Notes to the Financial Statements

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

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

The consolidated financial statements as at and for the financial year ended 31 December 2012 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 and a jointly-controlled entity. The financial statements of the Company as at and for the financial year ended 31 December 2012 do not include other entities.

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

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

The financial statements were authorised for issue by the Board of Directors on 19 March 2013.

1. Basis of Preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. These are the Group and the Company's first financial statements prepared in accordance with MFRS and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

In the previous years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). The financial impacts of transition to MFRS are disclosed in Note 26 to the financial statements.

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

MFRSs, IC Interpretations and Amendments to MFRSs effective for annual periods beginning on or after 1 July 2012

- Amendments to MFRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

MFRSs, IC Interpretations and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits* (2011)
- MFRS 127, *Separate Financial Statements* (2011)
- MFRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*

1. Basis of Preparation (Continued)

(a) Statement of compliance (continued)

MFRSs, IC Interpretations and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2013 (continued)

- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

MFRSs, IC Interpretations and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

MFRSs, IC Interpretations and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2012 and 1 January 2013, except for IC Interpretation 20 which is not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.

- from the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

The Group and the Company is currently assessing the financial impact of adopting the abovementioned standards, amendments and interpretations.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 January 2011 (the transition date to MFRS framework).

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated 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. Control exists when the Company has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

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.

Acquisitions on or after 8 September 2009

For acquisitions on or after 8 September 2009 (please refer to Note 26.4(c) for further explanation), the Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

Acquisitions before 8 September 2009

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before 8 September 2009 (please refer to Note 26.4(c) for further explanation). Goodwill arising from acquisitions before 8 September 2009 has been carried forward from the previous FRS framework as at the date of transition.

2. Significant Accounting Policies (Continued)

(a) Basis of consolidation (continued)

(iii) Acquisitions from entities under common control

Business combination involving entities under common control are accounted for by applying the merger method of accounting. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital and capital reserves of the "acquire" entity is reflected within equity. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

(iv) Acquisitions of non-controlling interests

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

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous 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 investees or as an available-for-sale financial asset depending on the level of influence retained.

(vi) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted 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 investee.

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

2. Significant Accounting Policies (Continued)

(a) Basis of consolidation (continued)

(vii) Jointly-controlled entities

Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Jointly-controlled entities are accounted for in the consolidated financial statements using the proportionate method unless it is included in a disposal group that is classified as held for sale. The consolidated financial statements include the Group's share of the revenue, expenses, assets and liabilities of the jointly-controlled entity, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

Investments in jointly-controlled entities are measured in the Company's statement of financial position at cost less impairment losses, unless the investment is classified as held for sale.

(viii) Non-controlling interests

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

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

(ix) 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 investees 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) 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.

2. Significant Accounting Policies (Continued)

(b) Foreign currency (continued)

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

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

Foreign currency differences are recognised in other comprehensive income and accumulated in exchange reserve ("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 profit 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 or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely 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 ER in equity.

(c) Financial instruments

(i) Initial recognition and measurement

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

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

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

2. Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

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

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

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

(b) Loans and receivables

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

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

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

Financial liabilities

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

Fair value through profit or loss category comprises financial liabilities that are held for trading, 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.

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

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

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or 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.

2. Significant Accounting Policies (Continued)

(d) Property, plant and equipment

(i) Recognition and measurement

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

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

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

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Assets in-progress are not depreciated until the assets are ready for their intended use.

2. Significant Accounting Policies (Continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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

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

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

(e) Leased assets

(i) Finance lease

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

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

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

(ii) Operating lease

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

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

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

2. Significant Accounting Policies (Continued)

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less accumulated impairment losses. In respect of equity accounted investees, 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 investees.

(ii) Customised computer software

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

(iii) Subsequent expenditure

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

(iv) Amortisation

Amortisation is based on the cost of an asset less its residual value.

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 they are available for use.

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.

(g) Inventories

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

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

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

(h) Cash and cash equivalents

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

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

2. Significant Accounting Policies (Continued)

(i) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries, associate and jointly-controlled entity) 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.

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

(ii) Other assets

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

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

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

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

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

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

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2. Significant Accounting Policies (Continued)

(j) Equity instruments

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

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 and are presented in the statement of changes in equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

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, and the resulting surplus or deficit on the transaction is presented in share premium.

(k) Employee benefits

(i) Short-term employee benefits

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

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

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

(ii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iii) Share-based payment transactions

Certain employees of the Group are entitled to a share option programme set up 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.

2. Significant Accounting Policies (Continued)

(l) Provisions

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

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

(m) Income recognition

(i) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and 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

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

(iii) Interest income

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

(n) Borrowing costs

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

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

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

(o) Income tax

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

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

2. Significant Accounting Policies (Continued)

(o) Income tax (continued)

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

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

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

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(p) Earnings per ordinary share

The Group presents basic and diluted 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. Property, Plant and Equipment

Group	Note	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Cost										
At 1 January 2011		10,571	19,097	54,053	505	323,081	25,430	52,036	10,971	495,744
Additions		–	–	844	58	5,290	4,480	3,531	13,498	27,701
Disposals		–	–	–	–	(9,499)	(6,979)	(794)	–	(17,272)
Written off		–	–	–	(112)	(8,570)	–	(13,934)	–	(22,616)
Transfers		–	–	715	–	15,054	211	435	(20,337)	(3,922)
Effect of movements in exchange rates		–	–	–	(7)	13	(7)	(29)	–	(30)
At 31 December 2011/ 1 January 2012		**10,571**	**19,097**	**55,612**	**444**	**325,369**	**23,135**	**41,245**	**4,132**	**479,605**
Additions		**–**	**–**	**349**	**251**	**10,783**	**5,755**	**7,322**	**7,381**	**31,841**
Disposals		**–**	**–**	**–**	**–**	**(41)**	**(3,296)**	**(1,159)**	**–**	**(4,496)**
Written off		**–**	**–**	**–**	**–**	**(210)**	**–**	**(84)**	**–**	**(294)**
Transfers		**–**	**–**	**584**	**–**	**3,781**	**–**	**–**	**(4,365)**	**–**
Dilution of investment in a jointly-controlled entity		**–**	**–**	**–**	**(112)**	**(62)**	**(25)**	**(497)**	**–**	**(696)**
Effect of movements in exchange rates		**–**	**–**	**–**	**2**	**40**	**1**	**35**	**–**	**78**
At 31 December 2012		**10,571**	**19,097**	**56,545**	**585**	**339,660**	**25,570**	**46,862**	**7,148**	**506,038**

3. Property, Plant and Equipment (Continued)

Group	Note	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Depreciation										
At 1 January 2011		2,772	–	21,575	43	266,546	16,404	44,514	–	351,854
Depreciation for the year	15	122	–	1,361	61	10,366	3,754	3,422	–	19,086
Disposals		–	–	–	–	(8,133)	(6,636)	(742)	–	(15,511)
Written off		–	–	–	(19)	(8,554)	–	(13,847)	–	(22,420)
Effect of movements in exchange rates		–	–	–	(2)	(5)	(5)	(23)	–	(35)
At 31 December 2011/ 1 January 2012		**2,894**	**–**	**22,936**	**83**	**260,220**	**13,517**	**33,324**	**–**	**332,974**
Depreciation for the year	15	**122**	**–**	**1,471**	**194**	**10,193**	**3,288**	**4,325**	**–**	**19,593**
Disposals		**–**	**–**	**–**	**–**	**(34)**	**(3,136)**	**(1,158)**	**–**	**(4,328)**
Written off		**–**	**–**	**–**	**–**	**(241)**	**-**	**(27)**	**–**	**(268)**
Dilution of investment in a jointly-controlled entity		**–**	**–**	**–**	**(44)**	**(85)**	**(15)**	**(230)**	**–**	**(374)**
Effect of movements in exchange rates		**–**	**–**	**–**	**–**	**(1)**	**–**	**–**	**–**	**(1)**
At 31 December 2012		**3,016**	**–**	**24,407**	**233**	**270,052**	**13,654**	**36,234**	**–**	**347,596**
Carrying amounts										
At 1 January 2011		7,799	19,097	32,478	462	56,535	9,026	7,522	10,971	143,890
At 31 December 2011/ 1 January 2012		**7,677**	**19,097**	**32,676**	**361**	**65,149**	**9,618**	**7,921**	**4,132**	**146,631**
At 31 December 2012		**7,555**	**19,097**	**32,138**	**352**	**69,608**	**11,916**	**10,628**	**7,148**	**158,442**

3. Property, Plant and Equipment (Continued)

Company	Note	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Cost									
At 1 January 2011		10,399	18,952	53,086	322,173	2,168	17,659	10,389	434,826
Additions		–	–	767	4,303	–	1,013	13,498	19,581
Disposals		–	–	–	(9,183)	(102)	(170)	–	(9,455)
Written off		–	–	–	(8,566)	–	(17)	–	(8,583)
Transfers		–	–	709	15,030	–	94	(19,755)	(3,922)
At 31 December 2011/ 1 January 2012		**10,399**	**18,952**	**54,562**	**323,757**	**2,066**	**18,579**	**4,132**	**432,447**
Additions		**–**	**–**	**307**	**10,782**	**359**	**782**	**7,381**	**19,611**
Disposals		**–**	**–**	**–**	**(41)**	**(292)**	**(440)**	**–**	**(773)**
Written off		**–**	**–**	**–**	**(210)**	**–**	**(56)**	**–**	**(266)**
Transfers		**–**	**–**	**584**	**3,781**	**–**	**–**	**(4,365)**	**–**
Transfer to a subsidiary		**–**	**–**	**–**	**–**	**–**	**(3)**	**–**	**(3)**
At 31 December 2012		**10,399**	**18,952**	**55,453**	**338,069**	**2,133**	**18,862**	**7,148**	**451,016**
Depreciation									
At 1 January 2011		2,707	–	21,302	266,657	1,184	16,322	–	308,172
Depreciation for the year	15	118	–	1,332	9,861	408	816	–	12,535
Disposals		–	–	–	(7,865)	(102)	(133)	–	(8,100)
Written off		–	–	–	(8,554)	–	(13)	–	(8,567)
At 31 December 2011/ 1 January 2012		**2,825**	**–**	**22,634**	**260,099**	**1,490**	**16,992**	**–**	**304,040**
Depreciation for the year	15	**118**	**–**	**1,434**	**10,193**	**304**	**891**	**–**	**12,940**
Disposals		**–**	**–**	**–**	**(34)**	**(272)**	**(440)**	**–**	**(746)**
Written off		**–**	**–**	**–**	**(241)**	**–**	**(5)**	**–**	**(246)**
At 31 December 2012		**2,943**	**–**	**24,068**	**270,017**	**1,522**	**17,438**	**–**	**315,988**
Carrying amounts									
At 1 January 2011		7,692	18,952	31,784	55,516	984	1,337	10,389	126,654
At 31 December 2011/ 1 January 2012		**7,574**	**18,952**	**31,928**	**63,658**	**576**	**1,587**	**4,132**	**128,407**
At 31 December 2012		**7,456**	**18,952**	**31,385**	**68,052**	**611**	**1,424**	**7,148**	**135,028**

3. Property, Plant and Equipment (Continued)

3.1 Leasehold land

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

	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000	Group 1.1.2011 RM'000	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
Unexpired lease period less than 50 years	**99**	103	107	**–**	–	–
Unexpired lease period more than 50 years	**7,456**	7,574	7,692	**7,456**	7,574	7,692
	7,555	7,677	7,799	**7,456**	7,574	7,692

4. Intangible Assets

Group	Note	Goodwill RM'000	Computer software RM'000	Total RM'000
Cost				
At 1 January 2011		6,364	10,087	16,451
Additions		–	767	767
Written off		–	(363)	(363)
Transfer from property, plant and equipment	3	–	3,922	3,922
Effect of movements in exchange rates		(52)	12	(40)
At 31 December 2011/1 January 2012		**6,312**	**14,425**	**20,737**
Additions		**–**	**1,380**	**1,380**
Dilution of investment in a jointly-controlled entity		**(1,312)**	**(1)**	**(1,313)**
Effect of movements in exchange rates		**-**	**8**	**8**
At 31 December 2012		**5,000**	**15,812**	**20,812**
Amortisation				
At 1 January 2011		–	8,506	8,506
Amortisation for the year	15	–	1,004	1,004
Written off		–	(363)	(363)
Effect of movements in exchange rates		–	2	2
At 31 December 2011/1 January 2012		**–**	**9,149**	**9,149**
Amortisation for the year	15	**–**	**2,281**	**2,281**
Dilution of investment in a jointly-controlled entity		**–**	**(9)**	**(9)**
Effect of movements in exchange rates		**–**	**3**	**3**
At 31 December 2012		**–**	**11,424**	**11,424**
Carrying amounts				
At 1 January 2011		6,364	1,581	7,945
At 31 December 2011/1 January 2012		**6,312**	**5,276**	**11,588**
At 31 December 2012		**5,000**	**4,388**	**9,388**

4. Intangible Assets (Continued)

Company	Note	Computer software RM'000
Cost		
At 1 January 2011		7,424
Additions		474
Transfer from property, plant and equipment	3	3,922
At 31 December 2011/1 January 2012		**11,820**
Additions		**225**
Transfer to a subsidiary		**(3,485)**
At 31 December 2012		**8,560**
Amortisation		
At 1 January 2011		6,878
Amortisation for the year	15	507
At 31 December 2011/1 January 2012		**7,385**
Amortisation for the year	15	**650**
At 31 December 2012		**8,035**
Carrying amounts		
At 1 January 2011		546
At 31 December 2011/1 January 2012		**4,435**
At 31 December 2012		**525**

4.1 Impairment testing for cash-generating units containing goodwill

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

The aggregate carrying amount of goodwill allocated to each unit is as follows:

		Group	
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Subsidiary			
Luen Heng F&B Sdn. Bhd.	**5,000**	5,000	5,000
Subsidiary of a jointly-controlled entity	–	1,312	1,364
	5,000	6,312	6,364

The recoverable amount of the cash-generating unit ("CGU") - Luen Heng F&B Sdn. Bhd. was based on its value-in-use calculations. The recoverable amount for the CGU was higher than the carrying amount of the identifiable net assets and goodwill allocated and hence, no impairment loss was recognised during the year.

Value-in-use 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:

- Projected EBITDA are expected to approximate net cash flow.
- EBITDA was projected for 7 years and discounted at 9%.

5. Investments in Subsidiaries

	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
Unquoted shares - at cost	**393,672**	393,672	393,672

The following are the subsidiaries of the Group:

Name of company	Principal activities	Country of incorporation	Effective ownership interest 31.12.2012 %	Effective ownership interest 31.12.2011 %	Effective ownership interest 1.1.2011 %
Carlsberg Marketing Sdn. Bhd.	Marketing and distribution of beer, stout, shandy and non-alcoholic beverages	Malaysia	**100**	100	100
Euro Distributors Sdn. Bhd.	Dormant	Malaysia	**100**	100	100
Luen Heng F&B Sdn. Bhd.	Importation, distribution and sale of alcoholic and non-alcoholic beverages	Malaysia	**70**	70	70
Carlsberg Singapore Pte. Ltd. #	Importation and marketing of beer and liquor products	Singapore	**100**	100	100

 # Audited by a member firm of KPMG International.

In conjunction with the investment undertaken in Luen Heng F&B Sdn. Bhd. ("LHFB") in 2009, the Company entered into a call and put option with LHFB's corporate shareholder, Luen Heng Agency Sdn. Bhd. ("LHA"), allowing the Company to acquire the remaining interest held by LHA or LHA to sell its interest in LHFB to the Company, at any time after three (3) years of the date of the acquisition. The consideration is to be based on LHFB's fair value which is to be determined by an international firm of accountants. Both parties have not exercised their rights during the year.

6. Investment in an Associate

	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000	Group 1.1.2011 RM'000	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
Quoted shares outside Malaysia	**19,936**	19,936	19,936	**19,936**	19,936	19,936
Share of post-acquisition reserves	**14,720**	13,471	6,401	**–**	–	–
	34,656	33,407	26,337	**19,936**	19,936	19,936
Market value						
Quoted shares outside Malaysia	**127,235**	104,463	97,626	**–**	–	–

6. Investment in an Associate (Continued)

Name of company	Principal activities	Country of incorporation	Effective ownership interest 31.12.2012 %	31.12.2011 %	1.1.2011 %
Lion Brewery (Ceylon) PLC	Manufacturing, marketing and distribution of beer, stout, shandy and non-alcoholic beverages	Sri Lanka	**24.6**	24.6	24.6

Summary financial information on associate:

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Revenue (100%)	**302,759**	209,989	141,386
Profit (100%)	**30,915**	32,277	22,195
Total assets (100%)	**306,463**	260,778	177,479
Total liabilities (100%)	**175,345**	103,599	66,817

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 immediate holding company incorporated in Denmark, allowing Carlsberg A/S to acquire the Company's interest in the associate, should certain events occur. The purchase consideration is to be based on an agreed formula and in any event to be a minimum of the original purchase price paid by the Company. The Directors of the Company consider the likelihood of occurrence of such events as remote and hence, the option's fair value is insignificant.

7. Investment in a Jointly-Controlled Entity

	Company 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At cost:			
Unquoted shares	**–**	5,366	5,366
Less: Impairment loss	**–**	(5,366)	(5,366)
	–	–	–

Name of company	Principal activities	Country of incorporation	Effective ownership interest 31.12.2012 %	31.12.2011 %	1.1.2011 %
Carlsberg Distributors Taiwan Limited ("CDTL")	Packaging, marketing, and distribution of beer, stout, shandy and non-alcoholic beverages	Taiwan	**0.36**	50	50

On 30 April 2012, CDTL, a jointly-controlled entity of the Company, had undertaken a capital restructuring exercise. Under the capital restructuring exercise, Company's shareholdings in CDTL was diluted from 50% to 0.36%. Consequently, the Company has lost joint-control over CDTL.

7. Investment in a Jointly-Controlled Entity (Continued)

The jointly-controlled entity has the following effect on the Group's operating results, assets and liabilities:

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Long-term assets, net	–	1,636	1,755
Current assets, net	–	9,983	6,662
Current liabilities, net	–	(21,306)	(14,045)
Group's share of net liabilities	–	(9,687)	(5,628)
Revenue, net	**4,792**	21,675	15,267
Expenses, net	**(6,226)**	(24,549)	(17,199)
Decrease in the Group's profit for the year	**(1,434)**	(2,874)	(1,932)

8. Receivables, Deposits and Prepayments

		Group			Company		
	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non-current							
Loan to a subsidiary	8.1	**–**	–	–	**4,848**	8,998	10,100
Current							
Trade							
Trade receivables	21.4	**215,469**	196,292	178,696	**–**	–	–
Allowance for impairment loss	21.4	**(4,850)**	(15,270)	(3,496)	**–**	–	–
		210,619	181,022	175,200	**–**	–	–
Amount due from subsidiaries	8.2	**–**	–	–	**–**	25,036	44,835
Amount due from related companies	8.2	**376**	47	2,952	**–**	47	115
		210,995	181,069	178,152	**–**	25,083	44,950
Non-trade							
Amount due from subsidiaries	8.2	**–**	–	–	**121**	–	–
Amount due from related companies	8.2	**363**	2	–	**363**	2	–
Other receivables		**4,132**	5,487	5,728	**1,993**	1,457	2,276
Deposits		**10,383**	16,190	7,142	**7,200**	12,070	6,384
Prepayments		**34,584**	28,360	16,201	**714**	26	17
		49,462	50,039	29,071	**10,391**	13,555	8,677
		260,457	231,108	207,223	**10,391**	38,638	53,627

8.1 Loan to a subsidiary

The loan to a subsidiary is unsecured, and carries interest at a rate calculated as the average of the base lending rate and fixed deposit rate of Malayan Banking Berhad on such outstanding amount from time to time. The loan is not expected to be repaid by the subsidiary within the next twelve months.

8.2 Amounts due from subsidiaries and related companies

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

9. Deferred Tax Assets/(Liabilities)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 31.12.2012 RM'000	Assets 31.12.2011 RM'000	Assets 1.1.2011 RM'000	Liabilities 31.12.2012 RM'000	Liabilities 31.12.2011 RM'000	Liabilities 1.1.2011 RM'000	Net 31.12.2012 RM'000	Net 31.12.2011 RM'000	Net 1.1.2011 RM'000
Property, plant and equipment	**–**	–	–	**(22,871)**	(20,021)	(17,956)	**(22,871)**	(20,021)	(17,956)
Others	**3,094**	1,675	1,505	**–**	–	–	**3,094**	1,675	1,505
Tax assets/ (liabilities)	**3,094**	1,675	1,505	**(22,871)**	(20,021)	(17,956)	**(19,777)**	(18,346)	(16,451)
Set off of tax	**(2,231)**	(1,639)	(1,505)	**2,231**	1,639	1,505	**–**	–	–
Net tax assets/ (liabilities)	**863**	36	–	**(20,640)**	(18,382)	(16,451)	**(19,777)**	(18,346)	(16,451)

Company	Assets 31.12.2012 RM'000	Assets 31.12.2011 RM'000	Assets 1.1.2011 RM'000	Liabilities 31.12.2012 RM'000	Liabilities 31.12.2011 RM'000	Liabilities 1.1.2011 RM'000	Net 31.12.2012 RM'000	Net 31.12.2011 RM'000	Net 1.1.2011 RM'000
Property, plant and equipment	**–**	–	–	**(21,040)**	(18,277)	(16,056)	**(21,040)**	(18,277)	(16,056)
Others	**546**	1,263	547	**–**	–	–	**546**	1,263	547
Tax assets/ (liabilities)	**546**	1,263	547	**(21,040)**	(18,277)	(16,056)	**(20,494)**	(17,014)	(15,509)
Set off of tax	**(546)**	(1,263)	(547)	**546**	1,263	547	**–**	–	–
Net tax liabilities	**–**	–	–	**(20,494)**	(17,014)	(15,509)	**(20,494)**	(17,014)	(15,509)

Movement in temporary differences during the year

	At 1.1.2011 RM'000	Recognised in profit or loss (Note 17) RM'000	At 31.12.2011 RM'000	Recognised in profit or loss (Note 17) RM'000	At 31.12.2012 RM'000
Group					
Property, plant and equipment	(17,956)	(2,065)	(20,021)	(2,850)	**(22,871)**
Others	1,505	170	1,675	1,419	**3,094**
	(16,451)	(1,895)	(18,346)	(1,431)	**(19,777)**
Company					
Property, plant and equipment	(16,056)	(2,221)	(18,277)	(2,763)	**(21,040)**
Others	547	716	1,263	(717)	**546**
	(15,509)	(1,505)	(17,014)	(3,480)	**(20,494)**

9. Deferred Tax Assets/(Liabilities) (Continued)

Unrecognised deferred tax assets

Deferred tax assets of a jointly-controlled entity have not been recognised in respect of the following items:

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Unutilised tax losses (100%)	–	6,252	5,439
Others (100%)	–	407	(14)
	–	6,659	5,425
Group's share of the unrecognised deferred tax asset	–	3,330	2,713

Tax losses carry-forward was in respect of a jointly-controlled entity incorporated in Taiwan. The deferred tax assets were not recognised in respect of the unutilised tax losses carry-forward because it was not probable that future taxable profit would be available against which the Group could utilise the benefits there from. Under Taiwan tax legislation, the unutilised tax losses, could be carried forward for a period of 10 years.

10. Inventories

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Finished goods	**36,029**	48,527	32,129	**6,846**	8,300	6,536
Work-in-progress	**2,382**	2,363	2,518	**2,382**	2,363	2,518
Raw, packaging and other materials	**5,204**	7,842	9,634	**5,005**	7,696	9,461
Spare parts for machinery	**3,225**	3,806	4,553	**3,017**	3,310	3,904
	46,840	62,538	48,834	**17,250**	21,669	22,419

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Recognised in profit or loss:				
Allowance for inventories written down/(back)	**733**	1,832	**(246)**	725
Raw, packaging and other materials written off	**–**	2,338	**–**	2,338
Finished goods written off	**3,323**	1,889	**98**	823
	3,323	4,227	**98**	3,161

11. Cash and Cash Equivalents

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Deposits with licensed banks	**2,030**	1,554	29,133	**1,430**	1,554	16,545
Cash and bank balances	**55,658**	70,642	72,237	**16,272**	7,492	18,125
	57,688	72,196	101,370	**17,702**	9,046	34,670

Notes to the Financial Statements

12. Share Capital and Reserves

Share capital

	Group and Company 31.12.2012 Amount RM'000	31.12.2012 Number of shares '000	31.12.2011 Amount RM'000	31.12.2011 Number of shares '000	1.1.2011 Amount RM'000	1.1.2011 Number of shares '000
Authorised:						
Ordinary shares of RM0.50 each	**300,000**	**600,000**	300,000	600,000	300,000	600,000
Issued and fully paid:						
Ordinary shares of RM0.50 each	**154,039**	**308,078**	154,039	308,078	154,039	308,078

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group and the Company (see Note 12.4), all rights are suspended until those shares are reissued.

Reserves

	Note	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000	Group 1.1.2011 RM'000	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
Non-distributable reserves:							
Share premium		**7,367**	7,367	7,367	**7,367**	7,367	7,367
Other reserves:							
Capital reserve	12.1	**3,931**	3,931	3,931	**–**	–	–
Exchange reserve	12.2	**(2,334)**	1,682	–	**–**	–	–
Share option reserve	12.3	**146**	54	476	**205**	219	773
Treasury shares	12.4	**(12,043)**	(12,043)	(12,043)	**(12,043)**	(12,043)	(12,043)
Others		**(780)**	–	–	**–**	–	–
		(3,713)	991	(269)	**(4,471)**	(4,457)	(3,903)
Distributable reserves:							
Retained earnings	12.5	**148,713**	130,418	91,526	**341,464**	383,773	385,815
		145,000	131,409	91,257	**336,993**	379,316	381,912

12.1 Capital reserve

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

12.2 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.

12.3 Share option reserve

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

12. Share Capital and Reserves (Continued)

Reserves (continued)

12.4 Treasury shares

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

No further shares were repurchased during the financial year ended 31 December 2012 and none of the previously repurchased shares were reissued, distributed as share dividends, resold or cancelled.

* After adjusting for the share split exercise in 2005.

12.5 Retained earnings

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

13. Payables and Accruals

			Group			Company	
	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Trade							
Trade payables		**152,456**	145,064	142,980	**50,410**	49,069	43,706
Amount due to immediate holding company	13.1	**12,232**	13,948	7,351	**4,852**	9,444	982
Amount due to related companies	13.1	**2,054**	5,332	5,903	**253**	3,213	3,112
		166,742	164,344	156,234	**55,515**	61,726	47,800
Non-trade							
Other payables	13.2	**29,637**	26,537	27,405	**9,364**	5,085	6,943
Accrued expenses		**20,853**	22,264	28,303	**6,644**	10,167	13,301
Amount due to ultimate holding company	13.3	**613**	368	470	**613**	368	222
Amount due to subsidiary	13.3	**–**	–	–	**16,069**	–	–
Amount due to related companies	13.3	**72**	672	496	**72**	671	457
		51,175	49,841	56,674	**32,762**	16,291	20,923
		217,917	214,185	212,908	**88,277**	78,017	68,723

Notes to the Financial Statements

13. Payables and Accruals (Continued)

13.1 Amounts due to immediate holding company and related companies

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

13.2 Other payables

Included in other payables of the Group is a loan given to a subsidiary by its non-controlling shareholder amounting to RM2.08 million (31 December 2011: RM3.69 million; 1 January 2011: RM4.29 million). The loan is unsecured, carries interest at a rate calculated as the average of the base lending rate and fixed deposit rate of Malayan Banking Berhad of 4.83% (31 December 2011: 4.55% - 4.85%; 1 January 2011: 3.78% - 4.53%) on such outstanding amount from time to time and is repayable on demand.

13.3 Amount due to ultimate holding company, subsidiary and related companies

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

14. Loans and Borrowings

		Group			Company	
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Current - unsecured						
Short term bank loan	**–**	14,251	10,645	**–**	–	–
Revolving credits	**5,000**	8,000	42,306	**–**	–	40,306
	5,000	22,251	52,951	**–**	–	40,306

The short term bank loan and revolving credits of the Group are subjected to interests ranging from 4.66% - 4.68% (31 December 2011: 3.40% - 6.25%; 1 January 2011: 2.96% - 3.09%).

15. Operating Profit

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Operating profit arrived at after charging:				
Amortisation of intangible assets	**2,281**	1,004	**650**	507
Auditors' remuneration				
- Audit services	**174**	174	**91**	99
Depreciation of property, plant and equipment	**19,593**	19,086	**12,940**	12,535
Allowance for inventories written down	**733**	1,832	**–**	725
Inventories written off	**3,323**	4,227	**98**	3,161
Impairment loss on receivables	**850**	11,978	**–**	–
Loss on disposal of property, plant and equipment	**–**	–	**–**	559
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	**8,816**	7,421	**2,577**	2,464
- Contributions to other defined contribution plan	**589**	543	**264**	265
- Wages, salaries and others	**75,955**	70,398	**25,627**	26,661
Property, plant and equipment written off	**26**	196	**20**	16
Share of net liability of jointly-controlled entity arising from restructuring (Note 7)	**–**	–	**11,655**	–
Rental of land and buildings	**2,346**	2,438	**1,074**	1,091
Realised foreign exchange loss	**–**	–	**–**	241
Unrealised foreign exchange loss	**707**	–	**124**	151
and after crediting:				
Allowance for inventories written back	**–**	–	**246**	–
Bad debts recovered	**628**	689	**-**	–
Dividend income from unquoted subsidiaries	**–**	–	**126,457**	121,337
Dividend income from a foreign quoted associate	**–**	–	**1,667**	2,165
Gain on disposal of property, plant and equipment	**1,143**	2,182	**92**	-
Interest income	**654**	783	**598**	867
Realised foreign exchange gain	**1,592**	29	**1,131**	–
Rental income from subsidiary	**–**	–	**840**	840
Unrealised foreign exchange gain	**–**	475	**–**	–

Notes to the Financial Statements

16. Key Management Personnel Compensation

The key management personnel compensation are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors:				
- Fees	**160**	160	**160**	160
- Remuneration	**1,205**	1,376	**1,205**	1,376
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	**913**	1,167	**913**	1,167
	2,278	2,703	**2,278**	2,703
- Post-employment benefits	**97**	121	**97**	121
- Share-based payments	**107**	–	**107**	–
	2,482	2,824	**2,482**	2,824
Other key management personnel:				
- Short term employee benefits	**5,051**	3,730	**2,519**	2,416
- Post-employment benefits	**95**	97	**85**	88
- Share-based payments	**194**	–	**120**	–
	5,340	3,827	**2,724**	2,504
	7,822	6,651	**5,206**	5,328

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

17. Tax Expense

Recognised in profit or loss

Major components of tax expense include:

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense					
Malaysian					
- current year		**38,970**	33,819	**6,849**	2,364
- (over)/under provision in prior years		**(987)**	3,266	**(215)**	456
Overseas					
- current		**12,469**	14,000	**–**	–
- under provision in prior year		**15**	14	**–**	–
Total current tax		**50,467**	51,099	**6,634**	2,820
Deferred tax expense					
Origination and reversal of temporary differences		**1,387**	860	**244**	584
Under provision in prior years		**44**	1,035	**3,236**	921
Total deferred tax	9	**1,431**	1,895	**3,480**	1,505
Total tax expense		**51,898**	52,994	**10,114**	4,325

17. Tax Expense (Continued)

Reconciliation of tax expense

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Profit before tax		**245,651**	220,374	**139,406**	129,551
Share of profit of equity accounted associate, net of tax		**(7,605)**	(7,940)	**–**	–
Profit before tax excluding share of profit after tax of equity accounted associate		**238,046**	212,434	**139,406**	129,551
Tax at Malaysian tax rate of 25% (2011: 25%)		**59,512**	53,109	**34,852**	32,388
Effect of tax in foreign jurisdiction		**(5,797)**	(5,681)	**–**	–
Non taxable income		**(474)**	-	**(32,168)**	(30,972)
Non-deductible expenses		**2,092**	4,143	**4,409**	1,532
Double deduction on permitted expenses		**(2,521)**	(2,818)	**–**	–
Other items		**(251)**	(228)	**–**	–
Current year losses for which no deferred tax asset was recognised		**265**	154	**–**	–
		52,826	48,679	**7,093**	2,948
(Over)/Under provision in prior years		**(928)**	4,315	**3,021**	1,377
Tax expense		**51,898**	52,994	**10,114**	4,325

18. Earnings Per Ordinary Share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2012 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 2012 RM'000	Group 2011 RM'000
Profit for the year attributable to shareholders	**191,632**	166,160

Weighted average number of ordinary shares

	Group 2012 '000	Group 2011 '000
Issued ordinary shares as at 1 January/31 December	**308,078**	308,078
Effect of treasury shares held	**(2,330)**	(2,330)
	305,748	305,748
Basic earnings per ordinary share (sen)	**62.68**	54.35

Notes to the Financial Statements

19. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2012			
First interim 2012 ordinary – single tier	**5.0**	**15,287**	**11 October 2012**
Final 2011 ordinary – tax exempt	**2.0**	**6,115**	**18 May 2012**
Special Final 2011 ordinary	**49.1**	**150,199**	**18 May 2012**
Total amount		**171,601**	
2011			
First interim 2011 ordinary	3.8	11,466	7 October 2011
Final 2010 ordinary	5.6	17,198	20 May 2011
Special Final 2010 ordinary	32.3	98,604	20 May 2011
Total amount		127,268	

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

	Sen per RM0.50 share	Total amount RM'000
2012		
Final and special ordinary – single tier	**58.0**	**177,334**

20. Operating Segments

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

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

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

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

20. Operating Segments (Continued)

Segment assets, liabilities and capital expenditures

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

	Malaysia RM'000	Singapore RM'000	Others RM'000	Total RM'000
2012				
Segment profit/(loss)	**167,809**	**74,708**	**(1,336)**	**241,181**
Included in the measure of segment profit/(loss) are:				
Revenue from external customers	**1,208,928**	**371,061**	**4,791**	**1,584,780**
Inter-segment revenue	**57,440**	**–**	**–**	**57,440**
Depreciation and amortisation	**20,598**	**1,229**	**47**	**21,874**
Not included in the measure of segment profit but provided to Managing Director:				
Finance costs	**(4,058)**	**(692)**	**(221)**	**(4,971)**
Interest income	**653**	**1**	**–**	**654**
Income tax expense	**(39,408)**	**(12,490)**	**–**	**(51,898)**
Share of profit of equity accounted associate, net of tax	**–**	**–**	**7,605**	**7,605**
2011				
Segment profit/(loss)	142,437	77,019	(3,117)	216,339
Included in the measure of segment profit/(loss) are:				
Revenue from external customers	1,117,964	349,717	21,675	1,489,356
Inter-segment revenue	62,000	–	–	62,000
Depreciation and amortisation	(18,983)	(957)	(150)	(20,090)
Not included in the measure of segment profit but provided to Managing Director:				
Finance costs	(3,457)	(277)	(651)	(4,385)
Interest income	781	–	2	783
Income tax expense	(38,977)	(14,017)	–	(52,994)
Share of profit of equity accounted associate, net of tax	–	–	7,940	7,940

20. Operating Segments (Continued)

Reconciliations of segment profit or loss

	2012 RM'000	2011 RM'000
Profit		
Total segment profit	241,181	216,339
Inter-segment elimination	1,182	(303)
Finance costs	(4,971)	(4,385)
Interest income	654	783
Share of profit of equity accounted associate, net of tax	7,605	7,940
Consolidated profit before tax	245,651	220,374

Geographical segments

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

	Revenue		Non-current assets	
Geographical location	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysia	**1,203,827**	1,111,678	**165,524**	154,166
Singapore	**371,061**	349,717	**2,671**	2,773
Hong Kong	**–**	1,173	**–**	–
Taiwan	**4,791**	21,675	**–**	1,636
Other countries	**5,101**	5,113	**–**	–
	1,584,780	1,489,356	**168,195**	158,575

Major customers

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

21. Financial Instruments

21.1 Categories of financial instruments

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

(a) Loans and receivables ("L&R");

(b) Other financial liabilities measured at amortised cost ("OL").

	Carrying amount RM'000	L&R/ (OL) RM'000	Others RM'000
31 December 2012			
Financial assets			
Group			
Trade and other receivables	**260,457**	**225,873**	**34,584**
Cash and cash equivalents	**57,688**	**57,688**	**–**
	318,145	**283,561**	**34,584**
Company			
Trade and other receivables	**10,391**	**9,677**	**714**
Cash and cash equivalents	**17,702**	**17,702**	**–**
Loan to a subsidiary	**4,848**	**4,848**	**–**
	32,941	**32,227**	**714**
Financial liabilities			
Group			
Loans and borrowings	**(5,000)**	**(5,000)**	**–**
Payables and accruals	**(217,917)**	**(217,917)**	**–**
	(222,917)	**(222,917)**	**–**
Company			
Payables and accruals	**(88,277)**	**(88,277)**	**–**
31 December 2011			
Financial assets			
Group			
Trade and other receivables	231,108	202,748	28,360
Cash and cash equivalents	72,196	72,196	–
	303,304	274,944	28,360
Company			
Trade and other receivables	38,638	38,612	26
Cash and cash equivalents	9,046	9,046	–
Loan to a subsidiary	8,998	8,998	–
	56,682	56,656	26
Financial liabilities			
Group			
Loans and borrowings	(22,251)	(22,251)	–
Payables and accruals	(214,185)	(214,185)	–
	(236,436)	(236,436)	–
Company			
Payables and accruals	(78,017)	(78,017)	–

Notes to the Financial Statements

21. Financial Instruments (Continued)

21.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R/ (OL) RM'000	Others RM'000
1 January 2011			
Financial assets			
Group			
Trade and other receivables	207,223	191,022	16,201
Cash and cash equivalents	101,370	101,370	–
	308,593	292,392	16,201
Company			
Trade and other receivables	53,627	53,610	17
Cash and cash equivalents	34,670	34,670	–
Loan to a subsidiary	10,100	10,100	–
	98,397	98,380	17
Financial liabilities			
Group			
Loans and borrowings	(52,951)	(52,951)	–
Payables and accruals	(212,908)	(212,908)	–
	(265,859)	(265,859)	–
Company			
Loans and borrowings	(40,306)	(40,306)	–
Payables and accruals	(68,723)	(68,723)	–
	(109,029)	(109,029)	–

21.2 Net gains and losses arising from financial instruments

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Loans and receivables	**(4,580)**	(14,490)	**(222)**	(1,069)
Financial liabilities measured at amortised cost	**44**	77	**(210)**	(40)

21.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

21. Financial Instruments (Continued)

21.4 Credit risk

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

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

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

		Group	
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Malaysia	**154,891**	143,607	123,202
Singapore	**55,728**	36,406	51,036
Others	**–**	1,009	962
	210,619	181,022	175,200

Impairment losses

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

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
31 December 2012			
Not past due	**182,415**	**–**	**182,415**
Past due 1 - 30 days	**14,144**	**–**	**14,144**
Past due 31 - 60 days	**5,247**	**–**	**5,247**
Past due 61 - 90 days	**6,271**	**–**	**6,271**
Past due more than 90 days	**7,392**	**(4,850)**	**2,542**
	215,469	**(4,850)**	**210,619**
31 December 2011			
Not past due	115,429	–	115,429
Past due 1 - 30 days	32,961	–	32,961
Past due 31 - 60 days	10,767	–	10,767
Past due 61 - 90 days	12,046	–	12,046
Past due more than 90 days	25,089	(15,270)	9,819
	196,292	(15,270)	181,022

Notes to the Financial Statements

21. Financial Instruments (Continued)

21.4 Credit risk (continued)

Receivables (continued)

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
1 January 2011			
Not past due	139,982	–	139,982
Past due 1 - 30 days	11,925	–	11,925
Past due 31 - 60 days	18,544	–	18,544
Past due 61 - 90 days	2,850	–	2,850
Past due more than 90 days	5,395	(3,496)	1,899
	178,696	(3,496)	175,200

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

	Group	
	2012 RM'000	2011 RM'000
At 1 January	**(15,270)**	(3,496)
Impairment loss recognised	**(2,751)**	(12,722)
Impairment loss reversed	**1,901**	744
Impairment loss written off	**11,270**	204
At 31 December	**(4,850)**	(15,270)

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

Intercompany balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk and credit quality

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

Impairment losses

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

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

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

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

21. Financial Instruments (Continued)

21.4 Credit risk (continued)

Cash and cash equivalents (continued)

Exposure to credit risk and credit quality

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

Impairment losses

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

21.5 Liquidity risk

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

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

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

Maturity analysis

Group	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000
31 December 2012				
Payables and accruals	**215,840**	**–**	**215,840**	**215,840**
Loan from a subsidiary's non-controlling shareholder	**2,077**	**4.83%**	**2,177**	**2,177**
Bank borrowings	**5,000**	**4.66% - 4.68%**	**5,058**	**5,058**
	222,917	**–**	**223,075**	**223,075**
31 December 2011				
Payables and accruals	210,499	–	210,499	210,499
Loan from a subsidiary's non-controlling shareholder	3,686	4.55% - 4.85%	3,859	3,859
Bank borrowings	22,251	3.40% - 6.25%	22,519	22,519
	236,436	–	236,877	236,877
1 January 2011				
Payables and accruals	208,622	–	208,622	208,622
Loan from a subsidiary's non-controlling shareholder	4,286	3.78% - 4.53%	4,464	4,464
Bank borrowings	52,951	2.96% - 3.09%	54,553	54,553
	265,859	–	267,639	267,639

21. Financial Instruments (Continued)

21.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000
31 December 2012				
Payables and accruals	**88,277**	**–**	**88,277**	**88,277**
31 December 2011				
Payables and accruals	78,017	–	78,017	78,017
1 January 2011				
Payables and accruals	68,723	–	68,723	68,723
Bank borrowings	40,306	2.96% - 3.09%	40,618	40,618
	109,029	–	109,341	109,341

21.6 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.

21.6.1 Currency risk

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

Risk management objectives, policies and processes for managing the risk

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

Currency risk sensitivity analysis

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

21.6.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

21. Financial Instruments (Continued)

21.6 Market risk (continued)

21.6.2 Interest rate risk (continued)

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		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Fixed rate instruments						
Deposits with licensed banks	**2,030**	1,554	29,133	**1,430**	1,554	16,545
Short term bank loan	**–**	(14,251)	(10,645)	**–**	–	–
Floating rate instruments						
Loan to a subsidiary	**–**	–	–	**4,848**	8,998	10,100
Loan from a subsidiary's non-controlling shareholder	**(2,077)**	(3,686)	(4,286)	**–**	–	–
Revolving credits	**(5,000)**	(8,000)	(42,306)	**–**	–	(40,306)

Interest rate risk sensitivity analysis

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

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

21.7 Fair value of financial instruments

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

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

22. Capital Management

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

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

Notes to the Financial Statements

23. Operating Leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Less than one year	**3,960**	3,078	1,567	**250**	389	343
Between one and five years	**2,737**	3,622	387	**60**	78	65
	6,697	6,700	1,954	**310**	467	408

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.

24. Capital Commitments

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Capital expenditure commitments						
Plant and equipment						
Authorised and contracted for	**3,759**	570	–	**2,628**	–	–
Authorised but not contracted for	**1,109**	–	330	**1,109**	–	119
	4,868	570	330	**3,737**	–	119

25. Related Parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if 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 Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has a related party relationship with the holding company and its related corporations, its subsidiaries (see Note 5), an associate (see Note 6), a jointly-controlled entity (see Note 7), Directors and key management personnel.

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

25. Related Parties (Continued)

Identity of related parties (continued)

Details of the related party transactions (other than key management personnel remuneration disclosed in Note 16 to the financial statements) with the Group are as follows:

	Transaction value year ended 31 December	
	2012 RM'000	2011 RM'000
Group		
Immediate holding company		
Management fees payable	**4,144**	3,824
Purchases of materials and products	**919**	911
Reimbursement of expenses	**11,559**	9,393
Royalties payable	**31,624**	22,062
Related companies		
Purchases of materials and products	**23,835**	31,237
Purchases of services	**452**	446
Sale of goods and services	**3,602**	1,235
Rental of premises	**817**	754
Others	**196**	684
Company		
Immediate holding company		
Management fees payable	**3,036**	2,810
Purchases of materials and products	**759**	623
Reimbursement of expenses	**7,989**	7,401
Royalties payable	**5,861**	5,483
Subsidiaries		
Sale of goods and services	**757,911**	745,544
Transfer of property, plant and equipment at net book value	**3**	–
Transfer of intangible assets at net book value	**3,485**	–
Management fee received	**11,500**	11,500
Rental income	**840**	840
Dividend income	**126,459**	121,337
Interest received	**319**	427
Related companies		
Purchases of services	**452**	446
Purchases of materials and products	**1,724**	19,923

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 8 and 13.

Notes to the Financial Statements

26. Explanation of Transition to MFRSs

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the year ended 31 December 2012, the comparative information presented in these financial statements for the year ended 31 December 2011 and in the preparation of the opening MFRS statement of financial position at 1 January 2011 (the Group's date of transition to MFRSs).

In preparing the opening consolidated statement of financial position at 1 January 2011, the Group has adjusted amounts reported previously in financial statements prepared in accordance with FRSs. An explanation of how the transition from FRSs to MFRSs has affected the Group's financial position and financial performance is set out as follows:

26.1 Reconciliation of financial position

		1.1.2011			31.12.2011		
Group	Note	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Assets							
Property, plant and equipment	26.4 a	143,890	–	143,890	146,631	–	146,631
Intangible assets	26.4 c(ii)	398,452	(390,507)	7,945	410,924	(399,336)	11,588
Investment in an associate		26,337	–	26,337	33,407	–	33,407
Other assets		349	–	349	356	–	356
Deferred tax assets		–	–	–	36	–	36
Total non-current assets		569,028	(390,507)	178,521	591,354	(399,336)	192,018
Inventories		48,834	–	48,834	62,538	–	62,538
Receivables, deposits and prepayments		207,223	–	207,223	231,108	–	231,108
Current tax assets		4,566	–	4,566	3,662	–	3,662
Cash and cash equivalents		101,370	–	101,370	72,196	–	72,196
Total current assets		361,993	–	361,993	369,504	–	369,504
Total assets		931,021	(390,507)	540,514	960,858	(399,336)	561,522
Equity							
Share capital		154,039	–	154,039	154,039	–	154,039
Share premium		7,367	–	7,367	7,367	–	7,367
Other reserves	26.4 e	(20,211)	12,575	(7,636)	(11,397)	5,021	(6,376)
Retained earnings	26.4 d	438,232	(346,706)	91,526	477,124	(346,706)	130,418
Equity attributable to owners of the Company		579,427	(334,131)	245,296	627,133	(341,685)	285,448
Non-controlling interests		2,696	–	2,696	3,916	–	3,916
Total equity		582,123	(334,131)	247,992	631,049	(341,685)	289,364
Liabilities							
Deferred tax liabilities	26.4 c(ii)	72,827	(56,376)	16,451	76,033	(57,651)	18,382
Total non-current liabilities		72,827	(56,376)	16,451	76,033	(57,651)	18,382

26. Explanation of Transition to MFRSs (Continued)

26.1 Reconciliation of financial position (continued)

Group	Note	1.1.2011 FRSs RM'000	1.1.2011 Effect of transition to MFRSs RM'000	1.1.2011 MFRSs RM'000	31.12.2011 FRSs RM'000	31.12.2011 Effect of transition to MFRSs RM'000	31.12.2011 MFRSs RM'000
Payables and accruals		212,908	–	212,908	214,185	–	214,185
Current tax liabilities		10,212	–	10,212	17,340	–	17,340
Loans and borrowings		52,951	–	52,951	22,251	–	22,251
Total current liabilities		276,071	–	276,071	253,776	–	253,776
Total liabilities		348,898	(56,376)	292,522	329,809	(57,651)	272,158
Total equity and liabilities		931,021	(390,507)	540,514	960,858	(399,336)	561,522

Company

A reconciliation of financial position has not been presented for the Company level because there is no material financial impact other than the reclassification of revaluation reserve to retained earnings as discussed in Notes 26.4 (a), (b), (d) and (e).

26.2 Reconciliation of comprehensive income for the year ended 31 December 2011

Group	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Revenue	1,489,356	–	1,489,356
Cost of sales	(949,302)	–	(949,302)
Gross profit	540,054	–	540,054
Other income	3,128	–	3,128
Sales and distribution expenses	(275,942)	–	(275,942)
Administrative expenses	(44,166)	–	(44,166)
Other expenses	(7,038)	–	(7,038)
Results from operating activities	216,036	–	216,036
Finance income	783	–	783
Finance costs	(4,385)	–	(4,385)
Operating profit	212,434	–	212,434
Share of profit of equity accounted associate, net of tax	7,940	–	7,940
Profit before tax	220,374	–	220,374
Tax expense	(52,994)	–	(52,994)
Profit for the year	167,380	–	167,380

26. Explanation of Transition to MFRSs (Continued)

26.2 Reconciliation of comprehensive income for the year ended 31 December 2011 (continued)

Group	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Other comprehensive income			
Foreign currency translation			
differences for foreign operations	9,236	(7,554)	1,682
Total comprehensive income for the year	176,616	(7,554)	169,062

Company

A reconciliation of comprehensive income has not been presented for the Company level because there is no financial impact.

26.3 Material adjustments to the statements of cash flows for 2011

There are no material differences between the statement of cash flows presented under MFRSs and the statement of cash flows presented under FRSs.

26.4 Notes to reconciliations

(a) Property, plant and equipment – deemed cost exemption – previous revaluation

When preparing the financial statements using FRSs, the Group and the Company had availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment in 2000. Certain freehold land and buildings were revalued in 1981 and no later valuation was recorded for these property, plant and equipment (except in the case of impairment adjustments based on valuation).

Upon transition to MFRSs, the Group and the Company elected to apply the optional exemption to use that previous revaluation as deemed cost. The revaluation reserve of RM4.7 million at 1 January 2011 and 31 December 2011 was reclassified to retained earnings.

The impact arising from the change is summarised as follows:

	Group		Company	
	1.1.2011 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2011 RM'000
Consolidated statement of financial position				
Decrease in revaluation reserve	(4,747)	(4,747)	(4,747)	(4,747)
Increase in retained earnings	4,747	4,747	4,747	4,747

(b) Foreign currency translation differences

In previous years financial statements, the Group recognised foreign currency translation differences in other comprehensive income and accumulated the amount in the foreign currency translation reserve in equity.

Upon transition to MFRSs, the Group has elected to deem all foreign currency translation differences that arose prior to the date of transition in respect of all foreign operations to be nil at the date of transition.

26. Explanation of Transition to MFRSs (Continued)

26.4 Notes to reconciliations (continued)

(b) Foreign currency translation differences (continued)

	Group		Company	
	1.1.2011 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2011 RM'000
Consolidated statement of financial position				
Increase in exchange reserve	17,322	9,768	–	–
Decrease in retained earnings	(17,322)	(9,768)	–	–

(c) Business combinations

(i) Common control transaction

Under FRS 3, Business Combinations, the Group had accounted for its acquisition of Carlsberg Singapore Pte. Ltd. ("CSPL") from Carlsberg Asia Pte. Ltd. via the acquisition accounting method. Upon transition to MFRSs, the Group has elected to restate all business combinations using the accounting policy as set out in Note 2(a) from the date of business combination of CSPL. Consequently, the acquisition of CSPL has been reevaluated using the accounting policy applicable to common control business combination. All prior recognition of goodwill, distribution rights and deferred tax liabilities arising from the acquisition were reversed into retained earnings.

(ii) Foreign exchange on fair value adjustments and goodwill

	Group	
	1.1.2011 RM'000	31.12.2011 RM'000
Consolidated statement of financial position		
Decrease in goodwill	(59,026)	(60,360)
Decrease in distribution rights	(331,481)	(338,976)
Total decrease in intangible assets	(390,507)	(399,336)
Consolidated statement of financial position		
Decrease in deferred tax liabilities	(56,376)	(57,651)
Decrease in retained earnings	(334,131)	(341,685)

Notes to the Financial Statements

26. Explanation of Transition to MFRSs (Continued)

26.4 Notes to reconciliations (continued)

(d) Retained earnings

The changes that affected the retained earnings are as follows:

	Note	Group 1.1.2011 RM'000	Group 31.12.2011 RM'000	Company 1.1.2011 RM'000	Company 31.12.2011 RM'000
Adjustment of:					
Revaluation reserve	a	4,747	4,747	4,747	4,747
Foreign currency translation reserve	b	(17,322)	(9,768)	–	–
Business combinations	c(ii)	(334,131)	(341,685)	–	–
(Decrease)/Increase in retained earnings		(346,706)	(346,706)	4,747	4,747

(e) Other reserves

	Note	Group 1.1.2011 RM'000	Group 31.12.2011 RM'000	Company 1.1.2011 RM'000	Company 31.12.2011 RM'000
Adjustment of:					
Revaluation reserve	a	(4,747)	(4,747)	(4,747)	(4,747)
Foreign currency translation reserve	b	17,322	9,768	–	–
Increase/(Decrease) in other reserves		12,575	5,021	(4,747)	(4,747)

27. Supplementary Financial Information on the Breakdown of Realised and Unrealised Profits or Losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2012, into realised and unrealised profits pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained earnings of the Company and its subsidiaries:				
– realised	**527,575**	525,600	**359,108**	400,938
– unrealised	**(17,509)**	(17,867)	**(17,644)**	(17,165)
	510,066	507,733	**341,464**	383,773
Total share of retained earnings of associate:				
– realised	**16,837**	18,369	**–**	–
– unrealised	**(3,782)**	(3,106)	**–**	–
Total share of retained earnings of jointly-controlled entity:				
– realised	**–**	(13,219)	**–**	–
– unrealised	**–**	(7)	**–**	–
	523,121	509,770	**341,464**	383,773
Less: Consolidation adjustments	**(374,408)**	(379,352)	**–**	–
Total retained earnings	**148,713**	130,418	**341,464**	383,773

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

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