NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

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

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

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

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

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

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

- MFRS 15, *Revenue from Contracts with Customers*

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

- MFRS 9, *Financial Instruments (2014)*

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

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

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016;

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

- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

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

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations

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

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

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

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

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

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

(iii) Acquisitions from entities under common control

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

(iv) Acquisitions of non-controlling interests

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

(v) Loss of control

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vi) Associates

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

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

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

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

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

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

(vii) Non-controlling interests

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

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

(viii) Transactions eliminated on consolidation

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

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

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

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

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

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

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

(c) Financial instruments

(i) Initial recognition and measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

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

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

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

(b) Loans and receivables

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

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

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

Financial liabilities

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

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

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

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

(iii) Derecognition

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leased assets

(i) Finance lease

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

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

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

(ii) Operating lease

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

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

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

(f) Intangible assets

(i) Goodwill

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

(ii) Customised computer software

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

(iii) Subsequent expenditure

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

(iv) Amortisation

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Inventories

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

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

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

(h) Cash and cash equivalents

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

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

(i) Impairment

(i) Financial assets

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

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

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

(ii) Other assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment (continued)

(ii) Other assets (continued)

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

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

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

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

(j) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Employee benefits

(i) Short-term employee benefits

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

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

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

(ii) Termination benefits

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

(iii) Share-based payment transactions

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

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

(l) Provisions

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

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

(m) Revenue and other income

(i) Goods sold

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Revenue and other income (continued)

(ii) Dividend income

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

(iii) Interest income

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

(n) Borrowing costs

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

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

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

(o) Income tax

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Earnings per ordinary share

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

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

(q) Operating segments

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

(r) Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

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

(s) Fair value measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

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

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Depreciation										
At 1 January 2013		3,016	–	24,407	233	270,103	13,654	36,183	–	347,596
Depreciation for the year	14	122	–	1,542	187	11,269	3,722	5,462	–	22,304
Disposals		–	–	–	–	–	(4,193)	(103)	–	(4,296)
Written off		–	–	–	(187)	(124)	–	(486)	–	(797)
Effect of movements in exchange rates		–	–	–	6	(2)	–	22	–	26
At 31 December 2013/ 1 January 2014		**3,138**	**–**	**25,949**	**239**	**281,246**	**13,183**	**41,078**	**–**	**364,833**
Depreciation for the year	14	**123**	**–**	**1,627**	**42**	**12,897**	**4,180**	**4,625**	**–**	**23,494**
Disposals		**–**	**–**	**–**	**–**	**(57)**	**(3,978)**	**(2,039)**	**–**	**(6,074)**
Written off		**–**	**–**	**–**	**–**	**(1,042)**	**–**	**(537)**	**–**	**(1,579)**
Transfers		**–**	**–**	**(8)**	**(111)**	**985**	**12**	**(878)**	**–**	**–**
Effect of movements in exchange rates		**–**	**–**	**1**	**3**	**38**	**(1)**	**48**	**–**	**89**
At 31 December 2014		**3,261**	**–**	**27,569**	**173**	**294,067**	**13,396**	**42,297**	**–**	**380,763**
Carrying amounts										
At 1 January 2013		7,555	19,097	32,138	352	69,557	11,916	10,679	7,148	158,442
At 31 December 2013/ 1 January 2014		**7,433**	**19,097**	**31,699**	**215**	**80,959**	**13,184**	**9,177**	**3,212**	**164,976**
At 31 December 2014		**7,310**	**19,097**	**30,720**	**468**	**72,687**	**9,840**	**9,815**	**4,406**	**154,343**

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Leasehold land

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

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

4. INTANGIBLE ASSETS

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

NOTES TO THE FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS (CONTINUED)

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

4.1 Impairment testing for cash-generating units containing goodwill

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

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

4. INTANGIBLE ASSETS (CONTINUED)

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

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

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

5. INVESTMENTS IN SUBSIDIARIES

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

The following are the subsidiaries of the Group:

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

\# *Audited by a member firm of KPMG International.*
^ *Audited by a non-KPMG firm.*

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

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT IN AN ASSOCIATE

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

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

Summary financial information on associate:

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

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

7. RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

7.1 Amounts due from immediate holding, subsidiaries and related companies

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

7.2 Prepayments

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

NOTES TO THE FINANCIAL STATEMENTS

8. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2014 RM'000**	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Property, plant and equipment	**–**	–	**(19,319)**	(19,967)	**(19,319)**	(19,967)
Others	**5,779**	2,927	**–**	–	**5,779**	2,927
Tax assets/(liabilities)	**5,779**	2,927	**(19,319)**	(19,967)	**(13,540)**	(17,040)
Set off of tax	**(3,313)**	(2,891)	**3,313**	2,891	**–**	–
Net tax assets/(liabilities)	**2,466**	36	**(16,006)**	(17,076)	**(13,540)**	(17,040)
Company						
Property, plant and equipment	**–**	–	**(17,238)**	(17,351)	**(17,238)**	(17,351)
Others	**1,623**	991	**–**	–	**1,623**	991
Tax assets/(liabilities)	**1,623**	991	**(17,238)**	(17,351)	**(15,615)**	(16,360)
Set off of tax	**(1,623)**	(991)	**1,623**	991	**–**	–
Net tax liabilities	**–**	–	**(15,615)**	(16,360)	**(15,615)**	(16,360)

Movement in temporary differences during the year

Group	**At 1.1.2013 RM'000**	**Recognised in profit or loss (Note 16) RM'000**	**At 1.1.2014 RM'000**	**Recognised in profit or loss (Note 16) RM'000**	**At 31.12.2014 RM'000**
Property, plant and equipment	(22,871)	2,904	**(19,967)**	648	**(19,319)**
Others	3,094	(167)	**2,927**	2,852	**5,779**
	(19,777)	2,737	**(17,040)**	3,500	**(13,540)**
Company					
Property, plant and equipment	(21,040)	3,689	**(17,351)**	112	**(17,239)**
Others	546	445	**991**	633	**1,624**
	(20,494)	4,134	**(16,360)**	745	**(15,615)**

9. INVENTORIES

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Finished goods	**49,476**	35,386	**11,298**	9,163
Work-in-progress	**4,019**	2,457	**4,019**	2,457
Raw, packaging and other materials	**8,713**	8,394	**8,583**	8,314
Spare parts for machinery	**4,161**	3,470	**3,601**	3,275
	66,369	49,707	**27,501**	23,209

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Recognised in profit or loss:				
Allowance for inventories written down	**779**	320	**300**	300
Finished goods written off	**–**	2,032	**304**	162

10. CASH AND CASH EQUIVALENTS

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

11. SHARE CAPITAL AND RESERVES

Share capital

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

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

NOTES TO THE FINANCIAL STATEMENTS

11. SHARE CAPITAL AND RESERVES (CONTINUED)

Reserves

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

11.1 Capital reserve

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

11.2 Exchange reserve

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

11.3 Share option reserve

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

11.4 Treasury shares

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

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

* After adjusting for the share split exercise in 2005.

11.5 Put option reserve

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

11. SHARE CAPITAL AND RESERVES (CONTINUED)

11.6 Retained earnings

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

12. PAYABLES AND ACCRUALS

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

12.1 Amounts due to immediate holding company and related companies

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

13. LOANS AND BORROWINGS

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

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

14. OPERATING PROFIT

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

15. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS

16. TAX EXPENSE

Recognised in profit or loss

Major components of tax expense include:

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Current tax expense				
Malaysian				
- current year	**52,865**	44,788	**10,088**	8,771
- over provision in prior year	**(2,148)**	(478)	**(683)**	(753)
Overseas				
- current year	**10,113**	8,269	**–**	–
- under/(over) provision in prior year	**1**	(33)	**–**	–
	60,831	52,546	**9,405**	8,018
Deferred tax expense				
Origination and reversal of temporary differences	**(3,418)**	(325)	**(1,483)**	(249)
(Over)/Under provision in prior year	**(82)**	(2,412)	**738**	(3,885)
Total deferred tax	**(3,500)**	(2,737)	**(745)**	(4,134)
Total tax expense	**57,331**	49,809	**8,660**	3,884

Reconciliation of tax expense

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Profit before tax	**274,252**	236,429	**157,748**	149,895
Share of profit of equity accounted associate, net of tax	**(10,991)**	(5,878)	**–**	–
Profit before tax excluding share of profit after tax of equity accounted associate	**263,261**	230,551	**157,748**	149,895
Tax at Malaysian tax rate of 25% (2013: 25%)	**65,815**	57,638	**39,437**	37,474
Effect of tax in foreign jurisdiction	**(5,102)**	(4,000)	**–**	–
Non taxable income	**(543)**	(547)	**(32,279)**	(29,783)
Non-deductible expenses	**2,240**	2,054	**1,448**	831
Double deduction on permitted expenses	**(2,525)**	(2,383)	**–**	–
Other items	**(760)**	(163)	**–**	–
Current year losses for which no deferred tax asset was recognised	**435**	133	**–**	–
	59,560	52,732	**8,606**	8,522
(Over)/Under provision in prior year	**(2,229)**	(2,923)	**54**	(4,638)
Tax expense	**57,331**	49,809	**8,660**	3,884

17. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

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

Profit attributable to ordinary shareholders

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

Weighted average number of ordinary shares

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

18. DIVIDENDS

Dividends recognised in the current year by the Company are:

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

NOTES TO THE FINANCIAL STATEMENTS

18. DIVIDENDS (CONTINUED)

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

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

19. OPERATING SEGMENTS

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

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

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

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

Segment assets, liabilities and capital expenditures

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

19. OPERATING SEGMENTS (CONTINUED)

Segment assets, liabilities and capital expenditures (continued)

	Malaysia RM'000	Singapore RM'000	Others RM'000	Total RM'000
2014				
Segment profit	203,855	64,092	–	267,947
Included in the measure of segment profit are:				
Revenue from external customers	1,221,229	413,867	–	1,635,096
Inter-segment revenue	54,956	–	–	54,956
Depreciation and amortisation	24,319	1,784	–	26,103
Not included in the measure of segment profit but provided to Managing Director:				
Finance costs	(4,887)	(314)	–	(5,201)
Interest income	951	–	–	951
Income tax expense	(47,311)	(10,020)	–	(57,331)
Share of profit of equity accounted associate, net of tax	–	–	10,991	10,991

	Malaysia RM'000	Singapore RM'000	Others RM'000	Total RM'000
2013				
Segment profit	184,251	50,637	–	234,888
Included in the measure of segment profit are:				
Revenue from external customers	1,219,324	335,825	–	1,555,149
Inter-segment revenue	54,110	–	–	54,110
Depreciation and amortisation	23,158	1,541	–	24,699
Not included in the measure of segment profit but provided to Managing Director:				
Finance costs	(4,682)	(636)	–	(5,318)
Interest income	977	–	–	977
Income tax expense	(41,598)	(8,211)	–	(49,809)
Share of profit of equity accounted associate, net of tax	–	–	5,878	5,878

NOTES TO THE FINANCIAL STATEMENTS

19. OPERATING SEGMENTS (CONTINUED)

Reconciliations of segment profit or loss

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

Geographical segments

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

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

Major customers

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

20. FINANCIAL INSTRUMENTS

20.1 Categories of financial instruments

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

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

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.1 Categories of financial instruments (continued)

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

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.1 Categories of financial instruments (continued)

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

* excluding prepayments

20.2 Net gains and losses arising from financial instruments

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

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

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

20.4 Credit risk

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

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.4 Credit risk (continued)

Receivables (continued)

Impairment losses

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

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

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

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

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

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

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.4 Credit risk (continued)

Intercompany balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk and credit quality

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

Impairment losses

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

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

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

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

Exposure to credit risk and credit quality

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

Impairment losses

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

20.5 Liquidity risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.5 Liquidity risk (continued)

Maturity analysis

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

* excluding put option reserve

20.6 Market risk

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

20.6.1 Currency risk

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

Risk management objectives, policies and processes for managing the risk

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

Currency risk sensitivity analysis

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

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.6 Market risk (continued)

20.6.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to interest rate risk

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

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

Interest rate risk sensitivity analysis

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

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

20.7 Fair value of financial instruments

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

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

21. CAPITAL MANAGEMENT

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

NOTES TO THE FINANCIAL STATEMENTS

22. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

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

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

23. CAPITAL COMMITMENTS

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

24. CONTINGENT LIABILITIES

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

(i) Excise duty amounting to RM35,698,219.81 for period 1 July 2011 to 14 January 2014;

(ii) Sales tax amounting to RM13,763,381.02 and penalty amounting to RM6,881,690.56 for period of 1 July 2011 to 14 January 2014.

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

25. RELATED PARTIES

Identity of related parties

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

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

25. RELATED PARTIES (CONTINUED)

Identity of related parties (continued)

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

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

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

	Transaction value for year ended 31 December	
	Company	
	2014 RM'000	2013 RM'000
Subsidiaries		
Sale of goods and services	**755,514**	766,890
Management fee received	**11,500**	11,500
Rental income	**840**	840
Dividend income	**126,943**	116,880
Interest received	**3**	132

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

Outstanding balances are disclosed accordingly in Notes 7 and 12.

NOTES TO THE FINANCIAL STATEMENTS

26. ACQUISITIONS OF SUBSIDIARIES

26.1 Acquisition of subsidiary – MayBev Pte. Ltd.

On 3 April 2014, the Group via its wholly owned subsidiary, Carlsberg Singapore Pte. Ltd., acquired 51% shares in MayBev Pte. Ltd. For RM6,071,000, satisfied in cash. The company is the sole distributor for “Asahi” brand Japanese beer in Singapore. The company’s principal activity is as disclosed in Note 5. In the nine months to 31 December 2014, the subsidiary contributed revenue of RM41,699,000 and profit of RM4,720.000.

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

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

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

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

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

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