director as an Independent Director.

4.4 Diverse Board and Senior Management Team

Appointment of Board and Senior Management are based on objective criteria, merit and besides gender diversity, due regard are placed for diversity in skills, experience, and cultural background. Please refer to the Profile of Directors and the Senior Management Team on pages 68 and 66 respectively for further information.

4.5 Gender Diversity

The Board is supportive of gender diversity in the Board composition and Senior Management. Ms. Michelle Tanya Achuthan was appointed as an Independent Non-Executive Director on 30 November 2017. During the financial year ended 2018, Ms Chow Lee Peng was appointed as a Non-Executive Director on 16 August 2018.

The Board through the Nomination Committee will continue to consider the gender diversity as part of its future selection and look into increasing female board representation.

4.6 New Candidates for Board Appointment

The shortlisted candidates whom were not known to the existing Board members, were interviewed by the Nomination Committee and thereafter, met with the Board of Directors for endorsement of appointment. Ms. Chow Lee Peng was also interviewed by the Nomination Committee before the Board of Directors endorsed her appointment.

4.7 Nomination Committee

The Nomination Committee which is charged with the responsibility of, amongst others, recommending the appointment of new Directors to the Board, was established on 1 October 2001 and comprises all of whom are Non-Executive and Independent Directors. The current members are:

- Datuk Toh Ah Wah (Independent Non-Executive Chairman) - Chairman
- Chew Hoy Ping (Independent Non-Executive Director) – Member

The Terms of Reference of the Nomination Committee is set out in the Appendix C of the Board Charter and is available on the corporate website - www.carlsbergmalaysia.com.my.

The Nomination Committee will develop, maintain and review criteria for recruitment and annual assessment of Directors

The Nomination Committee's key responsibilities are:

- Reviewing the Board composition and recommending new nominees to the Board as well as the Committees and the appointment and resignation of Managing Director and Chief Financial Officer for the Board's consideration.

- Assessing the effectiveness of the Board, the 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.

The Company Secretary will facilitate 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 Listing Requirements, particularly in relation to their responsibilities as Directors, are also conveyed to them.

5. Overall Board Effectiveness

5.1 Annual evaluation

The Board undertakes an annual assessment of Independent Directors and is satisfied that they continue to bring independent and objective judgement to board deliberations. Peer and self-assessment are carried out by the Directors and the ARMC members once every year. PwC Consulting Associates (M) Sdn Bhd was appointed to conduct evaluation of the Board of Directors' Performance for the financial year ended 31 December 2018. The results, in particular the key strength and weaknesses identified from the evaluation was shared with the Board to allow enhancements to be undertaken.

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 2018, a total of four (4) Board meetings were held as follows:

i. Wednesday, 14 February 2018
ii. Thursday, 17 May 2018
iii. Thursday, 16 August 2018
iv. Friday, 30 November 2018

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. To facilitate Directors' planning and time management, an annual meeting calendar is prepared and given to Directors before the beginning of each new financial year.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

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

	Directors	No. of meetings attended
1.	Datuk Toh Ah Wah (Independent Non-Executive Chairman)	4/4
2.	Lars Lehmann (Managing Director)	4/4
3.	Roland Arthur Lawrence (Non-Executive Director)	4/4
4.	Chew Hoy Ping (Independent Non-Executive Director)	4/4
5.	Graham James Fewkes (Non-Executive Director)	4/4
6.	Michelle Tanya Achuthan (Independent Non-Executive Director)	4/4
7.	Chow Lee Peng (Non-Executive Director) *- Appointed on 16.08.2018*	2/2

The following are the record of attendance for Board Committees' Meetings held in 2018:-

Audit & Risk Management Committee

	Name of Committee Members	No. of meetings attended
1.	Chew Hoy Ping - Chairman (Independent Non-Executive Director)	4/4
2.	Datuk Toh Ah Wah (Independent Non-Executive Chairman)	4/4
3.	Roland Arthur Lawrence (Non-Executive Director)	4/4

Nomination Committee

	Name of Committee Members	No. of meetings attended
1.	Datuk Toh Ah Wah - Chairman (Independent Non-Executive Chairman)	3/3
2.	Chew Hoy Ping (Independent Non-Executive Director)	3/3

Remuneration Committee

	Name of Committee Members	No. of meetings attended
1.	Datuk Toh Ah Wah - Chairman (Independent Non-Executive Chairman)	2/2
2.	Chew Hoy Ping (Independent Non-Executive Director)	2/2

The Board is satisfied with the time commitment given by the Directors. All of the directors do not hold more than 5 directorships as required under paragraph 15.06 of the Listing Requirements. If anyone director wishes to accept a new directorship, the Chairman will be informed beforehand together with indication of time that will be spent on new appointment.

All existing Directors have attended the Mandatory Accreditation Programme ("MAP") as required by the Listing Requirements. 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
Datuk Toh Ah Wah	1. Audit Committee Conference 2018, Malaysian Institute of Accountants on 27 March 2018. 2. Advocacy Programme on CG Assessment using the revised ASEAN CG Scorecard methodology, Minority Shareholders Watch Group (MSWG) on 10 August 2018. 3. Asia Petrochemical Industry Conference (APIC) 2018, Malaysian Petrochemical Association, 20-21 August 2018. 4. Malaysian Financial Reporting Standards Updates for PCG BAC and Board, KPMG on 19 September 2018. 5. Plant Visit to Pengerang Integrated Complex, Johor on 25 September 2018. 6. Independent Directors' Programme: The Essence of Independence, Bursa Malaysia Berhad and The Iclif Leadership and Governance Centre on 29 October 2018.
Lars Lehmann	1. Asia Leadership Conference, GuangZhou, China on 14-15 March 2018. 2. Carlsberg Leadership Team Meeting, IMD Programme, Lausanne, Switzerland on 21-22 March 2018. 3. Asia Commercial Conference, Hong Kong on 29-31 May 2018. 4. Asia Leadership Conference, Hong Kong, on 5-6 July 2018. 5. Digital & Social Media Training by Initiative, IPG MediaBrands Sdn Bhd on 24 August 6. Carlsberg Leadership Team Meeting via Skype on 30 August 2018. 7. Carlsberg Leadership Team Meeting (Top 60), Brussels, Belgium on 18-19 December 2018.
Roland Arthur Lawrence	1. Asia Leadership Conference, GuangZhou, China on 14-15 March 2018. 2. Carlsberg Leadership Team Meeting, IMD Programme, Lausanne, Switzerland on 21-22 March 2018. 3. Asia Leadership Conference, Hong Kong, on 5-6 July 2018. 4. Carlsberg Leadership Meeting via Skype on 30 August 2018. 5. Carlsberg Leadership Meeting (Top 60), Brussels, Belgium on 18-19 December 2018.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

Name Of Director	Training Programmes Attended
Chew Hoy Ping	1. Malaysian Code on Corporate Governance (MCCG) Reporting and Corporate Governance (CG) Guide (Bursa & SC) on 2 March 2018. 2. Advocacy Programme on CG Assessment using the revised ASEAN CG Scorecard methodology, Minority Shareholders Watch Group (MSWG) on 10 August 2018. 3. Independent Directors' Programme: The Essence of Independence, Bursa Malaysia Berhad and The Iclif Leadership and Governance Centre on 29 October 2018. 4. Non-Financials - Does It Matter?, Bursa Malaysia Berhad and The Iclif Leadership and Governance Centre on 5 December 2018.
Graham James Fewkes	1. Asia Leadership Conference, Guangzhou, China on 14-15 March 2018. 2. Carlsberg Leadership Team Meeting, IMD Programme, Lausanne, Switzerland on 21-22 March 2018. 3. Asia Commercial Conference, Hong Kong, on 29-31 May 2018. 4. Asia Leadership Conference, Hong Kong, on 5-6 July 2018. 5. Carlsberg Leadership Team Meeting via Skype on 30 August 2018. 6. Carlsberg Leadership Team Meeting (Top 60), Brussels, Belgium on 18-19 December 2018.
Michelle Tanya Achuthan	1. Mandatory Accreditation Programme (MAP), Bursatra on 12-13 February 2018. 2. Master-Level NLP Practitioner Certification by Life Spheres Sdn Bhd from April-September 2018.
Chow Lee Peng	1. Asia Leadership Conference, Guangzhou on 14-15 March 2018. 2. Carlsberg Global Legal Conference, Copenhagen, 29-30 May 2018. 3. Asia Leadership Conference, Hong Kong on 5-6 July 2018. 4. Mandatory Accreditation Programme (MAP), The Iclif Leadership and Governance Centre on 8-9 October 2018.

Part III - Remuneration

6. Level and Composition of Remuneration

6.1 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.

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 ARMC Chairman and ARMC Members of the Company, who are Independent Non-Executive Directors. For year 2018, the Group has applied the revised remuneration proposed and approved at the 48th AGM for the Independent Non-Executive Directors remuneration, details as set out in para 7.1 hereinbelow. 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.

6.2 Remuneration Committee

The Remuneration Committee, which was established on 18 August 2001, comprises exclusively of Independent Non-Executive Directors. The current members are:

- Datuk Toh Ah Wah (Independent Non-Executive Chairman) - Chairman
- Chew Hoy Ping (Independent Non-Executive Director) - Member

The Remuneration Committee evaluates the remuneration packages of senior management executives and recommends for the Board's approval, the framework of executive remuneration of the Executive Director's 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.

7. Remuneration of Directors and Senior Management

7.1 Details of Directors' Remuneration

The remuneration payable in respect of Directors' fees for 2018 is categorised as follows:

Remuneration for Directors' fees	Amount (RM) per annum:
Fees for Chairman of the Company	120,000
Fees for each Independent Non-Executive Director	75,000
Fees for ARMC Chairman	20,000
Fees for ARMC Member	8,000
Fees for Nomination Committee Chairman	2,500
Fees for Nomination Committee Member	2,000
Fees for Remuneration Committee Chairman	2,500
Fees for Remuneration Committee Member	2,000
Meeting allowance per meeting	1,500

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is proposing the adopting of the same Directors' fee structure and rates for 2019 and to be paid monthly. The Directors' fees are subject to the approval of shareholders of the Company.

The remuneration of the Directors of the Company for 2018 is as follows:

	Fees (RM)	Salaries (RM)	Allowance (RM)	Benefits-in-kind (RM)	Others Emoluments (RM)	Total (RM)
Independent Non-Executive Director						
Datuk Toh Ah Wah	120,145	-	19,500	665	-	140,310
Chew Hoy Ping	99,000	-	19,500	1,136	-	119,636
Michelle Tanya Achuthan	75,000	-	7,500	914	-	83,414
Dato' Lim Say Chong *Resigned on 12 April 2018*	37,167	-	7,500	944	-	45,611
Subtotal	**331,312**	**-**	**54,000**	**3,659**	**-**	**388,971**
Executive Director						
Lars Lehmann	-	3,304,408	321,759	327,975	1,190,217	5,144,359
Non-Executive Director						
Graham James Fewkes	-	-	-	-	-	-
Roland Arthur Lawrence	-	-	-	-	-	-
Chow Lee Peng	-	-	-	-	-	-
Total	**331,312**	**3,304,408**	**375,759**	**331,634**	**1,190,217**	**5,533,330**

7.2 Remuneration of Top Five Senior Management

The remuneration of the top five Senior Management Team of the Group is as follows:

Range of Remuneration (RM):	2018 Top 5 Senior Management
1,300,000 - 1,350,000	1
1,400,000 - 1,450,000	1
1,500,000 - 1,550,000	1
2,000,000 - 2,050,000	1
5,100,000 - 5,150,000	1
Total	**5**

B EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I - Audit & Risk Management Committee

8. Effective and Independent Audit & Risk Management Committee

Mr. Chew Hoy Ping, an Independent Non-Executive Director is the Chairman of the ARMC. On the composition and Terms of Reference of the ARMC, please refer to the ARMC Report at pages 90 to 92 for further information.

At the 48th AGM held on 12 April 2018, Messrs PricewaterhouseCoopers PLT was appointed as external auditors of the Group. The scope of the external auditors is ascertained by the ARMC, with a twice-a-year meeting held between the ARMC and the external auditors. Further information is found in the ARMC Report at pages 90 to 92.

Part II - Risk Management and Internal Control Framework

9. Effective Risk Management and Internal Control Framework

The Board is updated on the Group's internal controls system which encompasses risk management practices as well as financial, operational and compliance controls on a quarterly basis. Ongoing reviews are performed throughout the year on quarterly basis 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 ARMC. Please refer to the Statement on Risk Management and Internal Control at page 86 for further information

10. Effective Governance, Risk Management and Internal Control

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. 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.

The Group has an established internal audit function led by the Head of Internal Audit who reports directly to the ARMC at least on a quarterly basis. Further details of the Group's internal control system and framework is found in the Statement on Risk Management and Internal Control and ARMC Report at pages 86 and 90 respectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Part I - Communication with Stakeholders

11. Continuous Communication between Company and Stakeholders

The Board recognises the importance of an effective communication channel between the Board, shareholders and general public, and at the same time, full compliance with the disclosure requirements as set out in the Listing Requirements. 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 Managing Director is the designated spokesperson for all matters related to the Group and dedicated personnel are tasked to prepare and verify material information for timely disclosure upon approval by the Board.

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. Stakeholders can at any time seek clarification or raise queries through the corporate website, by email or phone. Primary contact details are set out at the Group's website. Written communications are attended to within 48 hours from day of receipt. The website also posts all press releases made by the Group together with latest news on the Group and the industry.

Part II - Conduct of General Meetings

12. Encourage Shareholder Participation at General Meetings

The AGM 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 & 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 on the effects of a proposed resolution.

The notices of AGM are despatched to shareholders at least 28 days before the AGM, to allow shareholders additional time to go through the Annual Report and make the necessary attendance and voting arrangements. Details as below:

	Date of Issue	No. of Days before AGM	Date of Annual General Meeting
Annual Report 2016	20 March 2017	30 days	20 April 2017
Annual Report 2017	12 March 2018	30 days	12 April 2018
Annual Report 2018	11 March 2019	29 days	10 April 2019

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 AGM.

Before the commencement of AGM, the Directors and Management will join the shareholders together with a dedicated team of employees to assist the shareholders on the queries they may have. After the Chairman's address, the Managing Director will give a presentation which includes details on the performance, key developments and financial results for the reporting year and comments on outlook for the following year. The Chairman will share the Company's responses to questions posed by the Minority Shareholders Watchdog Group before engaging the shareholders on Questions & Answers session. The Board is satisfied with the current programme at AGM and there have been no major contentious issues noted with shareholders/investors.

OTHER INFORMATION

Utilisation of Proceeds

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2018.

Non-audit fees

The non-audit fees paid to external auditors, Messrs PricewaterhouseCoopers PLT by the Group during the financial year ended 31 December 2018 amounted to RM16,450. This amount was incurred in respect of the following services:

1. Retirement Plan for financial year 2017; and
2. Statement on Risk Management and Internal Control

STATEMENT OF COMPLIANCE

The Board shall continue to strive for high standards of corporate governance throughout the Group. The Board is of the view that apart from the noted departures, the Company has satisfactorily complied with the principles and recommendations of the Code.

This Statement was approved by Board Resolution dated 8 March 2019.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

RESPONSIBILITY

The Board is committed to the continuous improvement of risk management and internal controls practice within the Group (excluding associated company) to meet its business objectives. The Board affirmed its overall responsibility for the effectiveness of the Group's risk management and internal control systems, including the review of the adequacy and integrity of these systems to safeguard shareholders' investment, customers' interest and the Group's assets. In addition, the Managing Director and the Chief Financial Officer have assured the Board that the systems were operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group. However, such systems, by their nature, only provided reasonable, but not absolute assurance against material misstatement, loss and fraud. These systems were designed to manage, rather than eliminate, the risk of failure to achieve business objectives of the Group.

RISK MANAGEMENT FRAMEWORK

The Group adopted a continuous process to identify, evaluate, monitor and manage significant risks affecting the achievement of its business objectives. This process was 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 & Approach**

  The Group adopted a decentralized approach in risk management, whereby each function would be responsible to identify, assess and report key risks. In turn, the respective heads of department took the overall responsibility and accountability of the reported risks, ratings and the corresponding risk mitigation plan. A Risk Management Working Committee (RMWC) was formed by the Group to support the risk management objectives and initiatives. The committee comprised nominated representatives from all the functions. The main role of the RMWC was to provide updates to the reported risks, inform its members about the status of the risk mitigation plan and discuss any potentially new risk, via quarterly meetings (4 meetings took place in 2018). The Internal Audit Department (IAD) being part of the RMWC, coordinated the quarterly risk meetings, prepared the minutes and tabled the risk register with associated updates to the Audit & Risk Management Committee (ARMC), also on quarterly basis. The ARMC reported to the Board as and when there were significant changes in key risks and operating environment, with anticipated impact on the business.

- **Category of Reported Risks**

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

  - Strategic risks that affect the overall direction of the business.
  - Operational risks that impact the delivery of the Group's products and services.
  - Financial risks associated with financial processes and reporting.
  - Compliance risks associated in relation to legal, statutory and corporate governance.

- **Risk Management Process**

  Potential risks were identified by the respective business functions based on relevant knowledge & expertise, publicly available information and advices from subject matter experts. The potential risks were then raised for discussion and deliberation by the RMWC during the quarterly meetings. All the risk owners were responsible to provide periodic updates on the risk mitigating activities and the corresponding results. Throughout the year, the risk register was updated by the IAD based on the information provided by risk owners.

INTERNAL CONTROL SYSTEMS

The key elements of the Group's internal control systems were described below: -

- **Control Environment**

  The importance of a proper control environment was communicated throughout the organization. Focus was 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 included the 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 organizational structure with clearly defined lines of accountability and delegated authority. This includes well-defined responsibilities of Board committees and various management levels, including authorization levels for all aspects of the business.

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

i. Management

- Management had 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 were 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, were also communicated via circulars and internal memos. Such circulars and memos were properly authorised by the relevant members of senior management.
- Management adopted a consistent approach in the constant review of key performance indicators set for various functions within the Group to ensure the efficiency & effectiveness of operational activities in achieving business objectives.
- Management also maintained effective communication channels to provide and solicit feedback in relation to business performance, critical issues and other key business matters.

ii. Internal Audit

The IAD provided reasonable assurance to the ARMC and the Board on the adequacy and integrity of the internal controls systems. The IAD was staffed by a total of 4 professionals and led by Mr. Lim Tiong Eng @ Allan Lim as the Head of Internal Audit. He holds a Bachelor of Commerce (major in accounting) and he is a certified member of both CPA Australia & the Malaysian Institute of Accountants.

The IAD was independent of activities related to business operations and performed its duties in accordance with standards set by relevant professional bodies, namely the Institute of Internal Auditors. The responsibilities of IAD include developing the annual audit plan execution and reporting the audit results for the Group. For such purposes, the IAD:

- Prepared a detailed Annual Audit Plan in consultation with the Managing Director for submission to the ARMC for approval;
- Carried out all activities to conduct the audits in accordance with the audit plan;
- Shared its findings with the auditee upon completion of each audit; and
- Submitted quarterly reports to the ARMC.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

The ARMC Report set out at pages 90 to 92 of this Annual Report contains further details on the principal responsibilities and activities of IAD in 2018.

iii. Audit & Risk Management Committee

The ARMC, on behalf of the Board, reviewed on a quarterly basis the measures undertaken on internal control issues identified by the RMWC, internal auditors, external auditors and Management. During the year, 26 reports were issued by IAD to ARMC for their review.

The ARMC Report set out at pages 90 to 92 of this Annual Report contains further details on the activities undertaken by ARMC in 2018.

iv. Board

The Board held regular discussions with the ARMC and Management and considered their reports on matters relating to internal controls and deliberated on their recommendations for implementation.

- **Reporting and Information**

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

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

  Regular meetings attended by Management, led by the Managing Director, were held to discuss the various aspects of the business, financial and operational performance of the Group. Key matters affecting the Group were brought to the attention of the ARMC by the Managing Director, Chief Financial Officer or Head of Internal Audit and were reported to the Board on a regular basis. Management also ensured 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 were processes in place to monitor the internal control systems and report any significant weakness together with details of corrective action. The systems were reviewed regularly by the Board (through the ARMC), Management and IAD. The IAD was primarily responsible in the evaluation and reporting on the effectiveness of the internal controls, with the results shared with Management and the ARMC. All heads of department were responsible in the continuous improvement and tightening of the internal controls within their respective business area.

REVIEW OF ADEQUACY OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board reviewed and believed that the internal control system was considered appropriate to business operations, and that the risks taken were at an acceptable level within the context of the business environment of the Group.

During the year, deficiencies in internal control were identified during the audit of financial statements and through internal audit activities. Additional internal controls and corrective actions were implemented to address such deficiencies.

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2018, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised 2015) issued by MIA. RPG 5 (Revised 2015) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This Statement on Risk Management and Internal Control was made in accordance with Board Resolution dated 8 March 2019.

AUDIT & RISK MANAGEMENT **COMMITTEE REPORT**

MEMBERSHIP AND MEETINGS

The Audit & Risk Management Committee (ARMC) held four (4) meetings during the financial year ended 31 December 2018. The members of the ARMC and the record of their attendance are as follows: -

Membership Attended	No. of meetings
Chew Hoy Ping Independent Non-Executive Director - Chairman	4/4
Roland Arthur Lawrence Non-Executive Director - Member	4/4
Datuk Toh Ah Wah Independent Non-Executive Chairman - Member	4/4
Dato' Lim Say Chong Independent Non-Executive Chairman - Member **Resigned on 12 April 2018*	1/1

The Managing Director, Chief Financial Officer and Head of Internal Audit attended the meetings for the purpose of briefing the ARMC on the activities involving their areas of responsibilities. The ARMC was also briefed by the external auditors on the findings of the external audit.

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

SUMMARY OF WORK PERFORMED BY AUDIT & RISK MANAGEMENT COMMITTEE

The main activities undertaken by the ARMC during the financial year ended 31 December 2018 were as follows: -

- Reviewed the external auditors' scope of work, audit risks and focus areas, materiality thresholds, audit methodology, key milestones and other relevant matters. The ARMC also conducted separate one-to-one sessions with the external auditors without the presence of Management. In addition, the Chairman and members of the ARMC periodically held informal discussions with the external auditors to ensure audit issues are addressed on a timely basis.

  Reviewed the results of the external audit, the audit report and the Management representation letter, including Management's response. Further to that, the ARMC also scrutinized potential key audit matters raised by the external auditors and ensured that adequate work had been done to support the audit conclusions and overall impact on the financial statements. The sole key audit matter vetted by ARMC (as mentioned in the Independent Auditors' Report on pages 179 to 182 for details) was the accounting for trade discounts and volume rebates accruals as part of revenue recognition as this involved the use of critical accounting estimates and management assumptions. As noted by the external auditors, Management accrues the trade discounts and volume rebates based on the estimated sales volume to be achieved multiplied with the agreed rates with the customers.

  On the ARMC's part, trade discounts and volume rebates are regularly reviewed as part of the financial reports presented by Management at each quarterly meeting.

- Assessed the performance, competency and professionalism demonstrated by the external auditors during the year. Obtained the assurance on independence from the external auditors and recommended the audit fees payable to the Board for approval.

- Considered and assessed the independence and objectivity of the external auditors during the year and also prior to engaging the external auditors for non-audit related services. The non-audit fees paid to the member firms of external auditors in 2018 amounted to RM16,450.

- Reviewed Internal Audit reports, recommendations and Management's response. Discussed actions taken with Management to improve the internal control system based on findings identified by Internal Auditor. The Chairman of the ARMC also conducted quarterly one-to-one sessions with the Head of Internal Audit to discuss the operations of the Internal Audit function as well as other relevant matters.

- Reviewed the Risk Management Framework and reports summarizing the findings from work performed on the identification and assessment of enterprise-wide key risks.

- Reviewed the audited financial statements of the Company and the Group prior to submission to the Board for its approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable accounting standards approved by Malaysian Accounting Standards Board ("MASB").

- Reviewed the quarterly unaudited financial results and Bursa Malaysia Securities Berhad ("Bursa") announcements before recommending them for the Board's approval. The review and discussions were conducted with the Managing Director and the Chief Financial Officer.

- Throughout the financial year, the Chairman of the ARMC also held frequent discussions with the Chief Financial Officer relating to any potential material issues affecting financial reporting and disclosure. This included the Company's compliance with the Bursa Listing Requirements, MASB and other relevant legal and regulatory requirements.

- Reviewed pertinent issues of the Group which have a significant impact on the results of the Group including enhancement and investment in existing products, cost rationalization measures and human resource development.

- Reviewed the significant related party transactions entered by the Group.

- Reviewed the Group's compliance with the provisions set out under the Malaysian Code on Corporate Governance for the purpose of the Corporate Governance Overview Statement pursuant to the Bursa Listing Requirements.

- Reviewed External Audit reports, control recommendations and discussed actions to be taken by Management to improve the internal control based on the findings identified by the External Auditor.

SUMMARY OF WORK PERFORMED BY INTERNAL AUDIT FUNCTION

The role of Internal Audit Department ("IAD") is to carry out independent reviews of the Group's internal control system in order to provide reasonable assurance that internal controls are in place and operating effectively. All internal control related issues identified were reported to Management and the ARMC by the Head of IAD. IAD also worked collaboratively with Risk Management Working Committee ("RMWC") in the updates of the risk registers and the reporting of results arising from the risk management process.

Throughout the year, the IAD performed the followings:

- Performed reviews based on the approved annual audit plan, in which focus areas were derived from the results of risk assessment conducted on the business plan, financial statements and operational processes. Apart from such risk-based approach, the internal control principles as advocated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly known as COSO framework was also observed where applicable in the execution of internal audit reviews.

- Identified auditable areas and performed reviews based on the risk levels assessed. Consideration was also given to any concerns shared by Management. The areas that were audited comprised trade and commercial, financial, manufacturing, compliance and information system related activities.

AUDIT & RISK MANAGEMENT
COMMITTEE REPORT

- Carried out special reviews and investigations whenever necessary and reported to the ARMC the outcomes of such engagements. Presented the necessary information and outcomes to the ARMC with regards to any case of whistleblowing.

- Reviewed the Group's state of compliance with established principles and practices, as well as the relevant statutory requirements.

- Assessed the effectiveness of internal controls put in place by Management to safeguard the Group's assets & inventory in the course of executing the Internal Audit plan.

- Collaborated with Management to promote the culture of practicing good internal controls and governance to attain optimal business efficiency and process effectiveness.

- Identified business areas that necessitated process improvements and put forward recommendations to minimise financial wastage and to prevent fraud. Closely monitored the timeliness and effectiveness of the implementation of corrective actions by Management in addressing reported audit observations.

- The total cost incurred by the IAD in relation to its operation during the financial year ended 31 December 2018 amounted to RM1,048,000.

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 2016 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 2018, the Directors have applied appropriate and relevant accounting policies consistently and in accordance with applicable accounting standards and made judgements and estimates that are reasonable and fair.

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

FINANCIAL STATEMENTS

DIRECTORS' **REPORT**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Board of Directors has pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

DIRECTORS OF THE COMPANY

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Datuk Toh Ah Wah
Lars Lehmann
Chew Hoy Ping
Graham James Fewkes
Roland Arthur Lawrence
Michelle Tanya Achuthan
Chow Lee Peng (appointed on 16 August 2018)
Olivier Dubost (resigned on 5 February 2018)
Dato' Lim Say Chong (resigned on 12 April 2018)

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
- Owners of the Company	277,154	249,963
- Non-controlling interests	9,603	-
Profit for the financial year	286,757	249,963

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no shares or debentures issued by the Company during the financial year.

DIRECTORS' **REPORT**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 the benefits shown under Directors' Remuneration) 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.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate apart from the ultimate holding company's Employees' Share Option Scheme ("ESOS").

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares in the Company and its related corporations (other than wholly-owned subsidiaries) during the financial year except as follows:

	Number of ordinary shares			
	At 1.1.2018	Bought	Sold	At 31.12.2018
Chew Hoy Ping	10,000	-	-	10,000
Datuk Toh Ah Wah	-	10,000	-	10,000

DIVIDENDS

The dividends paid or declared since the end of the previous financial year were as follows:

<u>In respect of financial year ended 31 December 2017</u>:

A final single tier dividend of 66.0 sen per ordinary share and a special single tier dividend of 11.0 sen per ordinary share, amounting to net dividend payment of RM201.8 million and RM33.6 million respectively was paid on 18 May 2018.

<u>In respect of financial year ended 31 December 2018:</u>

Date of Declaration	Date of Payment		Sen per ordinary share	RM million
17 May 2018	3 July 2018	First single tier interim dividend	20.0	61.2
16 Aug 2018	17 Oct 2018	Second single tier interim dividend	15.7	48.0
30 Nov 2018	30 Jan 2019	Third single tier interim dividend	16.0	48.9

Subsequent to the financial year, on 14 February 2019, the Board of Directors declared a fourth single tier interim dividend of 16.6 sen per ordinary share for the financial year ended 31 December 2018, which will be payable on 8 April 2019. The total amount payable is RM50.8 million.

The Board of Directors has also recommended for shareholders' approval at the forthcoming Annual General Meeting a final single tier dividend of 22.4 sen per ordinary share and a special single tier dividend of 9.3 sen per ordinary share in respect of the financial year ended 31 December 2018. The total amount payable for the proposed final and special single tier dividend of 31.7 sen per ordinary share is RM96.9 million.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 21 to the financial statements.

HOLDING COMPANIES

The Directors regard Carlsberg Breweries A/S and Carlsberg A/S, companies incorporated in Denmark, as the immediate holding company and ultimate holding company respectively.

EMPLOYEES' SHARE OPTION SCHEME

There are no new ordinary shares issued to settle share options during the year.

The number of options outstanding at the end of the financial year under the share option programme are as follows:

	Number of options over ordinary shares of DKK20 each			
	At 1.1.2018	Granted	Exercised	At 31.12.2018
Types of grant				
Interest in the ultimate holding company, Carlsberg A/S				
First grant on 1 March 2010				
- Carlsberg B shares	1,200	-	(1,200)	-

Details of the share option programme are set out in Note 3 to the financial statements.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

  (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

  (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; or

  (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

  (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report:

  (i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and

  (ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

(d) No contingent 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 affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.

(e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors:

  (i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

  (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSIDIARIES

Details of subsidiaries are set out in Note 12 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 7 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 8 March 2019.

Signed on behalf of the Board of Directors:

LARS LEHMANN
MANAGING DIRECTOR

CHEW HOY PING
DIRECTOR

Selangor Darul Ehsan

8 March 2019

STATEMENTS OF **COMPREHENSIVE INCOME**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue	6	1,982,342	1,768,223	1,031,879	805,328
Cost of sales		(1,318,062)	(1,148,567)	(985,419)	(774,096)
Gross profit		664,280	619,656	46,460	31,232
Other income		4,712	8,122	15,050	21,781
Sales and distribution expenses		(266,781)	(271,414)	(165)	(111)
Administrative expenses		(55,224)	(54,534)	(30,322)	(32,409)
Other expenses		(11)	(2,859)	(497)	(1,583)
Results from operating activities		346,976	298,971	30,526	18,910
Investment income		-	-	227,776	218,340
Finance income		1,408	2,499	287	399
Finance costs		(8,079)	(6,437)	(2,404)	(1,674)
Operating profit	7	340,305	295,033	256,185	235,975
Share of profit/(loss) of equity accounted associate, net of tax		20,955	(241)	-	-
Profit before taxation		361,260	294,792	256,185	235,975
Taxation	8	(74,503)	(62,414)	(6,222)	(2,102)
Profit for the financial year		286,757	232,378	249,963	233,873
Other comprehensive (loss)/income, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Cash flow hedge - fair value changes		(3,865)	1,438	(3,865)	1,438
Exchange differences on translation of foreign operations		(10,499)	(9,842)	-	-
Other comprehensive (loss)/income for the financial year, net of tax		(14,364)	(8,404)	(3,865)	1,438
Total comprehensive income for the financial year		272,393	223,974	246,098	235,311
Profit attributable to:					
Owners of the Company		277,154	221,165	249,963	233,873
Non-controlling interests		9,603	11,213	-	-
Profit for the financial year		286,757	232,378	249,963	233,873

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Total comprehensive income attributable to:					
Owners of the Company		**262,790**	212,761	**246,098**	235,311
Non-controlling interests		**9,603**	11,213	**-**	-
Total comprehensive income for the financial year		**272,393**	223,974	**246,098**	235,311
Basic earnings per ordinary share (sen)	9	**90.65**	72.34		

The notes on pages 112 to 177 are an integral part of these financial statements.

STATEMENTS OF **FINANCIAL POSITION**
AS AT 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	192,987	177,799	167,593	159,725
Intangible assets	11	3,219	3,421	222	177
Investments in subsidiaries	12	-	-	391,572	391,572
Investment in an associate	13	72,970	64,309	25,164	25,164
Deferred tax assets	14	3,353	2,694	-	-
Total non-current assets		272,529	248,223	584,551	576,638
Current assets					
Inventories	15	96,723	68,412	32,565	25,709
Receivables, deposits and prepayments	16	207,633	248,199	48,982	53,277
Tax recoverable		9,026	11,599	9,026	11,599
Cash and cash equivalents	17	96,612	74,992	18,537	11,175
Total current assets		409,994	403,202	109,110	101,760
Total assets		682,523	651,425	693,661	678,398
EQUITY AND LIABILITIES					
Equity					
Share capital	18	149,363	149,363	149,363	149,363
Reserves	18	19,764	149,655	245,468	391,935
Total equity attributable to equity holders of the Company		169,127	299,018	394,831	541,298
Non-controlling interests		11,870	13,448	-	-
Total equity		180,997	312,466	394,831	541,298
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	14	15,777	19,262	15,090	19,083
Provision	19	329	327	-	-
Total non-current liabilities		16,106	19,589	15,090	19,083

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current liabilities					
Payables and accruals	19	**379,150**	276,497	**208,740**	118,017
Current tax liabilities		**31,270**	26,096	**-**	-
Loans and borrowings	20	**75,000**	16,777	**75,000**	-
Total current liabilities		**485,420**	319,370	**283,740**	118,017
Total liabilities		**501,526**	338,959	**298,830**	137,100
Total equity and liabilities		**682,523**	651,425	**693,661**	678,398

The notes on pages 112 to 177 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share capital RM'000	Exchange reserve RM'000	Cash flow hedge reserve RM'000	Capital reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		/---Attributable to owners of the Company---						/		
		/---Non-distributable---				/	Distributable			
Group										
At 1 January 2018		149,363	10,673	1,438	3,931	(110)	133,723	299,018	13,448	312,466
Profit for the financial year		-	-	-	-	-	277,154	277,154	9,603	286,757
Other comprehensive income:										
- Exchange differences on translation of foreign operations		-	(10,499)	-	-	-	-	(10,499)	-	(10,499)
- Fair value loss on cash flow hedge		-	-	(3,865)	-	-	-	(3,865)	-	(3,865)
Total comprehensive income for the financial year		-	(10,499)	(3,865)	-	-	277,154	262,790	9,603	272,393
Dividends to owners of the Company	22	-	-	-	-	-	(393,498)	(393,498)	-	(393,498)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(11,181)	(11,181)
Effects of share-based payment		-	-	-	-	817	-	817	-	817
Total transactions with owners of the Company		-	-	-	-	817	(393,498)	(392,681)	(11,181)	(403,862)
At 31 December 2018		149,363	174	(2,427)	3,931	707	17,379	169,127	11,870	180,997

	Note	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Exchange reserve RM'000	Cash flow hedge reserve RM'000	Capital reserve RM'000	Share option reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		/---Attributable to owners of the Company---										/---	
		/---Non-distributable---							/---	Distributable			
Group													
At 1 January 2017		154,039	(12,043)	7,367	20,515	-	3,931	(104)	(780)	148,764	321,689	8,358	330,047
Profit for the financial year		-	-	-	-	-	-	-	-	221,165	221,165	11,213	232,378
Other comprehensive income:													
- Exchange differences on translation of foreign operations		-	-	-	(9,842)	-	-	-	-	-	(9,842)	-	(9,842)
- Fair value gain on cash flow hedge		-	-	-	-	1,438	-	-	-	-	1,438	-	1,438
Total comprehensive income for the financial year		-	-	-	(9,842)	1,438	-	-	-	221,165	212,761	11,213	223,974
Dividends to owners of the Company	22	-	-	-	-	-	-	-	-	(235,426)	(235,426)	-	(235,426)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(6,123)	(6,123)
Treasury shares cancelled		(12,043)	12,043	-	-	-	-	-	-	-	-	-	-
Transfer pursuant to Companies Act 2016		7,367	-	(7,367)	-	-	-	-	-	-	-	-	-
Effects of share-based payment		-	-	-	-	-	-	(6)	-	-	(6)	-	(6)
Others		-	-	-	-	-	-	-	780	(780)	-	-	-
Total transactions with owners of the Company		(4,676)	12,043	(7,367)	-	-	-	(6)	780	(236,206)	(235,432)	(6,123)	(241,555)
At 31 December 2017		149,363	-	-	10,673	1,438	3,931	(110)	-	133,723	299,018	13,448	312,466

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	/---Non-distributable---		---/	Distributable	
		Share capital RM'000	Share option reserve RM'000	Cash flow hedge reserve RM'000	Retained earnings RM'000	Total equity RM'000
<u>Company</u>						
At 1 January 2018		149,363	(391)	1,438	390,888	541,298
Profit for the financial year		-	-	-	249,963	249,963
Other comprehensive income:						
- Fair value loss on cash flow hedge		-	-	(3,865)	-	(3,865)
Total comprehensive income for the financial year		-	-	(3,865)	249,963	246,098
Dividends to owners of the Company	22	-	-	-	(393,498)	(393,498)
Effects of share-based payment		-	933	-	-	933
Total transactions with owners of the Company		-	933	-	(393,498)	(392,565)
At 31 December 2018		149,363	542	(2,427)	247,353	394,831

	Note	/---------Non-distributable---------				/	Distributable	
		Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Share option reserve RM'000	Cash flow hedge reserve RM'000	Retained earnings RM'000	Total equity RM'000
Company								
At 1 January 2017		154,039	(12,043)	7,367	(391)	-	392,441	541,413
Profit for the financial year		-	-	-	-	-	233,873	233,873
Other comprehensive income:								
- Fair value gain on cash flow hedge		-	-	-	-	1,438	-	1,438
Total comprehensive income for the financial year		-	-	-	-	1,438	233,873	235,311
Dividends to owners of the Company	22	-	-	-	-	-	(235,426)	(235,426)
Treasury shares cancelled		(12,043)	12,043	-	-	-	-	-
Transfer pursuant to Companies Act 2016		7,367	-	(7,367)	-	-	-	-
Total transactions with owners of the Company		(4,676)	12,043	(7,367)	-	-	(235,426)	(235,426)
At 31 December 2017		149,363	-	-	(391)	1,438	390,888	541,298

STATEMENTS OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		361,260	294,792	256,185	235,975
Adjustments for:					
Allowance for inventories written down	15	300	300	300	300
Amortisation of intangible assets	11	458	1,176	139	484
Depreciation of property, plant and equipment	10	40,376	31,788	35,400	25,254
Dividend income from unquoted subsidiaries		-	-	(226,004)	(218,340)
Dividend income from a foreign quoted associate		-	-	(1,772)	-
Finance costs		8,079	6,437	2,404	1,674
Finance income		(1,408)	(2,499)	(287)	(399)
Finished goods written off	15	737	494	29	355
Gain on disposal of property, plant and equipment		(1,385)	(2,041)	(138)	(96)
Loss/(gain) on unrealised foreign exchange		15	(435)	497	(779)
Loss allowance on receivables		171	-	27	-
Share-based payments		1,777	123	1,777	123
Property, plant and equipment written off		639	79	558	34
Reversal of impairment loss on receivables		-	(776)	-	-
Share of (profit)/loss of equity - accounted associate, net of tax		(20,955)	241	-	-
Operating profit before changes in working capital		390,064	329,679	69,115	44,585

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Changes in working capital:					
Inventories		(29,348)	27,077	(7,185)	(2,159)
Receivables, deposits and prepayments		36,867	22,642	364	(5,070)
Payables and accruals		52,067	24,570	40,128	24,992
Cash generated from operations		449,650	403,968	102,422	62,348
Tax paid		(69,737)	(65,909)	(6,421)	(3,977)
Net cash generated from operating activities		379,913	338,059	96,001	58,371
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	10.2	(56,662)	(37,639)	(43,940)	(30,006)
Acquisition of intangible assets	11	(259)	(255)	(184)	(10)
Dividends received from unquoted subsidiaries		-	-	226,004	218,340
Dividend received from a foreign quoted associate		1,772	-	1,772	-
Interest received		1,408	2,499	287	399
Proceeds from disposal of property, plant and equipment		1,838	2,595	252	259
Net cash (used in)/generated from investing activities		(51,903)	(32,800)	184,191	188,982
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to owners of the Company		(344,578)	(235,426)	(344,578)	(235,426)
Dividends paid to owners of the non-controlling interests		(11,181)	(6,123)	-	-
Interest paid		(8,079)	(6,437)	(2,405)	(1,674)
Reimbursement to ultimate holding company for share options granted to employees		(960)	(129)	(844)	(123)
Net drawdown/(repayment) of revolving credits		63,036	(17,124)	75,000	-
Net cash used in financing activities		(301,762)	(265,239)	(272,827)	(237,223)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Net increase in cash and cash equivalents		26,248	40,020	7,365	10,130
Effect of exchange rate fluctuations on cash held		34	(2,009)	(3)	(851)
Cash and cash equivalents at 1 January		70,330	32,319	11,175	1,896
Cash and cash equivalents at 31 December	17	96,612	70,330	18,537	11,175

Reconciliation of liabilities arising from financing activities

The following table illustrates the changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes during the financial year:

	Note	At 1.1.2018 RM'000	Cash flows RM'000	Non-cash movement: Foreign exchange movement RM'000	At 31.12.2018 RM'000
Group					
Revolving credits	20	(12,115)	(63,036)	151	(75,000)
		(12,115)	(63,036)	151	(75,000)
Cash and cash equivalents (exclude bank overdraft)		74,992	21,645	(25)	96,612
Bank overdraft	20	(4,662)	4,603	59	-
Cash and cash equivalents		70,330	26,248	34	96,612
		58,215	(36,788)	185	21,612

Reconciliation of liabilities arising from financing activities (continued)

The following table illustrates the changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes during the financial year: (continued)

	Note	At 1.1.2017 RM'000	Cash flows RM'000	Non-cash movement Foreign exchange movement RM'000	At 31.12.2017 RM'000
Group					
Revolving credits	20	(29,488)	17,124	249	(12,115)
		(29,488)	17,124	249	(12,115)
Cash and cash equivalents (exclude bank overdraft)		36,270	40,849	(2,127)	74,992
Bank overdraft	20	(3,951)	(829)	118	(4,662)
Cash and cash equivalents		32,319	40,020	(2,009)	70,330
		2,831	57,144	(1,760)	58,215

	Note	At 1.1.2018 RM'000	Cash flows RM'000	Non-cash movement Foreign exchange movement RM'000	At 31.12.2018 RM'000
Company					
Revolving credits	20	-	(75,000)	-	(75,000)
Cash and cash equivalents		11,175	7,365	(3)	18,537
		11,175	(67,635)	(3)	(56,463)

	At 1.1.2017 RM'000	Cash flows RM'000	Non-cash movement Foreign exchange movement RM'000	At 31.12.2017 RM'000
Company				
Cash and cash equivalents	1,896	10,130	(851)	11,175

NOTES TO THE **FINANCIAL STATEMENTS**

1 GENERAL INFORMATION

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 2018 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 2018 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 domestic market and for export while the other Group entities are primarily involved in the marketing and distribution of beer, stout, cider, shandy, 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.

These financial statements were authorised for issue by the Board of Directors on 8 March 2019.

2 BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost basis except as disclosed in the significant accounting policies below.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(a) Standards, amendments to published standards and interpretations that are effective

The Group and the Company have applied the following standards and amendments for the first time for the financial year beginning on 1 January 2018:

- MFRS 9 'Financial Instruments'
- MFRS 15 'Revenue from Contracts with Customers'
- Amendments to MFRS 2 'Share-based Payment – Classification and Measurement of Share-based Payment Transactions'
- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to MFRSs 2014 – 2016 Cycle: MFRS 128 'Investments in Associates and Joint Ventures'

2 BASIS OF PREPARATION (CONTINUED)

(a) Standards, amendments to published standards and interpretations that are effective (continued)

The detailed impact of adoption of MFRS 9 and MFRS 15 is set out in Note 4.

Other than disclosed in Note 4, the adoption of standards, amendments and interpretations listed above did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) Standards and amendments to published standards and interpretations that have been issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2019. None of these is expected to have a significant effect on the consolidated financial statements of the Group and the Company, except the following as set out below:

- MFRS 16 'Leases' (effective from 1 January 2019) supersedes MFRS 117 'Leases' and the related interpretations.

  Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in profit or loss.

  For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

  The implementation of MFRS 16 "Leases" will result in almost all leases being recognised in the statement of financial position, as the distinction between operating and finance leases has been removed. The only exceptions are short-term leases and leases of low-value assets.

  The Group and the Company has reviewed its leasing arrangements, and the accounting standard will primarily affect the accounting for the Group's and the Company's operating leases, which mainly comprise leases of offices and buildings. The impact for the Group and the Company in respect of operating leases is an increase in property, plant and equipment and in financial liabilities.

  The lease cost includes an interest element will be recognised as a financial item. In the cash flow statement, the interest element will be presented in interest paid.

  The expected impact is calculated based on the Group's and the Company's incremental borrowing rate and lease term at the time of the calculation.

  In 2018, the Group and the Company has no finance lease recognised in accordance with MFRS 117. Accordingly, the Group and the Company will continue to recognise right-of-use assets and the related lease liabilities at their carrying amounts when accounting for leases in accordance with MFRS 16.

  The Group and the Company will apply the practical expedient to leases retrospectively, with the cumulative effect from the date of the initial application recognised as an adjustment to the opening balance of retained earnings, and will not restate comparative figures for the year prior to first adoption.

NOTES TO THE
FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

(b) Standards and amendments to published standards and interpretations that have been issued but not yet effective (continued)

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

  If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

  IC Interpretation 23 will be applied retrospectively. The adoption of IC Interpretation 23 will not have a significant impact in the Group's and the Company's financial statements.

- Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures' (effective from 1 January 2019) clarify that an entity should apply MFRS 9 'Financial Instruments' (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future.

  In addition, such long-term interest are subject to loss allocation and impairment requirements in MFRS 128.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 9 'Prepayment features with negative compensation' (effective 1 January 2019) allow companies to measure some prepayable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a 'held to collect' business model.

  The amendments will be applied retrospectively.

- Annual Improvements to MFRSs 2015 - 2017 Cycle:

  - Amendments to MFRS 3 'Business Combinations' (effective from 1 January 2019) clarify that when a party obtains control of a business that is a joint operation, the acquirer should account the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.

  - Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

  - Amendments to MFRS 123 'Borrowing Costs' (effective from 1 January 2019) clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Apart from the implementation of IFRS 16, the adoption of new standards and amendments are not expected to have any significant impact on the Group's and the Company's financials or accounting policies, as they cover areas that are not material and/or relevant for the Group and the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are 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.

(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.

The Group recognises any non-controlling interest's in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

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 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(iv) 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.

(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.

(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, unless it is classified as held for sale or distribution. 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vi) Associates (continued)

Investments in associates 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 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 owners of the Company.

Losses 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.

(b) Foreign currency

(i) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia, which is the Company’s functional and presentation currency.

(ii) 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, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

(ii) Foreign currency transactions (continued)

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 the exchange reserve ("ER") in equity.

(iii) 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, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

(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 and the Company 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	40 - 99 years
• Buildings	15 - 50 years
• Renovation	10 years
• Plant and machinery	3 - 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.

(d) 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leased assets (continued)

(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.

(e) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any 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 any accumulated amortisation and any 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Inventories

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

The cost of inventories is calculated using the weighted average 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.

(g) Trade and other receivables

Trade receivables are amounts due from customers for goods sold performed in the ordinary course of business. Other receivables generally arise from transactions outside the ordinary course of business of the Group and the Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value. Other receivables are recognised initially at fair value.

Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance. Details on the Group's and the Company's impairment policies of trade and other receivables are provided in Note 3(u).

(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 fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitment. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(i) 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.

NOTES TO THE
FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Equity instruments (continued)

(iii) Repurchase, disposal and reissue of share capital

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.

(iv) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(j) 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 and the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's and the Company'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 and the Company has no further payment obligations.

(iii) Share-based payment transactions

Certain employees of the Group and the Company 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits (continued)

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group and the Company can no longer withdraw the offer to those benefits and when the Group and the Company 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.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company 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.

(l) Payables

Payables represent liabilities for goods or services provided to the Group and the Company prior to the end of financial year which are unpaid. Payables are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Payables are recognised initially at fair value. Payables are subsequently measured at amortised cost using the effective interest method.

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is capitalised as prepayment until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the borrowings that has been 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 within other income or finance costs.

Where the terms of borrowings are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the borrowings (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the borrowings and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Borrowings (continued)

Accounting policies applied from 1 January 2018

From 1 January 2018, when borrowings measured at amortised cost is modified without this resulting in derecognition, any gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, shall be recognised immediately in profit or loss in finance costs.

Accounting policies applied until 31 December 2017

Until 31 December 2017, the Group and the Company had accounted for modification of borrowings measured at amortised cost without resulting in extinguishment of the original borrowings and amortised the difference arising from the modification over the remaining life of the modified borrowings in finance costs.

(n) Revenue and other income

(i) Goods sold

Accounting policies applied from 1 January 2018

Revenue from contracts with customers comprises sales of beverages, sales of by-products and others.

Revenue from the sale of own-produced finished goods and by-products is recognised at the point in time when the control of goods and products is transferred customer with a right of return within a specified period, the Group and the Company considers the timing of recognition.

Revenue from contracts with customers is measured at an amount that reflects the consideration to which the Group and the Company expects to be entitled in exchange for those goods. Amounts disclosed as revenue net discount.

The Group and the Company considers whether contracts include other promises that constitute separate performance obligations and to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group and the Company considers the effects of variable consideration. No element of financing is deemed present, as payment is generally made on the basis of cash on delivery or up to 60 days of credit.

The Group pay various discounts depending on nature of customer and business. Customer discounts comprise off-invoice discounts, volume and activity-related discounts, including specific promotion prices offered, and other discounts.

Off-invoice discounts arise from sales transactions where the customer immediately receives a reduction in the sales price. This also includes cash discounts and incentives for early payments.

Volume and activity-related discounts is a broad term covering incentives for customers to sustain business with the Group and the Company over a longer time and may be related to a current campaign or a sales target measured in volumes or total value. Examples include discounts paid as a lump sum, discounts for meeting all or certain sales targets or for exceeding targets, or progressive discounts offered in step with increasing sales to a customer.

Other discounts include listing fees, i.e. fees for certain listings on shelves, in coolers or in favourable store locations, as such specific promotions are closely related to the volumes sold.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue and other income (continued)

(i) Goods sold (continued)

Accounting policies applied until 31 December 2017

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 discounts 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.

(ii) Dividend income

Dividends are received from financial assets measured at fair value through profit and loss ("FVTPL"). Dividend income from financial assets at FVTPL is recognised as part of net gains or net losses on these financial instruments.

There are no changes in accounting policies upon adoption of MFRS 9.

(iii) Interest income

Interest income from financial assets at FVTPL is recognised as part of net gains or net losses on these financial instruments.

Accounting policies applied from 1 January 2018

Interest income on financial assets at amortised cost is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired.

For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Accounting policies applied until 31 December 2017

Interest income on loans and receivables is recognised as it accrues using the effective interest method in profit or loss as part of other income.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are 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 or receivable on the taxable income or loss 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 financial 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 assets and liabilities 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 which the unutilised tax incentive can be utilised.

(p) Earning 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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) Financial instruments

Accounting policies applied from 1 January 2018

Classification – financial assets

From 1 January 2018, the Group and the Company classify its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost

The Group and the Company reclassify debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition – financial assets

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

Embedded derivatives in financial asset host contracts: The Group and the Company apply the classification and measurement of financial assets to the entire hybrid instrument for financial assets with embedded derivatives.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Financial instruments (continued)

Accounting policies applied from 1 January 2018 (continued)

Measurement – financial assets

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely for payment of principal and interest ("SPPI").

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Company classify its debt instruments under amortised cost category.

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

(b) FVTPL

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ("FVOCI") are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss in the period which it arises.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's and the Company's management have elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in the statement of comprehensive income as applicable.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Financial instruments (continued)

Accounting policies applied until 31 December 2017

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.

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset for all financial assets not carried at FVTPL. Financial assets at FVTPL are initially recognised at fair value, and transaction costs are expensed in profit or loss.

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 as FVTPL. 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.

Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at FVTPL

FVTPL 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.

Other financial assets categorised as FVTPL 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 FVTPL, are subject to review for impairment (see Note 3(u)).

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Financial instruments (continued)

Accounting policies applied until 31 December 2017 (continued)

Financial instrument categories and subsequent measurement (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as FVTPL.

FVTPL 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.

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

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 the 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 expired. 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.

(t) Derivative and hedging activities

Derivative financial instruments are initially recognised in the statement of financial position at fair value at the trade date and subsequently re-measured at fair value at the end of each reporting period. Attributable transaction costs are recognised in the profit or loss.

(i) Cash flow hedge

The Group and the Company designate and document, at the inception of a hedging transaction, the hedging relationship so that the risk being hedged, the hedged item and the hedging instrument are clearly identified and the risk in the hedged item is the risk being hedged with the hedging instrument. Hedge accounting is only applied when the Group expects the derivative financial instrument to be highly effective in offsetting the designated hedged risk associated with the hedged item.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Derivative and hedging activities (continued)

(i) Cash flow hedge (continued)

Changes in the portion of fair value of derivative financial instruments designated as and qualifying as a cash flow hedge and which effectively hedge changes in the value of the hedged item, are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. When the hedged transaction results in gains or losses, amounts previously recognised in other comprehensive income are transferred to the same item as the hedged item when the hedged item is recognised in the profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the non-financial asset is recognised.

The Group monitors the cash flow hedge relationship twice a year to assess whether the hedge is still effective. The ineffective portion primarily relates to aluminium hedge. Following the adoption of MFRS 9, there was no ineffectiveness.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

(u) Impairment of assets

Accounting policies applied from 1 January 2018

Impairment of financial assets

The Group and the Company apply the simplified approach to measure expected credit losses ("ECL"). This entails recognising a lifetime expected loss allowance for all trade receivables. Loss rates are determined based on grouping of receivables sharing the same credit risk characteristics and past due days.

Management assesses the ECL for portfolios of trade receivables based on customer segments, historical information on payment patterns, terms of payment, concentration maturity, and information about the general economic situation in the countries.

No significant changes to estimation techniques or assumptions were made during the reporting period.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

A significant increase in credit risk is presumed if a debtor is more than 60 days past due in making a contractual payment.

For other receivables and intercompany balances,the Group and the Company apply 3-stage approach to measure expected credit losses which reflect their credit risk and how the loss allowance is determined. The Group and the Company assessed the intercompany receivables as performing category with a low risk of default and a strong capacity to meet contractual cash flows. The basis of measuring ECL are based on 12 month ECL.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Impairment of assets (continued)

Accounting policies applied from 1 January 2018 (continued)

Impairment of other assets

There is no change in accounting policies as compared to accounting policies applied until 31 December 2017.

Accounting policies applied until 31 December 2017

Impairment of financial assets

All financial assets 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.

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.

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 "CGUs". Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs 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 CGU or a group of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value-in-use ("VIU") and its fair value less costs of disposal. In assessing VIU, 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 CGU.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Impairment of assets (continued)

Accounting policies applied until 31 December 2017 (continued)

Impairment of financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

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

(v) 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(w) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously (as shown in Note 16.1). The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

4. CHANGE IN ACCOUNTING POLICIES

(a) MFRS 9 "Financial Instruments"

The Group and the Company has implemented the new classifications, hedging and impairment rules under MFRS 9. The impact of reclassifications and the calculation of ECL arising from these are not material to the consolidated financial statements, and the standard has thus been implemented without adjusting the opening balance at 1 January 2018.

The new MFRS 9 hedging rules will primarily have an impact on the effectiveness of aluminium hedges. Under MFRS 9, it is possible to designate the aluminium component of the cans as a hedged item, which led to all ineffective portions from prior periods being reversed in 2018. The amount was not material.

There was no impact on the classification and measurement recognised in relation to these financial assets and financial liabilities from the adoption of MFRS 9.

(b) MFRS 15 "Revenue from contracts with customers"

The Group and the Company applied MFRS 15 for the first time in the 2018 financial statements with the date of initial application of 1 January 2018 by using the modified retrospective transition method.

Under the modified retrospective transition method, the Group and the Company applies the new policy retrospectively only to contracts that are not completed contracts at the date of initial application. Accordingly, the 2017 comparative information was not restated and the cumulative effects of initial application of MFRS 15 were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2018. The comparative information continued to be reported under the previous accounting policies governed under MFRS 118 and MFRS 111.

The implementation has impacted the Group's financials and revenue stream, as the standard requires certain payments to customers, such as supporting marketing activities and listing fees, to be recognised as net of revenue. Previously, these activities were recognised as marketing expenses. For the Group, the implementation of MFRS 15 was material to the consolidated financial statements. However, the implementation resulted only in changes in the classification and did not have an impact on the timing of revenue recognition.

The below impact show impact on the 2017 comparatives had the Group applied MFRS 15.

Statement of comprehensive income

	Before reclassification RM'000	Reclassification RM'000	After reclassification RM'000
Financial year ended 31 December 2017			
Revenue	1,768,223	(38,188)	1,730,035
Sales and distribution expenses	(271,414)	38,188	(233,226)

There is no MFRS 15 impact on the Company level.

5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The application of accounting standards and policies requires the Group to make estimates and assumptions about future events that directly affect its reported financial condition and operating performance. The accounting estimates and assumptions discussed are those that the Group considers to be most critical to its financial statements. An accounting estimate is considered critical if both (a) the nature of estimates or assumptions is material due to the level of subjectivity and judgement involved, and (b) the impact within a reasonable range of outcomes of the estimates and assumptions is material to the Group's financial condition of operating performance.

(i) Trade offer accruals

The Group estimates trade offer accruals using either the expected value method or the most likely amount method depending on which method better predicts the amount of consideration to which the customers will be entitled.

The expected value method is used for contracts with more than one threshold due to the complexity and the activities agreed with the individual customer during the year.

Trade offer accruals consists primarily of trade discounts and sales volumes rebates which are recognised based on agreed trading terms and promotional activities with trade customers and distributors. Volume and activity related discounts are typically associated with certain sales target to be achieved by the customers and distributors. These trade offers represents variable considerations which the Group estimates using either expected value method or the most likely amount method depending on which method better predicts the amount of consideration based on the terms of the contracts. As a result, management required to make estimates on sales volume to be achieved by the customers and distributors to determine the trade offers. However, there is constraint on the amount of variable consideration to be included in the transaction price. The Group recognises trade offer accruals only to the extent that it is highly probable that a subsequent change in estimated variable consideration will not result in a significant reversal.

These accruals are netted off within Receivables, deposits and prepayments (Note 16.1). The senior management of the Group regularly reviews and updates its estimate of trade offers accruals at each reporting date until the uncertainty is resolved.

There were one-off adjustments that the Group made in prior year which totalled RM17.2 million in respect of trade offer accruals relating to Singapore operations.

NOTES TO THE
FINANCIAL STATEMENTS

5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(ii) Impairment review of investment in subsidiaries

The Company performs impairment review of investment in subsidiaries on annual basis, in accordance with the accounting policy stated in Note 3(u).

The recoverable amount of the CGU was based on its VIU calculations. VIU of the CGU was determined by discounting the future cash flows forecasted to be generated from the continuing use of the CGU.

The 5-year cash flows forecast are based on the average annual growth of sales volume approved by the Directors based on past performance and management's expectation of market development. The discount rates used to discount the future cash flows are pre-tax and reflect the specific risks relating to the CGU.

The Directors of the Company believes that any reasonable change in the key assumptions would not cause the carrying amount of the CGU to exceed their recoverable amount.

The key assumptions used for the CGU Carlsberg Singapore Pte. Ltd are as follows:

	2018	2017
Sales volume (% annual growth)	2%	2%
Long-term growth rate (%)	1%	1%
Pre-tax discount rate (%)	6.4%	6.0%

For CGU Carlsberg Singapore Pte Ltd, the recoverable amount for the CGU was higher than the carrying amount of cost of investment and hence, no impairment loss was recognised during the financial year.

The recoverable amount of this CGU would equal its carrying amount if the key assumptions were to change as follows:

	2018		2017	
	From	to	From	to
Sales volume (% annual growth)	2.0%	(3.7%)	2.0%	(3.3%)
Long-term growth rate (%)	1.0%	0%	1.0%	0%
Pre-tax discount rate (%)	6.4%	7.4%	6.0%	7.0%

6 REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue from contracts with customers	1,982,342	1,768,223	1,031,879	805,328

Breakdown of the Group's revenue from contracts with customers:

	Manufacturing* RM'000	Marketing & Distribution RM'000	Total RM'000
<u>2018</u>			
Sales of beverages	1,030,387	949,217	1,979,604
Sales of by-products and others	1,492	1,246	2,738
	1,031,879	950,463	1,982,342
<u>2017</u>			
Sales of beverages	803,570	961,459	1,765,029
Sales of by-products and others	1,758	1,436	3,194
	805,328	962,895	1,768,223

** The manufacturing segment belongs to Company Level.*

NOTES TO THE **FINANCIAL STATEMENTS**

7 OPERATING PROFIT

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Operating profit is arrived at after charging:				
Allowance for inventories written down	300	300	300	300
Amortisation of intangible assets	458	1,176	139	484
Auditors' remuneration:				
- Audit services	382	360	148	148
- Audit related services	16	16	16	16
Depreciation of property, plant and equipment	40,376	31,788	35,400	25,254
Excise duties	938,233	832,267	696,955	557,417
Finance costs	8,079	6,437	2,404	1,674
Finished goods written off	737	494	29	355
Loss allowance on receivables	171	-	27	-
Personnel expenses (including key management personnel):				
- Wages, salaries and others	108,072	92,678	40,925	33,850
- Contributions to Employees Provident Fund	12,226	9,131	3,608	2,798
- Contributions to other defined contribution plan	765	727	323	310
Property, plant and equipment written off	639	79	558	34
Realised foreign exchange loss	-	1,277	-	-
Rental of land and buildings	6,632	6,459	2,715	1,468
Unrealised foreign exchange loss	15	-	497	-
Operating profit is arrived at after crediting:				
Dividends income from unquoted subsidiaries	-	-	226,004	218,340
Dividend income from a foreign quoted associate	-	-	1,772	-
Finance income	1,408	2,499	287	399
Gain on disposal of property, plant and equipment	1,385	2,041	138	96
Management fees charged to a subsidiary	-	-	12,227	14,687
Realised foreign exchange gain	564	-	392	573
Rental income from a subsidiary	-	-	780	780
Reversal of loss allowance on receivables	-	776	-	-
Unrealised foreign exchange gain	-	435	-	779

8 TAXATION

Recognised in profit or loss

Major components of taxation include:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current taxation				
Malaysian				
- current year	62,638	49,459	8,360	3,042
- under/(over) provision in prior years	549	(5,426)	634	(4,551)
Overseas				
- current year	14,237	14,704	-	-
- over provision in prior years	-	(330)	-	-
	77,424	58,407	8,994	(1,509)
Deferred tax expense				
Origination and reversal of temporary differences	(2,921)	4,007	(2,772)	3,611
Total deferred tax	(2,921)	4,007	(2,772)	3,611
Total taxation	74,503	62,414	6,222	2,102

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Reconciliation of taxation				
Profit before taxation	361,260	294,792	256,185	235,975
Tax at Malaysian tax rate of 24% (2017: 24%)	86,702	70,750	61,484	56,634
Effect of tax in foreign jurisdiction	(6,493)	(5,754)	-	-
Non-taxable income	(804)	(89)	(55,477)	(52,490)
Non-deductible expenses	1,753	3,629	1,132	2,509
Share of results of an associate	(5,029)	58	-	-
Double deduction on permitted expenses	(491)	(493)	-	-
Others	(1,684)	69	(1,551)	-
	73,954	68,170	5,588	6,653
Under/(Over) provision in prior years	549	(5,756)	634	(4,551)
Total taxation	74,503	62,414	6,222	2,102

8 TAXATION (CONTINUED)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Recognised in Other Comprehensive Income				
Deferred tax				
Arising on income and expense recognised in other comprehensive income - Fair value of financial instruments treated as cash flow hedges	(1,221)	454	(1,221)	454

9 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2018 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

Profit attributable to ordinary shareholders:

	Group	
	2018 RM'000	2017 RM'000
Profit for the financial year attributable to shareholders	277,154	221,165

Weighted average number of ordinary shares:

	Group	
	2018 '000	2017 '000
Issued ordinary shares	305,748	305,748
Basic earnings per ordinary share (sen)	90.65	72.34

All shares bought back in 1999 which were retained as treasury shares were cancelled on 17 May 2017.

The diluted earnings per share of the Group is equal to the basic earnings per share as the Group does not have any material potential dilutive ordinary shares in issue.

10 PROPERTY, PLANT AND EQUIPMENT

	Note	Leasehold land (Note 10.1) 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
Group										
Cost										
At 1 January 2017		10,571	19,097	61,027	492	454,736	21,192	30,409	800	598,324
Additions	10.2	-	-	1,342	1,221	30,151	2,402	1,060	1,790	37,966
Disposals		-	-	-	-	(1,067)	(7,559)	(1,136)	-	(9,762)
Written off		-	-	-	-	(518)	-	(1,433)	-	(1,951)
Transfers		-	-	65	-	702	-	-	(767)	-
Effect of movements in exchange rates		-	-	-	-	(137)	-	(111)	-	(248)
At 31 December 2017		10,571	19,097	62,434	1,713	483,867	16,035	28,789	1,823	624,329
Additions	10.2	-	-	3,070	2,618	36,395	3,957	1,722	8,902	56,664
Disposals		-	(145)	(277)	-	(8,376)	(3,935)	(964)	-	(13,697)
Written off		-	-	(409)	(220)	(20,197)	-	(5,465)	-	(26,291)
Transfers		-	-	745	-	1,210	-	-	(1,955)	-
Effect of movements in exchange rates		-	-	-	5	27	-	9	-	41
At 31 December 2018		10,571	18,952	65,563	4,116	492,926	16,057	24,091	8,770	641,046

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Leasehold land (Note 10.1) 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
Group										
Depreciation										
At 1 January 2017		3,505	-	31,085	254	349,539	14,444	27,210	-	426,037
Depreciation for the financial year	7	122	-	1,830	273	25,894	2,392	1,277	-	31,788
Disposals		-	-	-	-	(1,052)	(7,328)	(828)	-	(9,208)
Written off		-	-	-	-	(484)	-	(1,388)	-	(1,872)
Effect of movements in exchange rates		-	-	-	(7)	(129)	-	(79)	-	(215)
At 31 December 2017		3,627	-	32,915	520	373,768	9,508	26,192	-	446,530
Depreciation for the financial year	7	122	-	1,996	325	35,601	1,129	1,203	-	40,376
Disposals		-	-	(127)	-	(8,376)	(3,809)	(932)	-	(13,244)
Written off		-	-	(178)	(169)	(19,842)	-	(5,463)	-	(25,652)
Effect of movements in exchange rates		-	-	-	5	32	-	12	-	49
At 31 December 2018		3,749	-	34,606	681	381,183	6,828	21,012	-	448,059
Carrying amounts										
At 31 December 2018		6,822	18,952	30,957	3,435	111,743	9,229	3,079	8,770	192,987
At 31 December 2017		6,944	19,097	29,519	1,193	110,099	6,527	2,597	1,823	177,799

	Note	Leasehold land (Note 10.1) 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
Company									
Cost									
At 1 January 2017		10,399	18,952	59,842	432,556	1,256	17,902	799	541,706
Additions	10.2	-	-	1,214	26,200	-	802	1,790	30,006
Disposals		-	-	-	-	(631)	(350)	-	(981)
Written off		-	-	-	(515)	-	-	-	(515)
Transfers		-	-	-	702	-	-	(702)	-
Transfer to subsidiary		-	-	-	-	-	-	(66)	(66)
At 31 December 2017		10,399	18,952	61,056	458,943	625	18,354	1,821	570,150
Additions	10.2	-	-	2,642	32,792	494	410	7,602	43,940
Disposals		-	-	-	(6,908)	(570)	(480)	-	(7,958)
Written off		-	-	(364)	(17,284)	-	(3,590)	-	(21,238)
Transfers		-	-	65	1,210	-	-	(1,275)	-
At 31 December 2018		10,399	18,952	63,399	468,753	549	14,694	8,148	584,894

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Leasehold land (Note 10.1) 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
Company									
Depreciation									
At 1 January 2017		3,415	-	30,567	334,600	844	17,044	-	386,470
Depreciation for the financial year	7	118	-	1,781	22,708	147	500	-	25,254
Disposals		-	-	-	-	(471)	(347)	-	(818)
Written off		-	-	-	(481)	-	-	-	(481)
At 31 December 2017		3,533	-	32,348	356,827	520	17,197	-	410,425
Depreciation for the financial year	7	118	-	1,908	32,731	49	594	-	35,400
Disposals		-	-	-	(6,908)	(456)	(480)	-	(7,844)
Written off		-	-	(155)	(16,936)	-	(3,589)	-	(20,680)
At 31 December 2018		3,651	-	34,101	365,714	113	13,722	-	417,301
Carrying amounts									
At 31 December 2018		6,748	18,952	29,298	103,039	436	972	8,148	167,593
At 31 December 2017		6,866	18,952	28,708	102,116	105	1,157	1,821	159,725

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.1 Leasehold land

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unexpired lease period less than 50 years	74	78	-	-
Unexpired lease period more than 50 years	6,748	6,866	6,748	6,866
	6,822	6,944	6,748	6,866

10.2 Purchase of property, plant and equipment

Purchase of property, plant and equipment for the financial year is presented in the statement of cash flow after deducting the capitalised asset retirement cost as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Total additions of property, plant and equipment	56,664	37,966	43,940	30,006
Capitalised asset retirement cost	(2)	(327)	-	-
Purchase of property, plant and equipment	56,662	37,639	43,940	30,006

11 INTANGIBLE ASSETS

	Goodwill RM'000	Computer software RM'000	Total RM'000
Group			
Cost			
1 January 2017	2,634	20,636	23,270
Acquisition	-	255	255
Written off	-	(62)	(62)
Effect of movements in exchange rates	-	(59)	(59)
At 31 December 2017	2,634	20,770	23,404
Acquisition	-	259	259
Written off	-	(1,112)	(1,112)
Effect of movements in exchange rates	-	9	9
At 31 December 2018	2,634	19,926	22,560

11 INTANGIBLE ASSETS (CONTINUED)

	Note	Goodwill RM'000	Computer software RM'000	Total RM'000
Group				
Amortisation				
1 January 2017		-	18,926	18,926
Amortisation for the financial year	7	-	1,176	1,176
Written off		-	(62)	(62)
Effect of movements in exchange rates		-	(57)	(57)
At 31 December 2017		-	19,983	19,983
Amortisation for the financial year	7	-	458	458
Written off		-	(1,112)	(1,112)
Effect of movements in exchange rates		-	12	12
At 31 December 2018		-	19,341	19,341
Carrying amounts				
At 31 December 2018		2,634	585	3,219
At 31 December 2017		2,634	787	3,421

11 INTANGIBLE ASSETS (CONTINUED)

	Note	Computer software RM'000
Company		
Cost		
At 1 January 2017		10,783
Additions		10
At 31 December 2017		**10,793**
Additions		**184**
Written off		**(788)**
At 31 December 2018		**10,189**
Amortisation		
At 1 January 2017		10,132
Amortisation for the financial year	7	484
At 31 December 2017		10,616
Amortisation for the financial year	7	**139**
Written off		**(788)**
At 31 December 2018		**9,967**
Carrying amounts		
At 31 December 2018		**222**
At 31 December 2017		177

11 INTANGIBLE ASSETS (CONTINUED)

11.1 Impairment testing for CGU 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	
	2018 RM'000	2017 RM'000
Subsidiary		
MayBev Pte. Ltd.	2,634	2,634

The recoverable amount of the CGU - MayBev Pte. Ltd. was based on its VIU calculations. The recoverable amount for the CGU was higher than the aggregate carrying amount of the identifiable net assets and goodwill allocated and hence, no impairment loss was recognised during the financial year.

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

	2018	2017
Sales volume (% annual growth)	2%	2%
Long-term growth rate (%)	1%	1%
Pre-tax discount rate (%)	6.4%	6.0%

The 5-year cash flows forecast are based on the average annual growth of sales volume approved by the Directors based on past performance and management's expectation of market development. The discount rates used to discount the future cash flows are pre-tax and reflect the specific risks relating to the CGU.

The Directors of the Company believes that any reasonable change in the key assumptions would not cause the carrying amount of the CGU to exceed their recoverable amount.

12 INVESTMENTS IN SUBSIDIARIES

	Company 2018 RM'000	Company 2017 RM'000
Unquoted shares - at cost	**391,572**	391,572

Note 5(ii) sets out the key assumptions and judgements used in impairment testing. The recoverable amount is higher than the cost of investment hence no impairment loss is recognised during the financial year.

The following are the subsidiaries of the Group:

Name of company	Principal activities	Principal place of business/ country of incorporation	Effective ownership interest 2018 %	Effective ownership interest 2017 %
Carlsberg Marketing Sdn. Bhd.	Marketing and distribution of beer, stout, cider, shandy and non-alcoholic beverages	Malaysia	**100**	100
Euro Distributors Sdn. Bhd.	Dormant	Malaysia	**100**	100
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**	51

Audited by a member firm of PricewaterhouseCoopers International Limited which are separate and independent legal entities from PricewaterhouseCoopers PLT, Malaysia.

The Group's subsidiary that has material non-controlling interest ("NCI") is as follows:

	Effective ownership interest held by NCI 2018 %	Effective ownership interest held by NCI 2017 %
MayBev Pte. Ltd.	**49**	49

NOTES TO THE FINANCIAL STATEMENTS

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Set out below is summarised financial information for MayBev Pte. Ltd., the subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

	MayBev Pte. Ltd. 2018 RM'000	MayBev Pte. Ltd. 2017 RM'000
As at 31 December		
Non-current assets	4,919	1,133
Current assets	40,132	47,400
Non-current liabilities	(687)	(179)
Current liabilities	(18,135)	(18,792)
Net Assets	26,229	29,562
Accumulated non-controlling interests	11,870	13,448
Year ended 31 December		
Revenue	129,606	135,707
Profit for the financial year	19,599	22,884
Total comprehensive income	19,599	22,884
Profit allocated to non-controlling interests	9,603	11,213
Dividend paid to non-controlling interests	11,181	6,123
Cash flow generated from operating activities	18,216	24,348
Cash flow (used in)/generated from investing activities	(4,124)	332
Cash flow used in financing activities	(22,989)	(12,401)
Net changes in cash and cash equivalents	(8,897)	12,279

13 INVESTMENT IN AN ASSOCIATE

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Quoted shares, outside Malaysia	25,164	25,164	25,164	25,164
Share of post-acquisition reserves	47,806	39,145	-	-
	72,970	64,309	25,164	25,164
Market value				
Quoted shares, outside Malaysia	258,618	284,637	258,618	284,637

Name of company	Principal activities	Principal place of business/ country of incorporation	Effective ownership interest 2018 %	Effective ownership interest 2017 %
Lion Brewery (Ceylon) PLC	Manufacturing, marketing and distribution of beer, stout, cider, shandy and non-alcoholic beverages	Sri Lanka	25	25

Summary financial information on associate:

	2018 RM'000	2017 RM'000
As at 31 December		
Non-current assets	480,845	552,216
Current assets	314,380	284,025
Non-current liabilities	(235,557)	(268,965)
Current liabilities	(267,788)	(310,040)
Net assets	291,880	257,236
Year ended 31 December		
Revenue	1,029,614	729,645
Interest income	22,578	22,678
Interest expense	(49,861)	(60,872)
Tax (expense)/income	(61,156)	22,241
Profit for the financial year	84,426	39
Other comprehensive loss	(607)	(1,003)
Total comprehensive income/(loss)	83,819	(964)
Dividends received from associate	1,772	-

NOTES TO THE FINANCIAL STATEMENTS

13 INVESTMENT IN AN ASSOCIATE (CONTINUED)

Reconciliation to carrying amount:

	2018 RM'000	2017 RM'000
Net assets as at 1 January	257,236	292,296
Profit for the financial year	84,426	39
Other comprehensive loss	(607)	(1,003)
Dividend paid	(7,087)	-
Exchange differences	(42,088)	(34,096)
Net assets as at 31 December	291,880	257,236
Group share at 25%	72,970	64,309
Carrying amount	72,970	64,309

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.

14 DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Group						
Property, plant and equipment	-	-	(22,852)	(22,907)	(22,852)	(22,907)
Trade and other payables	9,864	7,777	-	-	9,864	7,777
Others	767	-	(203)	(1,438)	564	(1,438)
Tax assets/(liabilities)	10,631	7,777	(23,055)	(24,345)	(12,424)	(16,568)
Set off tax	(7,278)	(5,083)	7,278	5,083	-	-
Net tax assets/(liabilities)	3,353	2,694	(15,777)	(19,262)	(12,424)	(16,568)
Company						
Property, plant and equipment	-	-	(20,604)	(21,441)	(20,604)	(21,441)
Trade and other payables	4,952	3,796	-	-	4,952	3,796
Others	767	-	(205)	(1,438)	562	(1,438)
Tax assets/(liabilities)	5,719	3,796	(20,809)	(22,879)	(15,090)	(19,083)
Set off tax	(5,719)	(3,796)	5,719	3,796	-	-
Net tax liabilities	-	-	(15,090)	(19,083)	(15,090)	(19,083)

14 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movement in temporary differences during the financial year:

	At 1.1.2017 RM'000	Recognised in profit or loss (Note 8) RM'000	Recognised in other comprehensive income (Note 8) RM'000	Recognised in exchange reserve RM'000	At 1.1.2018 RM'000	Recognised in profit or loss (Note 8) RM'000	Recognised in other comprehensive income (Note 8) RM'000	Recognised in exchange reserve RM'000	At 31.12.2018 RM'000
Group									
Property, plant and equipment	(18,447)	(4,467)	-	7	(22,907)	53	-	2	(22,852)
Trade and other payables	7,317	460	-	-	7,777	2,087	-	-	9,864
Others	(984)	-	(454)	-	(1,438)	781	1,221	-	564
	(12,114)	(4,007)	(454)	7	(16,568)	2,921	1,221	2	(12,424)
Company									
Property, plant and equipment	(17,261)	(4,180)	-	-	(21,441)	837	-	-	(20,604)
Trade and other payables	3,227	569	-	-	3,796	1,156	-	-	4,952
Others	(984)	-	(454)	-	(1,438)	779	1,221	-	562
	(15,018)	(3,611)	(454)	-	(19,083)	2,772	1,221	-	(15,090)

15 INVENTORIES

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Finished goods	**79,600**	52,275	**15,643**	9,737
Work-in-progress	**2,322**	4,648	**2,322**	4,648
Raw, packaging and other materials	**8,674**	6,944	**8,608**	6,890
Spare parts for machinery	**6,127**	4,545	**5,992**	4,434
	96,723	68,412	**32,565**	25,709

Recognised in profit or loss:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Allowance for inventories written down	**300**	300	**300**	300
Finished goods written off	**737**	494	**29**	355
Inventories recognised as cost of sales	**1,260,584**	1,079,956	**241,553**	201,069

16 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current					
Trade					
Trade receivables	24.4	**122,434**	157,996	**-**	-
Less: Loss allowance	24.4	**(632)**	(1,356)	**-**	-
	16.1	**121,802**	156,640	**-**	-
Amount due from related companies	16.2	**9,438**	9,418	**9,432**	-
Amount due from a subsidiary	16.2	**-**	-	**18,238**	23,263
Amount due from immediate holding company	16.2	**-**	983	**-**	983
		131,240	167,041	**27,670**	24,246

NOTES TO THE FINANCIAL STATEMENTS

16 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-trade					
Amount due from immediate holding company	16.2	-	120	-	-
Amount due from a subsidiary	16.2	-	-	266	260
Amount due from an associate	16.2	7	14	7	14
Amount due from related companies	16.2	571	271	571	271
Other receivables		9,503	5,656	3,155	2,700
Deposits		733	1,002	187	174
Prepayments	16.3	65,579	74,095	17,126	25,612
		76,393	81,158	21,312	29,031
		207,633	248,199	48,982	53,277

16.1 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 60 days and therefore are all classified as current.

The Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The trade receivables of the Group are trade offer accruals are netted within trade receivables for the Group amounted to RM 89,602,677 (2017: RM 103,481,047).

16.2 Amounts due from immediate holding company, subsidiaries, associate and related companies

The trade balances are with a credit term of 30 days (2017: 30 days).

The non-trade balances are unsecured, interest free and repayable on demand.

16.3 Prepayments

Prepayments comprise of excise duties and upfront cash payments in relations to listing fees provided to the sales outlets. The listing fees are amortised over the duration of the contracts entered with these outlets. The amortised upfront listing fee payments are recognised as discount to revenue.

Refer to Note 24.7 for disclosure of fair value information.

17 CASH AND CASH EQUIVALENTS

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Deposits with licensed banks with maturity period less than 3 months		-	11,200	-	1,200
Cash at bank		96,483	63,661	18,525	9,957
Cash held on hand		129	131	12	18
		96,612	74,992	18,537	11,175
Bank overdraft	20	-	(4,662)	-	-
		96,612	70,330	18,537	11,175

The interest rates of the deposits with licensed banks for the Group and the Company in 2017 ranging from 3.10% to 3.68%.

18 SHARE CAPITAL

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Authorised:				
- 600,000,000 ordinary shares with no par value				
At beginning of financial year	-	300,000	-	300,000
Effect of transition on 31 January 2017 under the Companies Act 2016	-	(300,000)	-	(300,000)
At end of financial year- ordinary shares with no par value	-	-	-	-
Issued:				
- 305,748,000 ordinary shares with no par value				
At beginning of financial year	149,363	154,039	149,363	154,039
Treasury shares cancelled	-	(12,043)	-	(12,043)
Transfer of share premium pursuant to no par value regime of Companies Act 2016	-	7,367	-	7,367
At end of financial year - ordinary shares with no par value	149,363	149,363	149,363	149,363

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 regards to the Company's residual assets.

18 SHARE CAPITAL (CONTINUED)

The Companies Act 2016 (the "Act") which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amounts standing credit of the share premium account of RM 7,367,000 became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. There was no impact on the number of ordinary share in issue or the relative entitlement of any of the members as a result of this transition.

Reserves

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Other reserves:					
Capital reserve	18.1	3,931	3,931	-	-
Exchange reserve	18.2	174	10,673	-	-
Share option reserve	18.3	707	(110)	542	(391)
Cash flow hedge reserve	18.4	(2,427)	1,438	(2,427)	1,438
		2,385	15,932	(1,885)	1,047
Distributable reserves:					
Retained earnings		17,379	133,723	247,353	390,888
		19,764	149,655	245,468	391,935

18.1 Capital reserve

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

18.2 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.

18.3 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options granted by the ultimate 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.

18.4 Cash flow hedge reserve

During the financial year, the Group and the Company has applied cash flow hedge. The cash flow hedges comprise aluminium hedges where the hedged item is aluminium cans that will be used by the Company. Aluminium swaps are used to hedge the risk of volatile aluminium prices associated with the purchase of cans.

The fair value changes of effective cash flow hedge on aluminium hedge contracts are recognised in other comprehensive income and attributed to this reserve.

Included in the amount due to immediate holding company (trade) is fair value loss on cash flow hedge of RM3,063,411 (2017: Included in the amount due from immediate holding company (trade) was fair value gain on cash flow hedge of RM1,669,605).

19 PAYABLES AND ACCRUALS

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current					
Provisions		329	327	-	-
Current					
Trade					
Trade payables	19.1	203,726	192,525	95,347	84,786
Amount due to ultimate holding company		449	-	-	-
Amount due to immediate holding company	19.2	6,703	1,881	3,967	-
Amount due to related companies	19.2	10,001	6,161	3,068	1,371
		220,879	200,567	102,382	86,157
Non-trade					
Other payables		44,722	16,085	30,785	4,856
Dividend payable		48,920	-	48,920	-
Accrued expenses		48,392	47,672	15,324	17,224
Amount due to ultimate holding company	19.3	3,649	2,668	3,649	2,668
Amount due to immediate holding company	19.3	1,488	689	1,303	689
Amount due to related companies	19.3	11,100	8,816	6,377	6,423
		158,271	75,930	106,358	31,860
		379,150	276,497	208,740	118,017
		379,479	276,824	208,740	118,017

19.1 Trade payables are with a credit term range from 0 day to 130 days (2017: 0 day to 130 days).

Note 24.5 and Note 24.7 set out disclosures of liquidity risk and fair value information respectively.

19.2 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 (2017: 90 days).

19.3 Amounts due to ultimate holding company, immediate holding company and related companies

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

20 LOANS AND BORROWINGS

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current - unsecured				
Bank overdraft	-	4,662	-	-
Revolving credits	75,000	12,115	75,000	-
	75,000	16,777	75,000	-

The short-term bank overdraft and revolving credits of the Group are subjected to interests ranging from 3.73% to 3.93% (2017: 1.04% to 2.33%) per annum.

Note 24.5 and Note 24.7 set out disclosures of liquidity risk and fair value information respectively.

21 KEY MANAGEMENT PERSONNEL COMPENSATION

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Directors:				
- Fees	331	212	331	212
- Remuneration	3,304	1,898	3,304	1,898
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	962	1,805	962	1,805
	4,597	3,915	4,597	3,915
- Share-based payments	936	115	936	115
	5,533	4,030	5,533	4,030
Other key management personnel:				
- Short-term employee benefits	14,878	13,399	5,096	3,763
- Share-based payments	909	76	909	76
	15,787	13,475	6,005	3,839
	21,320	17,505	11,538	7,869

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 entities either directly or indirectly.

22 DIVIDENDS

Dividends declared by the Company are:

	Sen per ordinary share	Total amount RM'000	Date of payment
2018			
Final and special 2017	**77.0**	**235,426**	18 May 2018
First interim 2018	**20.0**	**61,150**	3 July 2018
Second interim 2018	**15.7**	**48,002**	17 October 2018
Third interim 2018	**16.0**	**48,920**	30 January 2019
Total amount		**393,498**	
2017			
Final and special 2016	67.0	204,852	19 May 2017
First interim 2017	10.0	30,574	6 October 2017
Total amount		235,426	

Subsequent to financial year, the Board of Directors declared on 14 February 2019 a fourth single tier interim dividend of 16.6 sen per ordinary share in respect of the financial year ended 31 December 2018, which will be payable on 8 April 2019.

The Board of Directors has also recommended for shareholders' approval at the forthcoming Annual General Meeting a final single tier dividend of 22.4 sen per ordinary share and a special single tier dividend of 9.3 sen per ordinary share in respect of the financial year ended 31 December 2018.

	Sen per ordinary share	Total amount RM'000
For the financial year ended 31 December 2018		
Fourth interim 2018	**16.6**	**50,754**
Final	**22.4**	**68,487**
Special	**9.3**	**28,435**
		147,676

23 OPERATING SEGMENTS

The Group has three operating 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 operating 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 entities in Singapore.
- Other — Includes manufacturing, 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 who is considered the Group's chief operating decision maker. Hence no such disclosures are provided below.

	Malaysia RM'000	Singapore RM'000	Other RM'000	Total RM'000
2018				
Segment profit	254,649	92,859	-	347,508
Included in the measure of segment profit are:				
Revenue from external customers	1,413,246	569,096	-	1,982,342
Inter-segment revenue	69,645	-	-	69,645
Depreciation and amortisation	39,147	1,687	-	40,834
Not included in the measure of segment profit but provided to Group's Managing Director:				
Finance costs	(7,977)	(102)	-	(8,079)
Finance income	1,408	-	-	1,408
Income tax expense	(59,758)	(14,745)	-	(74,503)
Share of profit of equity - accounted associate, net of tax	-	-	20,955	20,955

23 OPERATING SEGMENTS (CONTINUED)

	Malaysia RM'000	Singapore RM'000	Other RM'000	Total RM'000
2017				
Segment profit	216,931	82,584	-	299,515
Included in the measure of segment profit are:				
Revenue from external customers	1,170,958	597,265	-	1,768,223
Inter-segment revenue	75,654	-	-	75,654
Depreciation and amortisation	30,808	2,156	-	32,964
Not included in the measure of segment profit but provided to Group's Managing Director:				
Finance costs	(6,047)	(390)	-	(6,437)
Finance income	2,499	-	-	2,499
Income tax expense	(48,158)	(14,256)	-	(62,414)
Share of loss of equity - accounted associate, net of tax	-	-	(241)	(241)

Reconciliation of segment profit or loss

	2018 RM'000	2017 RM'000
Profit		
Total segment profit	**347,508**	299,515
Inter-segment elimination	**(532)**	(544)
Finance costs	**(8,079)**	(6,437)
Finance income	**1,408**	2,499
Share of profit/(loss) of equity - accounted associate, net of tax	**20,955**	(241)
Consolidated profit before taxation	**361,260**	294,792

23 OPERATING SEGMENTS (CONTINUED)

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.

	Revenue 2018 RM'000	Revenue 2017 RM'000	Non-current assets* 2018 RM'000	Non-current assets* 2017 RM'000
Geographical location				
Malaysia	1,353,466	1,112,422	258,647	238,279
Singapore	569,508	597,265	10,529	7,250
Other countries	59,368	58,536	-	-
	1,982,342	1,768,223	269,176	245,529

* Non-current assets comprise of property, plant and equipment, intangible assets and investment in associate.

Major customers

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

24 FINANCIAL INSTRUMENTS

24.1 Financial instruments by categories

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

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Financial assets at amortised cost				
Receivables and deposits	142,054	174,104	31,856	27,665
Cash and cash equivalents	96,612	74,992	18,537	11,175
	238,666	249,096	50,393	38,840
Financial liabilities at amortised cost				
Loans and borrowings	(75,000)	(16,777)	(75,000)	-
Payables and accruals	(379,479)	(276,824)	(208,740)	(118,017)
	(454,479)	(293,601)	(283,740)	(118,017)

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.2 Net gains and losses arising from financial instruments

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Loans and receivables	**5,911**	5,482	**219**	(529)
Financial liabilities measured at amortised cost	**(8,524)**	(4,432)	**(2,862)**	33

No significant changes to the measurement category and the carrying amount of financial assets and financial liabilities in accordance with MFRS 139 and MFRS 9 at 1 January 2018.

24.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

24.4 Credit risk

Trade receivables using simplified approach

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

	Group	
	2018 RM'000	2017 RM'000
Malaysia	**71,151**	83,540
Singapore	**50,043**	72,387
Others	**608**	713
	121,802	156,640

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Trade receivables using simplified approach (continued)

(b) Reconciliation on loss allowance

The loss allowance for trade receivables as at 31 December 2018 reconciles to the opening loss allowance for that provision as follows:

	Group		Company	
	2018 RM'000	2017* RM'000	2018 RM'000	2017* RM'000
At 1 January	(1,356)	(2,168)	-	-
Loss allowance recognised	(171)	-	(27)	-
Loss allowance reversed	-	776	-	-
Loss allowance written off	895	36	27	-
At 31 December	(632)	(1,356)	-	-

(*) Loss allowance disclosed in comparative period is based on MFRS 139's incurred loss model.

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

(c) Maximum exposure to credit risk

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets:

Group 2018	Current	1-30 days past due	More than 30 days past due	More than 60 days past due	Total
Expected loss rate	-	-	-	90%	
RM'000					
Gross carrying amount - Trade receivables	113,807	6,849	1,076	702	122,434
Loss allowance	-	-	-	(632)	(632)
Carrying amount (net of loss allowance)	113,807	6,849	1,076	70	121,802

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Trade receivables using simplified approach (continued)

(c) Maximum exposure to credit risk (continued)

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

	Gross RM'000	Individual impairment RM'000	Net RM'000
Group			
2017			
Neither past due nor impaired	140,972	-	140,972
Past due but not impaired:			
1 - 30 days	15,309	-	15,309
31 - 60 days	23	-	23
61 - 90 days	336	-	336
Impaired	1,356	(1,356)	-
	157,996	(1,356)	156,640

Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Company has transactions with subsidiaries and related companies. The Company monitors the collectability of the amounts owing from subsidiaries and related companies regularly.

Exposure to credit risk

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.

Credit quality

As at the end of the reporting period, there was no indication that the amounts due from subsidiaries and related companies are not recoverable. The amounts due from subsidiaries and related companies have been outstanding for less than a year.

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The Group's and the 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

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.

Credit quality

Counterparties with external credit rating:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
AAA	60,095	39,712	18,453	9,849
AA1	-	1	-	-
AA2	88	11,331	72	1,308
A1	36,300	23,817	-	-
	96,483	74,861	18,525	11,157

24.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their 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 maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.5 Liquidity risk (continued)

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

Maturity analysis

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	More than 1 year RM'000
Group					
2018					
Payables and accruals	379,479	-	379,479	379,150	329
Loans and borrowings	75,000	3.73-3.93	75,189	75,189	-
	454,479		454,668	454,339	329
2017					
Payables and accruals	276,824	-	276,824	276,497	327
Loans and borrowings	16,777	1.04-2.33	16,794	16,794	-
	293,601		293,618	293,291	327
Company					
2018					
Payables and accruals	208,740	-	208,740	208,740	-
Loans and borrowings	75,000	3.73-3.93	75,189	75,189	-
	283,740		283,929	283,929	-
2017					
Payables and accruals	118,017	-	118,017	118,017	-

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.6 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.

24.6.1 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"), Singapore Dollar ("SGD"), Euro ("EUR") and Danish Krone ("DKK").

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 SGD, the Group ensures that the net exposure is kept to an acceptable level.

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the functional currency of any entity in the Group and the Company) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in			
	USD RM'000	SGD RM'000	EUR RM'000	DKK RM'000
Group				
2018				
Trade receivables	2,396	-	-	-
Cash and cash equivalents	3,417	331	-	-
Trade payables	(9,536)	-	(1,648)	-
Intercompany balances	(10,390)	-	(2,342)	(3,915)
Net exposure	(14,113)	331	(3,990)	(3,915)
2017				
Trade receivables	3,556	4	-	-
Cash and cash equivalents	1,703	1,565	-	-
Trade payables	(9,099)	-	(971)	-
Intercompany balances	(1,404)	-	(3,318)	(3,875)
Net exposure	(5,244)	1,569	(4,289)	(3,875)

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

	Denominated in			
	USD RM'000	SGD RM'000	EUR RM'000	DKK RM'000
Company				
2018				
Cash and cash equivalents	**71**	**157**	**-**	**-**
Trade payables	**(9,601)**	**-**	**(1,648)**	**-**
Intercompany balances	**1,828**	**266**	**(1,466)**	**(3,639)**
Net exposure	**(7,702)**	**423**	**(3,114)**	**(3,639)**
2017				
Cash and cash equivalents	335	7	-	-
Trade payables	(8,831)	-	(956)	-
Intercompany balances	(4,666)	281	(1,995)	(3,875)
Net exposure	(13,162)	288	(2,951)	(3,875)

Currency risk sensitivity analysis

Foreign currency risk arises primarily for transactions denominated in USD, SGD, EUR and DKK. The exposure to currency risk for transaction other than USD, SGD, EUR and DKK is not material and hence, sensitivity analysis is not presented.

A 10% (2017: 10%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
USD	1,411	524	770	1,316
SGD	(33)	(157)	(42)	(28)
EUR	399	429	311	295
DKK	392	387	364	388
	2,169	1,183	1,403	1,971

24.6.2 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 does not engage in any hedging activities to manage interest rate 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Floating rate instruments				
Bank overdraft	-	(4,662)	-	-
Revolving credits	(75,000)	(12,115)	(75,000)	-

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

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

24.7 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.

25 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. Capital consists of total equity, less amounts accumulated in equity related to cash flow hedges. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with regulatory requirements.

The gearing ratio as at 31 December 2018 and 2017 are as follows:

	Group	
	2018 RM'000	2017 RM'000
Total debt	75,000	16,777
Total equity	180,997	312,466
Total capital	255,997	329,243
Gearing ratio	29%	5%

There were no changes in the Group's approach to capital management during the current financial year.

26 OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Less than one year	3,455	4,592	189	396
Between one and five years	10,776	12,191	-	189
More than five years	-	1,720	-	-
	14,231	18,503	189	585

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.

27 CAPITAL COMMITMENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Capital expenditure commitments				
Plant and equipment				
Authorised and contracted for	1,399	3,102	1,031	2,847

28 CONTINGENT LIABILITIES

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

(i) Excise duty amounting to RM35,698,219.81 for the period from 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 the period from 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 outflow of economic benefits will be required. The Director General of Customs has yet to decide in relation to the Company's appeal against the two bills of demand.

29 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 related party relationship with the ultimate holding company and its related corporations, its subsidiaries (see Note 12), an associate (see Note 13), Directors and key management personnel. The relationship of related parties are identified as below:

Name of company	Country of incorporation	Classes of related parties
Carlsberg A/S	Denmark	Ultimate holding company
Carlsberg Breweries A/S	Denmark	Immediate holding company
Carlsberg Marketing Sdn. Bhd.	Malaysia	Subsidiary
Carlsberg Singapore Pte. Ltd.	Singapore	Subsidiary
MayBev Pte. Ltd.	Singapore	Subsidiary
Lion Brewery (Ceylon) PLC	Sri Lanka	Associate
Carlsberg Hong Kong Ltd.	Hong Kong	Fellow subsidiary
Carlsberg Supply Company AG	Switzerland	Fellow subsidiary
Carlsberg Business Solutions	Denmark	Fellow subsidiary
Brasseries Kronenbourg SAS	France	Fellow subsidiary
CB Distribution Co. Ltd.	Thailand	Fellow subsidiary
Carlsberg Croatia D.O.O.	Croatia	Fellow subsidiary
Carlsberg Brewery Hong Kong Ltd.	Hong Kong	Fellow subsidiary
Carlsberg Supply Co. Asia Ltd.	Hong Kong	Fellow subsidiary
Kronenbourg Supply Company	France	Fellow subsidiary
Carlsberg Vietnam Breweries Limited	Vietnam	Fellow subsidiary
Lao Brewery Co. Ltd.	Laos	Fellow subsidiary
Carlsberg Distributors Taiwan Ltd	Taiwan	Associate company of immediate holding company

29 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 and of the Company either directly or indirectly. The key management personnel includes all the Directors of the Group and of the Company, and certain members of senior management of the Group and of the Company.

Details of the related party transactions (other than key management personnel remuneration disclosed in Note 21 to the financial statements) with the Group and the Company are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Immediate holding company				
Purchases of materials and products	412	747	412	662
Purchases of services	6,311	4,225	4,910	3,646
Royalties payable	39,550	35,300	7,856	6,719
Net settlements in respect of gain from hedging contracts	(1,041)	(3,846)	(1,041)	(3,846)
Related companies				
Management fees payable	6,738	6,421	2,534	5,040
Purchases of materials and products	31,326	26,505	6,613	2
Purchases of services	4,109	4,104	2,362	2,287
Sale of goods and services	(56,534)	(53,667)	(19,076)	-

	Company	
	2018 RM'000	2017 RM'000
Subsidiaries		
Sale of goods and services	1,012,871	823,907
Management fee received	12,227	14,687
Rental income	780	780
Dividend income	226,004	218,340
Associate		
Dividend income	1,772	-

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 16 and 19.

30 RECLASSIFICATION

The Company reclassified an account in the comparative to confirm with the current year's presentation. This only impact the presentation of the Company's statement of financial position with no impact to other statements.

Impact to the Statement of Financial Position

	Before reclassification RM'000	Reclassification RM'000	After reclassification RM'000
Balance as at 31 December 2017			
Receivables, Deposits and Prepayments			
Amount due from a subsidiary (Trade)	10,869	12,394	23,263
Payables and Accruals			
Trade payables	72,392	12,394	84,786

As result of initiative to standardise the financial statements mapping, deposits owing to a subsidiary has been reclassed from amount due from a subsidiary to trade payables.

STATEMENT BY **DIRECTORS**
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Lars Lehmann and Chew Hoy Ping, two of the Directors of Carlsberg Brewery Malaysia Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 100 to 177 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2018 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 8 March 2019.

LARS LEHMANN
MANAGING DIRECTOR

CHEW HOY PING
DIRECTOR

Selangor Darul Ehsan

STATUTORY **DECLARATION**
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Lim Chee Keat, 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 100 to 177 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

LIM CHEE KEAT

Subscribed and solemnly declared by the abovenamed at Selangor Darul Ehsan on 8 March 2019.

Before me:

COMMISSIONER FOR OATHS

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Carlsberg Brewery Malaysia Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their 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 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 100 to 177.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD
(Incorporated in Malaysia)
(Company No. 9210-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matter (continued)

Key audit matter	How our audit addressed the key audit matter
Accruals for trade discounts and volume rebates Under MFRS 15, consideration payable to a customer is accounted for as a reduction of revenue from contracts with customers. Consideration payable to a customer includes trade offers which consist primarily of trade discounts and volume rebates. Trade discounts and volume rebates accruals are based on agreed trading terms and promotional activities with trade customers and distributors. These accruals are calculated based on estimated sales volume to be achieved by each customer, multiplied with the contracted rate of each customer based on their respective trading agreements. The calculation of trade discounts and volume rebates accruals is complex as it involved the use of critical accounting estimates and assumptions made by management in determining the estimated sales volume. Management uses either the expected value method or the most likely amount method depending on which method better predicts the amount of consideration payable under the terms of the contracts. This is a significant area for our audit as it requires us to exercise judgement in evaluating management's estimation of the amount of trade discounts and volume rebates required. Refer to Note 3(n)(i) - Significant accounting policies on revenue recognition and measurement, and Note 5(i) - Use of estimates and judgements.	• We tested effectiveness of relevant controls and reliability of information generated from the systems which the Group used in estimating the accruals; • We discussed the critical accounting estimates and assumptions used in the determination of the accruals with management and evaluated the reasonableness of the estimates and assumptions used; • Developed an expectation of the current year accrual balance based on our understanding of relationship between revenue and trade discounts and volume rebates, which included consideration of historical data of actual trade discounts and volume rebates given by the Group against the accruals recorded by management; Based on the procedures performed, we noted the results of management's assessment and computation are not materially different with the outcome of our procedures.

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises Directors' Report, and the remaining Annual Report 2018 of Carlsberg Brewery Malaysia Berhad, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD
(Incorporated in Malaysia)
(Company No. 9210-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 12 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

LEE TUCK HENG
02092/09/2020 J
Chartered Accountant

Kuala Lumpur
8 March 2019

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 3712
Fax : 04-734 3318

BATU PAHAT
c/o Uliko Marketing Sdn Bhd
Lot 729, Lorong Bintang,
Mukim Peserai
83000 Batu Pahat,
Johor Darul Takzim.
Tel : 012 681 2977

BINTULU
c/o Yew Lik Marketing Company
Lot 1957, Swee Joo Jetty,
Kampung Baru, P.O.Box 269,
97000 Bintulu, Sarawak.
Tel : 086-331 136
Fax : 086-338 923

BUTTERWORTH
No. 6, Lengkok Kikik 1,
Taman Inderawasih,
13600 Prai, Butterworth.
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Fax : 04-399 1488

IPOH
c/o Core Synergy Trading Sdn Bhd
Lot 3898, Off Jalan Lahat,
31500 Lahat, Perak.
Tel : 05-321 9204 / 321 9344
Fax : 05-321 1571

JOHOR BAHRU
No. 41, 41-01 & 41-02,
Jalan Austin Perdana 2/22,
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Tel : 07-355 5078
Fax : 07-354 6092

KOTA KINABALU
No. 34 Towering Industrial Estate,
Mile 4 1/2, Jalan Penampang,
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P.O.Box 13435,
88838 Kota Kinabalu, Sabah.
Tel : 088-715 091 / 715 019
Fax : 088-717 480

KUANTAN
No. 25, Jalan IM14/3,
Kawasan Perindustrian Ringan,
Indera Mahkota,
25200 Kuantan, Pahang.
Tel : 09-573 0135 / 573 0136
Fax : 09-573 0136

KUCHING
No. 287, Section 9, KTLD,
Ground & 1st Floor,
Lorong Rubber 9 Off Rubber Road,
93400, Kuching, Sarawak.
Tel : 082-425 319 / 425 320
Fax : 082-421 660

MALACCA
No. 23-23A, Jalan Malinja 1,
Taman Malinja, Bukit Baru,
75150 Malacca.
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Fax : 06-282 7930

MENTAKAB
c/o Lit Tat Trading Sdn Bhd
PT 1303B Jalan Industri 4,
Taman Industri Park,
28400 Mentakab, Pahang.
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Fax : 09-2783161

MIRI
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98009 Miri, Sarawak.
Tel : 085-417 821 / 427 821
Fax : 085-437 821

SANDAKAN
c/o Bondestiny Sdn Bhd
Lot D-2, CL 075410454, Batu 8.5,
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90007 Sandakan, Sabah.
Tel : 089-673 836
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SEREMBAN
No. 15-2 2nd Floor
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70300 Seremban, Negeri Sembilan.
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Fax : 06-603 7096

SHAH ALAM
Lot 22, Jalan Pengapit 15/19,
Seksyen 15,
40200 Shah Alam,
Selangor.
Tel : 03-552 26688
Fax : 03-551 01135

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 : 084-213 389 / 213 398
Fax : 084-213 323

TAWAU
c/o DHN (KK) Sdn Bhd
No. 1906 Jalan Damai,
P.O. Box No. 527
91008 Tawau, Sabah.
Tel : 089-761 043
Fax : 089-761 049

PARTICULARS
OF GROUP PROPERTIES

The Properties included in land and buildings as at 31 December 2018 (Note 10 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	48	29,056	31/3/81 (revaluation)
No. 34, Towering Industrial Estate Mile 4 1/2, Jalan Penampang, 88300 Kota Kinabalu P.O. Box 13435, 88838 Kota Kinabalu, Sabah.	Land and Building	0.06	Office and Warehouse	Leasehold expiring 31.12.2037	39	260	28/3/95 (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	28	8,312	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	21	151	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)
						56,731	

ANALYSIS OF **SHAREHOLDINGS**

AS AT 8 FEBRUARY 2019

Issued Share Capital	:	RM152,874,000 comprising 305,748,000 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote Per Ordinary Share

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	852	7.000	7,253	0.002
100 - 1,000	5,103	41.924	3,334,090	1.091
1,001 - 10,000	4,732	38.876	18,171,301	5.943
10,001 - 100,000	1,286	10.565	39,856,929	13.036
100,001 - 15,287,399*	198	1.627	88,445,927	28.928
15,287,400 and above**	1	0.008	155,932,500	51.000
Total	**12,172**	**100.00**	**305,748,000**	**100.00**

* Less than 5% of issued shares

** 5% and above of issued shares

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	% of Shares
1.	DB (Malaysia) Nominee (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)	7,836,620	2.563
3.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	3,381,600	1.106
4.	Cartaban Nominees (Tempatan) Sdn Bhd PAMB For Prulink Equity Fund	2,858,300	0.934
5.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mak Tian Meng - 7001418	2,710,000	0.890
6.	HSBC Nominees (Asing) Sdn Bhd JPMBL SA For JPMorgan Funds	2,269,900	0.742
7.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN For UOB Kay Hian Pte Ltd (A/C Clients)	2,058,534	0.673
8.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN For State Street Bank & Trust Company (West Clt Od67)	2,023,800	0.661
9.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN For AIA Bhd.	1,884,500	0.620
10.	Yeoh Saik Khoo Sendirian Berhad	1,719,800	0.562
11.	Tai Tak Estates Sdn Bhd	1,500,000	0.490

ANALYSIS OF **SHAREHOLDINGS**

No.	Name	No. of Shares	% of Shares
12.	RHB Nominees (Asing) Sdn Bhd Exempt AN For RHB Securities Singapore Pte. Ltd. (A/C Clients)	1,356,400	0.443
13.	Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	1,334,000	0.436
14.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund J724 For SPDR S&P Emerging Markets ETF	1,230,293	0.402
15.	HSBC Nominees (Asing) Sdn Bhd Banque De Luxembourg For BL-Emerging Markets	1,200,000	0.392
16.	Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Small Cap Series	1,189,100	0.390
17.	Cartaban Nominees (Tempatan) Sdn Bhd PAMB For Prulink Equity Income Fund	1,176,300	0.384
18.	Ho Han Seng	1,100,000	0.360
19.	HSBC Nominees (Asing) Sdn Bhd JPMBL SA For Aviva Investors	1,066,500	0.350
20.	Key Development Sdn. Berhad	1,038,000	0.340
21.	CIMSEC Nominees (Asing) Sdn Bhd Exempt AN For CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)	1,009,253	0.330
22.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt AN For Deutsche Bank AG London (Prime Brkrg CLT)	976,800	0.319
23.	Citigroup Nominees (Asing) Sdn Bhd UBS AG	952,703	0.311
24.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN For Citibank New York (Norges Bank 9)	888,218	0.290
25.	Gan Teng Siew Realty Sdn. Berhad	845,000	0.276
26.	HSBC Nominees (Asing) Sdn Bhd TNTC For Barings Asean Frontiers Fund	815,100	0.266
27.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA For Aviva Investors Multi-Strategy Target Return Fund	807,900	0.264
28.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA For JPMorgan Global Emerging Markets Income Trust Plc	798,900	0.261
29.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Eastspring Investmentssmall-Cap Fund	705,500	0.230
30.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Eastspring Investmentsequity Income Fund	702,800	0.230
	Total	**203,368,321**	**66.515**

SUBSTANTIAL SHAREHOLDER

		Direct Interest		Indirect Interest	
	Name	No. of Shares	% of Shares	No. of Shares	% of Shares
1.	DB (Malaysia) Nominee (Asing) Sdn Bhd Carlsberg Breweries A/S	155,932,500	51.000	-	-

DIRECTORS' INTERESTS

		Direct		Indirect	
	Name	No. of Shares	% of Shares	No. of Shares	% of Shares
1.	Datuk Toh Ah Wah	10,000	0.003	-	-
2.	Chew Hoy Ping	10,000	0.003	-	-

None of the other Directors holding office as at 8 February 2019 had any interest in shares whether direct or indirect in the Company.

MATERIAL **CONTRACTS**

The particulars of material contracts of the Group with its related parties, subsisting as at 31 December 2018 or entered into since the end of the previous financial year 2017, are as follows:-

1. A call option agreement between 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 immediate holding company and major shareholder of CBMB.

LIST OF RECURRENT RELATED **PARTY TRANSACTIONS**

Transacting Parties	Interested Related Parties	Nature of Transaction	[2] Actual Value Transacted (13 April 2018 – 13 February 2019) (RM' million)
CBAS and the Group	LL, GJF, RAL, CLP, and CBAS	Purchase of raw materials (hops, yeasts, aroma etc) and related services from CBAS	0.4
CBAS and the Group	LL, GJF, RAL, CLP, and CBAS	Royalties payable to CBAS for inter alia, the exclusive use of trademark licences and supply of technical and commercial assistance	32.9
CVBL and the Group	LL, GJF, RAL, CLP, and CBAS	Purchase of beverage products from CVBL	25.6
CHKL and the Group	LL, GJF, RAL, CLP, and CBAS	Sale and supply of goods to CHKL	47.4
CDTL and the Group	LL, GJF, RAL, CLP, and CBAS	Sale and supply of goods to CDTL	1.4
CBHKL and the Group	LL, GJF, RAL, CLP, and CBAS	Provision of administrative support services from CBHKL	8.8
CCDOO and the Group	LL, GJF, RAL, CLP, and CBAS	Purchase of beverage products from CCDOO	0.1
LAO and the Group	LL, GJF, RAL, CLP, and CBAS	Sale and supply of goods to LAO	2.5
CSCAG and the Group	LL, GJF, RAL, CLP, and CBAS	Sale and supply of goods to CSCAG	0.0
CSCAL and the Group	LL, GJF, RAL, CLP, and CBAS	Purchase of beverage products and provision of administrative support services from CSCAL	2.0
CSCAG and the Group	LL, GJF, RAL, CLP, and CBAS	Purchase of beverage products, materials (Advertising & Promotion items and services from CSCAG)	2.5

Notes:

(1) The above actual value of the recurrent related party transactions is for the period 13 April 2018 to 13 February 2019.

(2) The nature of relationship with the above Related Parties is as follows as at 13 February 2019:

(i) CBAS is the immediate 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, EDSB and CSPL.

(ii) GJF, RAL and CLP, who are Non-Executive Directors of the Company, are the Executive Vice-President, Asia of CBAS, Vice President Finance, Asia of CBAS and Vice President Legal Asia respectively. LL is the Managing Director of the Company. All the four (4) Directors namely, GJF, RAL, CLP and LL are nominees/representatives of CBAS and do not hold any shares in CBAS or the Company.

(iii) CBHKL, CHKL, CSCAG, CSCAL, CVBL, CCDOO and LAO are subsidiaries of CBAS and do not hold any direct equity interest in the Company.

(iv) CBAS holds 49.6% equity interest in CDTL.

Abbreviations:

CBAS	-	Carlsberg Breweries A/S, an immediate holding company and a Major Shareholder of the Company
CBHKL	-	Carlsberg Brewery Hong Kong Ltd., a fellow subsidiary of CBAS
CCDOO	-	Carlsberg Croatia D.O.O, a fellow subsidiary of CBAS
CHKL	-	Carlsberg Hong Kong Ltd., a fellow subsidiary of CBAS
CLP	-	Chow Lee Peng
CSCAG	-	Carlsberg Supply Company AG, a fellow subsidiary of CBAS
CSCAL	-	Carlsberg Supply Co Asia Ltd., a fellow subsidiary of CBAS
CDTL	-	Carlsberg Distributors Taiwan Ltd, an associated company of CBAS
CVBL	-	Carlsberg Vietnam Breweries Limited, a fellow subsidiary of CBAS
GJF	-	Graham James Fewkes
Group	-	Company and its wholly-owned subsidiaries, namely Carlsberg Marketing Sdn. Bhd., Euro Distributors Sdn. Bhd. and Carlsberg Singapore Pte Ltd
LAO	-	Lao Brewery Co Ltd, a fellow subsidiary of CBAS
LL	-	Lars Lehmann
RAL	-	Roland Arthur Lawrence

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Ninth (49^{th}) Annual General Meeting of the Company will be held at Sime Darby Convention Centre, Ballroom 1 & 2, First Floor, 1A, Jalan Bukit Kiara, 60000 Kuala Lumpur on Wednesday, 10 April 2019 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 2018 together with the Directors' and Auditors' Reports thereon. **Resolution 1**

2. To approve the payment of a Final Single Tier Dividend of 22.4 sen per ordinary share in respect of the financial year ended 31 December 2018. **Resolution 2**

3. To approve the payment of a Special Single Tier Dividend of 9.3 sen per ordinary share in respect of the financial year ended 31 December 2018. **Resolution 3**

4. To approve the payment of Directors' fees and benefits up to an amount of RM380,000 for the period from 1 January 2019 until 31 December 2019. **Resolution 4**

5. To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company and authorise the Directors to fix their remuneration. **Resolution 5**

Special Business

6. To consider, and if thought fit, to pass the following Resolutions:-

RE-ELECTION OF DIRECTORS

(a) THAT Lars Lehmann, who retires pursuant to Article 92(a) of the Constitution of the Company, be and is hereby re-elected as Director of the Company. **Resolution 6**
(b) THAT Chew Hoy Ping, who retires pursuant to Article 92(a) of the Constitution of the Company, be and is hereby re-elected as Director of the Company. **Resolution 7**
(c) THAT Chow Lee Peng, who retires pursuant to Article 92(e) of the Constitution of the Company, be and is hereby re-elected as Director of the Company. **Resolution 8**

To consider, and if thought fit, to pass the following Resolutions, with or without modifications, as Ordinary/Special Resolutions of the Company:

7. **ORDINARY RESOLUTION** **Resolution 9**
AUTHORITY FOR DIRECTORS TO ALLOT SHARES PURSUANT TO SECTION 75 AND 76 OF THE COMPANIES ACT 2016

"**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors of the Company be and are hereby authorised to allot 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 allotted pursuant to this resolution does not exceed 10% of the total number of issued shares 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 from Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting."

8. **ORDINARY RESOLUTION** **Resolution 10**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"**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 11 March 2019 ("the Related Party") provided that such transactions are:-

(a) necessary for the day-to-day operations;
(b) undertaken in the ordinary course of business at arm's length basis and on normal commercial terms and transaction prices 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 Renewed 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 Renewed 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 of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by 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 Renewed Shareholders' Mandate."

NOTICE OF
ANNUAL GENERAL MEETING

9. ORDINARY RESOLUTION **Resolution 11**
PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"**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 11 March 2019 ("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 at arm's length basis and on normal commercial terms and transaction prices 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 New 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 New 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 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) 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 New Shareholders' Mandate."

10. SPECIAL RESOLUTION **Resolution 12**
PROPOSED ALTERATION OF THE EXISTING MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION/CONSTITUTION BY REPLACING WITH A NEW CONSTITUTION ("PROPOSED ALTERATION")

"**THAT** the existing Memorandum of Association and Articles of Association/Constitution of the Company be hereby altered by replacing with a new Constitution with effect from the date of passing this special resolution.

THAT the Directors of the Company be hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Alteration with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

11. To consider any other business of which due notice shall be given in accordance with the Companies Act 2016 and the Company's Constitution.

NOTICE OF DIVIDEND PAYMENT AND CLOSURE OF REGISTER

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Forty-Ninth (49th) Annual General Meeting to be held on Wednesday, 10 April 2019, a Final Single Tier Dividend of 22.4 sen per ordinary share and Special Single Tier Dividend of 9.3 sen per ordinary share in respect of the financial year ended 31 December 2018 will be payable on 31 May 2019 to shareholders registered in the Register of Members and Record of Depositors at the close of business on 17 May 2019.

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 17 May 2019 in respect of transfers;
(b) Shares deposited into the Depositor's securities account before 12.30 p.m. on 14 May 2019 (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

Lim Chee Keat (MIA 14827)
Lu Kee Chee (LS 0009744)
Secretaries

Shah Alam
11 March 2019

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.*

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 Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 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 Constitution 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 3 April 2019 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.*

EXPLANATORY NOTE

1. **Resolution 4 - Directors' Fees and Benefits 2019**

   The Directors' fees and benefits proposed for the period from 1 January 2019 up to 31 December 2019 are calculated based on the current Board size and number of scheduled Board and Committees meetings for 2019. This resolution is to facilitate payment of Directors' fees and benefits on a current financial year basis. In the event the proposed amount is insufficient, e.g. due to more meetings or enlarged Board size, approval will be sought at the next Annual General Meeting ("AGM") for the shortfall.

2. **Resolution 5 - Re-appointment of Auditors**

   The Audit and Risk Management Committee and the Board had, at its meetings held on 14 February 2019, considered the re-appointment of Messrs PricewaterhouseCoopers PLT (PWC) has the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Resolutions 6 to 8 - Re-election of Directors**

   The business on re-election of Directors that is to be transacted at the AGM is deemed special pursuant to Article 51 of the Constitution of the Company.

   The Board had carried out assessment on the independence of Chew Hoy Peng, the Independent Director who is standing for re-election and satisfied that he met the criteria of independence as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

2. **Resolution 9 - Authority for Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016**

   This resolution is proposed pursuant to Sections 75 and 76 of the Companies Act 2016, and if passed, will give the Directors of the Company, from the date of the above AGM, authority to allot shares in the Company up to and not exceeding in total ten per cent (10%) of the total number of issued shares 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 AGM of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

   This mandate is a renewal of the last mandate granted to the Directors at the Forty-Eigth (48^{th}) AGM held on 12 April 2018 and which will lapse at the conclusion of the Forty-Ninth (49^{th}) AGM.

   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.

3. **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 Resolution 10 on the Proposed Renewal of Shareholders' Mandate is included in the Circular to Shareholders dated 11 March 2019 which is enclosed together with the Annual Report.

4. **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 Resolution 11 on the Proposed New Shareholders' Mandate is included in the Circular to Shareholders dated 11 March 2019 which is enclosed together with the Annual Report.

5. **Resolution 12 - Proposed Alteration of the Existing Memorandum of Association and Articles of Association/Constitution by Replacing with a New Constitution**

   This proposed Special Resolution, if passed, will enable the Company to alter its existing Memorandum of Association and Articles of Association/Constitution by replacing with a new Constitution which is drafted in accordance with the relevant provisions of the Companies Act 2016, relevant amendments of Chapter 7 and other Chapters of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other provisions of laws and regulations that are applicable to the Company.

   For further information on the Proposed Alteration, please refer to Appendix III in the Circular to Shareholders of the Company dated 11 March 2019.

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 Allot Shares Pursuant To Sections 75 and 76 Of The Companies Act 2016

Kindly refer to item (2) of the Explanatory Notes on Special Business at page 194.

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NO. OF SHARES HELD	
CDS ACCOUNT NO.	

Carlsberg Malaysia

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 failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Forty-Ninth (49th) Annual General Meeting of the Company to be held at Sime Darby Convention Centre, Ballroom 1 & 2, First Floor, 1A, Jalan Bukit Kiara, 60000 Kuala Lumpur on Wednesday, 10 April 2019 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):

Item	AGENDA	FOR	AGAINST
1.	Receipt of the Audited Financial Statements for the financial year ended 31 December 2018 together with the Directors' and Auditors' Reports thereon.		
2.	Payment of a Final Single Tier Dividend of 22.4 sen per ordinary share.		
3.	Payment of a Special Single Tier Dividend of 9.3 sen per ordinary share.		
4.	Approval of Directors' fees and benefits of RM380,000 for the period from 1 January 2019 until 31 December 2019.		
5.	Re-appointment of Messrs PricewaterhouseCoopers PLT as Auditors and authorise the Directors to fix their remuneration.		
6.	Re-election of Lars Lehmann as Director.		
7.	Re-election of Chew Hoy Ping as Director.		
8.	Re-election of Chow Lee Peng as Director		
9.	Authority for Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
10.	Proposed renewal of shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature.		
11.	Proposed new shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature.		
12.	Proposed Alteration of the Existing Memorandum of Association and Articles of Association/ Constitution by Replacing with a New Constitution.		

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____2019.

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.*
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 Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 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 Company's Constitution and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 3 April 2019 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 & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

second fold

CORPORATE INFORMATION

Directors

Datuk Toh Ah Wah
P.M.W.
Chairman

Lars Lehmann
Managing Director

Roland Arthur Lawrence
Non-Executive Director

Chew Hoy Ping
Independent Non-Executive Director

Graham James Fewkes
Non-Executive Director

Michelle Tanya Achuthan
Independent Non-Executive Director

Chow Lee Peng
Non-Executive Director

Company Secretary

Lim Chee Keat
(MIA No. 14827)

Lu Kee Chee
(LS 0009744)

Auditors

PricewaterhouseCoopers PLT
Chartered Accountants
Level 10, 1 Sentral, Jalan Rakyat,
Kuala Lumpur Sentral,
50706 Kuala Lumpur.
Tel : +603 2173 1188
Fax : +603 2173 1288

Principal Bankers

Citibank Berhad
(Company No. 297089-M)

Public Bank Berhad
(Company No. 6463-H)

Deutsche Bank (Malaysia) Berhad
(Company No. 312552-W)

BNP Paribas Malaysia Berhad
(Company No. 918091-T)

Registered Office and Principal Place of Business

No. 55, Persiaran Selangor,
Section 15,
40200 Shah Alam,
Selangor Darul Ehsan.
Tel : +603 5522 6688
Fax : +603 5519 1931
Email : MYCorpAffairs@carlsberg.asia
Website : www.carlsbergmalaysia.com.my

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd
(Company No. 11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South.
No.8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603 2783 9299
Fax : +603 2783 9222
Email : is.enquiry@my.tricorglobal.com

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

Carlsberg Brewery Malaysia Berhad (9210-K)
No. 55, Persiaran Selangor, Section 15
40200 Shah Alam, Selangor Darul Ehsan, Malaysia

Tel : +603 5522 6688 Fax : +603 5519 1931

www.carlsbergmalaysia.com.my