

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 Board of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

Registered office and principal place of business

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

The consolidated financial statements as at and for the year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in an associate and a jointly-controlled entity. The financial statements of the Company as at and for the year ended 31 December 2011 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 approved by the Board of Directors on 19 March 2012.

1. Basis of Preparation

(a) Statement of compliance

The financial statements of the Group have been prepared in accordance with Financial Reporting Standards (“FRSs”), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

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

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, Related Party Disclosures (revised)
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7, Financial Instruments: Disclosures – Transfers of Financial Assets
- Amendments to FRS 112, Income Taxes – Deferred Tax: Recovery of Underlying Assets

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments To FRS 101, Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

1. Basis of Preparation (Continued)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 9, Financial Instruments (2009)
- FRS 9, Financial Instruments (2010)
- FRS 10, Consolidated Financial Statements
- FRS 11, Joint Arrangements
- FRS 12, Disclosure of Interests in Other Entities
- FRS 13, Fair Value Measurement
- FRS 119, Employee Benefits (2011)
- FRS 127, Separate Financial Statements (2011)
- FRS 128, Investments in Associates and Joint Ventures (2011)

The Group and Company's financial statements for annual period beginning on 1 January 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB that complies fully with International Financial Reporting Standards ("IFRSs"). As a result, the Group and Company will not be adopting the above FRSs, Interpretations and amendments.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 4 – Intangible assets.

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 the Group entities, other than those disclosed in Note 2(a) – Basis of consolidation.

(a) Basis of consolidation

(i) Subsidiaries

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

Notes to the Financial Statements

2. Significant Accounting Policies (Continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for 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.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 January 2011 the Group has applied FRS 3, *Business Combinations* (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share in prior years.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

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

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, 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.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards ("replacement awards") are required to be exchanged for awards held by the acquiree's employees ("acquiree's awards") and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 January 2006 and 1 January 2011

For acquisitions between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

2. Significant Accounting Policies (Continued)

(a) Basis of consolidation (continued)

(ii) Accounting for business combinations (continued)

Acquisitions between 1 January 2006 and 1 January 2011 (continued)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2006

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) Accounting for acquisitions of non-controlling interests

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

(iv) Loss of control

The Group applied FRS 127, *Consolidated and Separate Financial Statements* (revised) since the beginning of the reporting period in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share in prior year. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

(v) Associates

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

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

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

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

Notes to the Financial Statements

2. Significant Accounting Policies (Continued)

(a) Basis of consolidation (continued)

(vi) *Jointly-controlled entities*

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

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

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

(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.

Since the beginning of the reporting period, the Group has applied FRS 127, *Consolidated and Separate Financial Statements* (revised) where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share in prior years.

In the previous financial years, where losses applicable to the non-controlling interests exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

(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 investees are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) *Foreign currency transactions*

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

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

2. Significant Accounting Policies (Continued)

(b) Foreign currency (continued)

(i) *Foreign currency transactions (continued)*

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

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a cash flow hedge of currency risk, which are recognised in other comprehensive income.

(ii) *Operations denominated in functional currencies other than RM*

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and 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 foreign currency translation reserve ("FCTR") 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 FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

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

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

(c) Financial instruments

(i) *Initial recognition and measurement*

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

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

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

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 held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

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

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

(iii) Derecognition

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

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

2. Significant Accounting Policies (Continued)

(d) Property, plant and equipment

(i) Recognition and measurement

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

Revalued property, plant and equipment where no revaluation policy is adopted

The Group and the Company has availed itself to the transitional provision when MASB first adopted FRS 116₂₀₀₄, *Property, plant and equipment* in 2000. Certain buildings of the Group and of the Company were revalued in 1981 and no later valuation has been recorded for these property, plant and equipment.

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

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing a part 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 part will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

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

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

Notes to the Financial Statements

2. Significant Accounting Policies (Continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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

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

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

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition of 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 in 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 unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. 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.

(f) Intangible assets

(i) Goodwill

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

(ii) Distribution rights

Distribution rights are measured at cost less any accumulated impairment losses.

2. Significant Accounting Policies (Continued)

(f) Intangible assets (continued)

(iii) 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.

(iv) 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.

(v) Amortisation

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

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

Other intangible assets are amortised from the date they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

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

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

(g) Inventories

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

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

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

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash in 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).

Notes to the Financial Statements

2. Significant Accounting Policies (Continued)

(i) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries, associate and jointly-controlled entity) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

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

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

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax 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 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 groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its 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 units and then to reduce the carrying amount of the other assets in the unit (groups of 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 year in which the reversals are recognised.

2. Significant Accounting Policies (Continued)

(j) Equity instruments

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

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

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

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(k) Employee benefits

(i) Short term employee benefits

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

Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

A provision 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 year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Termination benefits

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

(iii) Share-based payment transactions

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

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

Notes to the Financial Statements

2. Significant Accounting Policies (Continued)

(l) Provisions

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

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

(m) Income recognition

(i) Revenue

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

(ii) Dividend income

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

(iii) Interest income

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

(n) Borrowing costs

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

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

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

(o) Income tax

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

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

2. Significant Accounting Policies (Continued)

(o) Income tax (continued)

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

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

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

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

(p) Earnings per ordinary share

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

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

(q) Operating segments

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

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/Valuation										
At 1 January 2010		10,571	19,097	53,888	-	316,580	24,068	50,175	3,498	477,877
Additions		-	194	470	470	6,591	5,164	3,960	7,473	23,852
Disposals		-	-	-	-	-	(3,802)	(1,254)	-	(5,056)
Written off		-	-	-	-	(98)	-	(854)	-	(952)
Transfers		-	-	(35)	35	-	-	-	-	-
Effect of movements in exchange rates		-	-	6	-	8	-	9	-	23
At 31 December 2010/										
1 January 2011		10,571	19,097	54,053	505	323,081	25,430	52,036	10,971	495,744
Additions		-	-	844	58	5,290	4,480	3,531	13,498	27,701
Disposals		-	-	-	-	(9,499)	(6,979)	(794)	-	(17,272)
Written off		-	-	-	(112)	(8,570)	-	(13,934)	-	(22,616)
Transfers		-	-	715	-	15,054	211	435	(20,337)	(3,922)
Effect of movements in exchange rates		-	-	-	(7)	13	(7)	(29)	-	(30)
At 31 December 2011		10,571	19,097	55,612	444	325,369	23,135	41,245	4,132	479,605

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 2010		2,649	-	20,250	-	257,455	16,109	42,994	-	339,457
Depreciation for the year	15	123	-	1,319	43	9,176	3,449	3,588	-	17,698
Disposals		-	-	-	-	-	(3,151)	(1,254)	-	(4,405)
Written off		-	-	-	-	(93)	(3)	(826)	-	(922)
Effect of movements in exchange rates		-	-	6	-	8	-	12	-	26
At 31 December 2010/										
1 January 2011		2,772	-	21,575	43	266,546	16,404	44,514	-	351,854
Depreciation for the year	15	122	-	1,361	61	10,366	3,754	3,422	-	19,086
Disposals		-	-	-	-	(8,133)	(6,636)	(742)	-	(15,511)
Written off		-	-	-	(19)	(8,554)	-	(13,847)	-	(22,420)
Effect of movements in exchange rates		-	-	-	(2)	(5)	(5)	(23)	-	(35)
At 31 December 2011		2,894	-	22,936	83	260,220	13,517	33,324	-	332,974
Carrying amounts										
At 1 January 2010		7,922	19,097	33,638	-	59,125	7,959	7,181	3,498	138,420
At 31 December 2010/										
1 January 2011		7,799	19,097	32,478	462	56,535	9,026	7,522	10,971	143,890
At 31 December 2011		7,677	19,097	32,676	361	65,149	9,618	7,921	4,132	146,631

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/Valuation									
At 1 January 2010									
Additions		10,399	18,952	52,937	315,680	3,814	17,545	3,498	422,825
Disposals		-	-	149	6,591	363	527	6,891	14,521
Written off		-	-	-	-	(1,852)	(320)	-	(2,172)
Transfer to a subsidiary		-	-	-	(98)	-	(93)	-	(191)
At 31 December 2010/									
1 January 2011									
Additions		10,399	18,952	53,086	322,173	2,168	17,659	10,389	434,826
Disposals		-	-	767	4,303	-	1,013	13,498	19,581
Written off		-	-	-	(9,183)	(102)	(170)	-	(9,455)
Transfer		-	-	709	(8,566)	-	(17)	-	(8,583)
At 31 December 2011									
		10,399	18,952	54,562	323,757	2,066	18,579	4,132	432,447
Depreciation									
At 1 January 2010									
Depreciation for the year	15	2,589	-	20,007	257,586	2,243	15,896	-	298,321
Disposals		118	-	1,295	9,176	564	833	-	11,986
Written off		-	-	-	-	(1,531)	(315)	-	(1,846)
Transfer to a subsidiary		-	-	-	(93)	-	(92)	-	(185)
At 31 December 2010/									
1 January 2011									
Depreciation for the year	15	2,707	-	21,302	266,657	1,184	16,322	-	308,172
Disposals		118	-	1,332	9,861	408	816	-	12,535
Written off		-	-	-	(7,865)	(102)	(133)	-	(8,100)
Transfer to a subsidiary		-	-	-	(8,554)	-	(13)	-	(8,567)
At 31 December 2011									
		2,825	-	22,634	260,099	1,490	16,992	-	304,040
Carrying amounts									
At 1 January 2010									
		7,810	18,952	32,930	58,094	1,571	1,649	3,498	124,504
At 31 December 2010/									
1 January 2011									
		7,692	18,952	31,784	55,516	984	1,337	10,389	126,654
At 31 December 2011									
		7,574	18,952	31,928	63,658	576	1,587	4,132	128,407

3. Property, Plant and Equipment (Continued)

3.1 Analysis of cost and valuation for leasehold land and buildings

Certain buildings and leasehold land of the Group and of the Company were revalued in 1981 by independent professional qualified valuers using an open market value method. These assets have continued to be stated on the basis of their 1981 valuations, as allowed by the transitional provision in FRS 116₂₀₀₄.

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Buildings				
Cost	47,334	45,775	46,284	44,808
Valuation – 1981	8,278	8,278	8,278	8,278
	55,612	54,053	54,562	53,086
Leasehold land				
Cost	527	527	355	355
Valuation – 1981	10,044	10,044	10,044	10,044
	10,571	10,571	10,399	10,399

The Group has availed itself to the transitional provision when the MASB first issued FRS 116₂₀₀₄, *Property, Plant and Equipment* in 2000. Due to the absence of historical records, the Group is not able to provide the carrying amounts of the revalued leasehold land and buildings had they been carried under the cost model.

3.2 Leasehold land

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unexpired lease period less than 50 years	103	107	–	–
Unexpired lease period more than 50 years	7,574	7,692	7,574	7,692
	7,677	7,799	7,574	7,692

Notes to the Financial Statements

4. Intangible Assets

Group	Note	Goodwill RM'000	Distribution rights RM'000	Computer software RM'000	Total RM'000
Cost					
At 1 January 2010		42,407	338,910	8,881	390,198
Additions		23,452	-	1,254	24,706
Written off		-	-	(34)	(34)
Effect of movements in exchange rates		(469)	(7,429)	(14)	(7,912)
At 31 December 2010/1 January 2011		65,390	331,481	10,087	406,958
Additions		-	-	767	767
Written off		-	-	(363)	(363)
Transfer from property, plant and equipment	3	-	-	3,922	3,922
Effect of movements in exchange rates		1,282	7,495	12	8,789
At 31 December 2011		66,672	338,976	14,425	420,073
Amortisation					
At 1 January 2010		-	-	7,426	7,426
Amortisation for the year	15	-	-	1,125	1,125
Written off		-	-	(34)	(34)
Effect of movements in exchange rates		-	-	(11)	(11)
At 31 December 2010/1 January 2011		-	-	8,506	8,506
Amortisation for the year	15	-	-	1,004	1,004
Written off		-	-	(363)	(363)
Effect of movements in exchange rates		-	-	2	2
At 31 December 2011		-	-	9,149	9,149
Carrying amounts					
At 1 January 2010		42,407	338,910	1,455	382,772
At 31 December 2010/1 January 2011		65,390	331,481	1,581	398,452
At 31 December 2011		66,672	338,976	5,276	410,924

4. Intangible Assets (Continued)

Company	Note	Computer software RM'000
Cost		
At 1 January 2010		7,081
Additions		343
At 31 December 2010/1 January 2011		7,424
Additions		474
Transfer from property, plant and equipment	3	3,922
At 31 December 2011		11,820
Amortisation		
At 1 January 2010		6,152
Amortisation for the year	15	726
At 31 December 2010/1 January 2011		6,878
Amortisation for the year	15	507
At 31 December 2011		7,385
Carrying amounts		
At 1 January 2010		929
At 31 December 2010/1 January 2011		546
At 31 December 2011		4,435

4.1 Impairment testing for cash-generating units containing goodwill

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

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

	2011 RM'000	Group	2010 RM'000
Subsidiaries			
Luen Heng F & B Sdn. Bhd.	5,000		5,000
Carlsberg Singapore Pte. Ltd.	60,360		59,026
Subsidiary of a jointly-controlled entity	1,312		1,364
	66,672		65,390

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

Notes to the Financial Statements

4. Intangible Assets (Continued)

4.1 Impairment testing for cash-generating units containing goodwill (continued)

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

Luen Heng F&B Sdn. Bhd. ("LHFB")

- Projected profits are expected to approximate net cash flow.
- Profit was projected for 7 years and discounted at 9%. Management believes that this 7 years forecast period was justified due to long-term nature of the alcohol beverage business.

Carlsberg Singapore Pte. Ltd. ("CSPL")

- CSPL would have the continuing rights to distribute (Note 4.2) Carlsberg products in Singapore beyond 20 years.
- Cash flows were projected based on 9 years business projection to perpetuity and discounted at 10%.
- CSPL will continued its operations indefinitely and thus a projection beyond 9 years is used with the assumption of a long term growth rate of 1% per annum from year 10 onwards to obtain terminal projections.

Management believes that any reasonable possible change in the key assumptions would not cause the carrying amounts to exceed the recoverable amounts of the CGUs except for the assumption of CSPL's rights to distribute Carlsberg products in Singapore beyond 20 years. In the event any circumstances arise that would lead to a non-extension of the distribution rights upon the expiry of the 20 years period, the distribution rights and goodwill will need to be impaired.

4.2 Distribution rights

Distribution rights is in relation to the rights for the distribution and sale of Carlsberg products in Singapore by its subsidiary, CSPL. Carlsberg Breweries A/S ("CBAS") has waived, for a period of 20 years from 2009, its right to terminate the license granted by CBAS to CSPL to use the Carlsberg trademark and rights to distribute Carlsberg products in Singapore. After the expiry of the 20 years period, the distribution rights will continue unless terminated by either party upon 12 months prior written notice.

Management has assessed that it is unlikely that CBAS, its immediate holding company, will terminate the distribution rights after the 20 years period. Accordingly, the distribution rights is deemed to have an indefinite useful life and is not amortised.

5. Investments in Subsidiaries

	Company	
	2011 RM'000	2010 RM'000
Unquoted shares - at cost	393,672	393,672

5. Investments in Subsidiaries (Continued)

The following are the subsidiaries of the Group:

Name of company	Principal activities	Country of incorporation	Effective ownership interest	
			2011	2010
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%

Not audited by KPMG Malaysia but another member firm of KPMG International.

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

6. Investment in an Associate

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Quoted shares outside Malaysia	19,936	19,936	19,936	19,936
Share of post-acquisition reserves	13,471	6,401	-	-
	33,407	26,337	19,936	19,936
Market value				
Quoted shares outside Malaysia	104,463	97,626	-	-

Name of company	Principal activities	Country of incorporation	Effective ownership interest	
			2011	2010
Lion Brewery (Ceylon) PLC	Manufacturing, marketing and distribution of beer, stout, shandy and non-alcoholic beverages	Sri Lanka	24.6%	24.6%

Notes to the Financial Statements

6. Investment in an Associate (Continued)

Summary financial information on associate:

	2011 RM'000	2010 RM'000
Revenue (100%)	209,989	141,386
Profit (100%)	32,277	22,195
Total assets (100%)	260,778	177,479
Total liabilities (100%)	103,599	66,817

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

7. Investment in a Jointly-Controlled Entity

	2011 RM'000	Company 2010 RM'000
At cost:		
Unquoted shares	5,366	5,366
Less: Impairment loss	(5,366)	(5,366)
	-	-

Name of company	Principal activities	Country of incorporation	Proportion of ownership interest	
			2011	2010
Carlsberg Distributors Taiwan Limited ("CDTL")	Packaging, marketing, and distribution of beer, stout, shandy and non-alcoholic beverages	Taiwan	50%	50%
Subsidiary of CDTL				
Carlsberg Cottingham Ltd	Distribution of premium beers, hard liquor products and other beverages	Taiwan	75%	75%

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

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

	2011 RM'000	2010 RM'000
Long-term assets, net	1,636	1,755
Current assets, net	9,983	6,662
Current liabilities, net	(21,306)	(14,045)
Group's share of net liabilities	(9,687)	(5,628)
Revenue, net	21,675	15,267
Expenses, net	(24,549)	(17,199)
Decrease in the Group's profit for the year	(2,874)	(1,932)

8. Receivables, Deposits and Prepayments

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-current					
Loan to a subsidiary	8.1	-	-	8,998	10,100
Current					
Trade					
Trade receivables		196,292	178,696	-	-
Allowance for impairment loss	21.4	(15,270)	(3,496)	-	-
		181,022	175,200	-	-
Amount due from subsidiaries	8.2	-	-	25,036	44,835
Amount due from related companies	8.2	47	2,952	47	115
		181,069	178,152	25,083	44,950
Non-trade					
Amount due from related companies	8.2	2	-	2	-
Other receivables		5,487	5,728	1,457	2,276
Deposits		16,190	7,142	12,070	6,384
Prepayments		28,360	16,201	26	17
		50,039	29,071	13,555	8,677
		231,108	207,223	38,638	53,627

8.1 Loan to a subsidiary

The loan to a subsidiary is unsecured, and carries interest at a rate calculated as the average of the base lending rate and fixed deposit rate of Malayan Banking Berhad of 4.55% - 4.85% (2010: 3.78% - 4.53%) on such outstanding amount from time to time. The loan is repayable upon the directives by the Directors.

8.2 Amounts due from subsidiaries and related companies

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

Notes to the Financial Statements

9. Deferred Tax Liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Distribution rights	-	-	(57,651)	(56,376)	(57,651)	(56,376)
Property, plant and equipment						
- capital allowance	-	-	(18,996)	(16,931)	(18,996)	(16,931)
- revaluation	-	-	(1,025)	(1,025)	(1,025)	(1,025)
Others	1,675	1,505	-	-	1,675	1,505
Tax assets/(liabilities)	1,675	1,505	(77,672)	(74,332)	(75,997)	(72,827)
Set off of tax	(1,639)	(1,505)	1,639	1,505	-	-
Net tax assets/ (liabilities)	36	-	(76,033)	(72,827)	(75,997)	(72,827)

Company	Assets		Liabilities		Net	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Property, plant and equipment						
- capital allowance	-	-	(17,252)	(15,031)	(17,252)	(15,031)
- revaluation	-	-	(1,025)	(1,025)	(1,025)	(1,025)
Others	1,263	547	-	-	1,263	547
Tax assets/(liabilities)	1,263	547	(18,277)	(16,056)	(17,014)	(15,509)
Set off of tax	(1,263)	(547)	1,263	547	-	-
Net tax liabilities	-	-	(17,014)	(15,509)	(17,014)	(15,509)

Movement in temporary differences during the year

Group	At 1.1.2010 RM'000	Exchange differences RM'000	Recognised in profit or loss (note 17) RM'000	At 31.12.2010 RM'000	Exchange differences RM'000	Recognised in profit or loss (note 17) RM'000	At 31.12.2011 RM'000
	Distribution rights	(57,640)	1,264	-	(56,376)	(1,275)	-
Property, plant and equipment	(16,907)	-	(1,049)	(17,956)	-	(2,065)	(20,021)
Others	2,219	-	(714)	1,505	-	170	1,675
	(72,328)	1,264	(1,763)	(72,827)	(1,275)	(1,895)	(75,997)
Company							
Property, plant and equipment	(15,811)	-	(245)	(16,056)	-	(2,221)	(18,277)
Others	1,323	-	(776)	547	-	716	1,263
	(14,488)	-	(1,021)	(15,509)	-	(1,505)	(17,014)

9. Deferred Tax Liabilities (Continued)

Unrecognised deferred tax assets

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

	2011 RM'000	Group 2010 RM'000
Unutilised tax losses (100%)	6,252	5,439
Other (100%)	407	(14)
	6,659	5,425
Group's share of the unrecognised deferred tax asset	3,330	2,713

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

10. Inventories

	2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	2010 RM'000
Finished goods	48,527	32,129	8,300	6,536
Work-in-progress	2,363	2,518	2,363	2,518
Raw, packaging and other materials	7,842	9,634	7,696	9,461
Spare parts for machinery	3,806	4,553	3,310	3,904
	62,538	48,834	21,669	22,419
Recognised in profit or loss:				
Write down to net realisable value	1,832	766	725	1
Raw, packaging and other materials written off	2,338	–	2,338	–
Finished goods written off	1,889	361	823	257
	4,227	361	3,161	257

Due to the change in the design of the packaging materials in 2011, the Group wrote down the related inventories resulting in a loss of RM2.34 million (2010: Nil). All of the items above are included in cost of sales.

11. Cash and Cash Equivalents

	2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	2010 RM'000
Deposits with licensed banks	1,554	29,133	1,554	16,545
Cash and bank balances	70,642	72,237	7,492	18,125
	72,196	101,370	9,046	34,670

Notes to the Financial Statements

12. Share Capital and Reserves

Share capital

	Group and Company			
	Amount 2011 RM'000	Number of shares 2011 '000	Amount 2010 RM'000	Number of shares 2010 '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 12.4), all rights are suspended until those shares are reissued.

Reserves

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-distributable reserves:					
Share premium		7,367	7,367	7,367	7,367
Other reserves:					
Capital reserve	12.1	8,678	8,678	4,747	4,747
Exchange reserve	12.2	(8,086)	(17,322)	-	-
Share option reserve	12.3	54	476	219	773
		8,013	(801)	12,333	12,887
Distributable reserves:					
Retained earnings	12.5	477,124	438,232	379,026	381,068
Treasury shares	12.4	(12,043)	(12,043)	(12,043)	(12,043)
		473,094	425,388	379,316	381,912

12.1 Capital reserve

The capital reserve comprises revaluation reserve on long term leasehold properties held by the Company after adjusting for the potential deferred tax liability as required by FRS 112 and capitalisation of a subsidiary's retained earnings upon its bonus issue of shares previously.

The details are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revaluation reserve	4,747	4,747	4,747	4,747
Capitalisation upon bonus issue by a subsidiary	3,931	3,931	-	-
	8,678	8,678	4,747	4,747

12. Share Capital and Reserves (Continued)

12.2 Exchange reserve

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

12.3 Share option reserve

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

12.4 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 2011 and none of the previously repurchased shares were reissued, distributed as share dividends, resold or cancelled.

* After adjusting for the share split exercise in 2005.

12.5 Retained earnings

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its distributable reserves as at 31 December 2011 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

Notes to the Financial Statements

13. Payables and Accruals

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade					
Trade payables		145,064	142,980	49,069	43,706
Amount due to immediate holding company	13.1	13,948	7,351	9,444	982
Amount due to related companies	13.1	5,332	5,903	3,213	3,112
		164,344	156,234	61,726	47,800
Non-trade					
Other payables	13.2	26,537	27,405	5,085	6,943
Accrued expenses		22,264	28,303	10,167	13,301
Amount due to ultimate holding company	13.3	368	470	368	222
Amount due to related companies	13.3	672	496	671	457
		49,841	56,674	16,291	20,923
		214,185	212,908	78,017	68,723

13.1 Amount due to immediate holding company and related companies

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

13.2 Other payables

Included in other payables of the Group is a loan given to a subsidiary by its non-controlling shareholder amounting to RM3.68 million (2010: RM4.29 million). The loan is unsecured, carries interest at a rate calculated as the average of the base lending rate and fixed deposit rate of Malayan Banking Berhad of 4.55% - 4.85% (2010: 3.78% - 4.53%) on such outstanding amount from time to time and is repayable on demand.

13.3 Amount due to ultimate holding company and related companies

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

14. Loans and Borrowings

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current- unsecured				
Short term bank loan	14,251	10,645	-	-
Revolving credits	8,000	42,306	-	40,306
	22,251	52,951	-	40,306

The short term bank loan and revolving credits of the Group are subjected to interests ranging from 3.40% - 6.25% (2010: 2.96% - 3.09%) and 4.68% (2010: 2.96% - 3.09%) respectively per annum.

15. Operating Profit

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Operating profit arrived at after charging:					
Amortisation of intangible assets		1,004	1,125	507	726
Auditors' remuneration					
– Audit services		174	162	99	91
Depreciation of property, plant and equipment		19,086	17,698	12,535	11,986
Finance costs		4,385	4,594	1,954	3,108
Inventories written down to net realisable value		1,832	766	725	1
Inventories written off		4,227	361	3,161	257
Impairment loss on receivables		11,978	609	–	–
Loss on disposal of property, plant and equipment		–	–	559	–
Personnel expenses (including key management personnel):					
– Contributions to Employees Provident Fund		7,421	7,086	2,464	2,378
– Contributions to other defined contribution plan		543	494	265	248
– Wages, salaries and others		70,398	68,825	26,661	25,588
Property, plant and equipment written off		196	30	16	6
Rental of land and buildings		2,438	1,441	1,091	312
Realised foreign exchange loss		–	307	241	103
Unrealised foreign exchange loss		–	1,056	151	–
Operating profit arrived at after crediting:					
Bad debts recovered		689	602	–	–
Dividend income from unquoted subsidiaries		–	–	121,337	114,980
Dividend income from a foreign quoted associate		–	–	2,165	1,652
Gain on disposal of property, plant and equipment		2,182	1,350	–	618
Interest income		783	1,084	867	1,176
Realised foreign exchange gain		29	–	–	–
Rental income from subsidiary		–	–	840	840
Unrealised foreign exchange gain		475	–	–	129

Notes to the Financial Statements

16. Key Management Personnel Compensation

The key management personnel compensation are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors:				
- Fees	160	116	160	116
- Remuneration	1,376	1,486	1,376	1,486
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	1,167	1,231	1,167	1,231
	2,703	2,833	2,703	2,833
- Post-employment benefits	121	103	121	103
- Share-based payments	-	167	-	167
	2,824	3,103	2,824	3,103
Other key management personnel:				
- Short term employee benefits	3,544	3,248	2,416	1,802
- Post-employment benefits	97	144	88	72
- Share-based payments	-	162	-	111
	3,641	3,554	2,504	1,985
	6,465	6,657	5,328	5,088

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

17. Tax Expense

Recognised in profit or loss

Major components of tax expense include:

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current tax expense					
Malaysian					
- current year		33,819	31,447	2,364	11,635
- under/(over) provision in prior years		3,266	(702)	456	(76)
Overseas					
- current		14,000	9,905	-	-
- under provision in prior year		14	-	-	-
Total current tax		51,099	40,650	2,820	11,559
Deferred tax expense					
Origination and reversal of temporary differences		860	(280)	584	(269)
Under provision in prior years		1,035	2,043	921	1,290
Total deferred tax recognised in profit or loss	9	1,895	1,763	1,505	1,021
Total tax expense		52,994	42,413	4,325	12,580

17. Tax Expense (Continued)**Reconciliation of tax expense**

	2011 RM'000	Group 2010 RM'000	2011 RM'000	Company 2010 RM'000
Profit before tax	220,374	176,536	129,551	158,878
Share of profit after tax of equity accounted associate	(7,940)	(5,460)	-	-
Profit before tax excluding share of profit after tax of equity accounted associate	212,434	171,076	129,551	158,878
Tax at Malaysian tax rate of 25% (2010: 25%)	53,109	42,769	32,388	39,720
Effect of tax in foreign jurisdiction	(5,681)	(4,214)	-	-
Non taxable income	-	(29)	(30,972)	(28,745)
Non-deductible expenses	4,143	4,588	1,532	449
Double deduction on permitted expenses	(2,818)	(2,616)	-	-
Other items	(228)	(52)	-	(58)
Current year losses for which no deferred tax asset was recognised	154	626	-	-
	48,679	41,072	2,948	11,366
Under provision in prior years	4,315	1,341	1,377	1,214
Tax expense	52,994	42,413	4,325	12,580

18. Earnings Per Ordinary Share**Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share as at 31 December 2011 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

	2011 RM'000	Group 2010 RM'000
Profit for the year attributable to shareholders	166,160	133,242

Weighted average number of ordinary shares

	2011 '000	Group 2010 '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)	54.35	43.58

Notes to the Financial Statements

19. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2011			
First interim 2011 ordinary	3.8	11,466	7 October 2011
Final 2010 ordinary	5.6	17,198	20 May 2011
Special Final 2010 ordinary	32.3	98,604	20 May 2011
Total amount		127,268	
2010			
First 2010 ordinary	3.8	11,466	8 October 2010
Second interim 2010 ordinary	1.9	5,732	8 October 2010
Final 2009 ordinary	5.6	17,198	18 May 2010
Special Final 2009 ordinary	7.9	24,078	18 May 2010
Total amount		58,474	

After the reporting period, the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial reports upon approval by the shareholders.

	Sen per share (net of tax)	Total amount RM'000
2011		
Final and special ordinary	49.1	150,199
Final ordinary – tax exempt	2.0	6,115
Total amount		156,314

20. Operating Segments

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

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.

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 in Malaysia.
- Singapore – Includes marketing and distribution of both alcoholic and non-alcoholic beverages in Singapore.
- Others – Includes marketing and distribution of both alcoholic and non-alcoholic beverages in geographical locations other than Malaysia and Singapore.

20. Operating Segments (Continued)

Segment assets, liabilities and capital expenditures

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

	Malaysia RM'000	Singapore RM'000	Others RM'000	Total RM'000
2011				
Segment profit/(loss)	142,437	77,019	(3,117)	216,339
<i>Included in the measure of segment profit are:</i>				
Revenue from external customers	1,117,964	349,717	21,675	1,489,356
Inter-segment revenue	62,000	-	-	62,000
Depreciation and amortisation	(18,983)	(957)	(150)	(20,090)
<i>Not included in the measure of segment profit but provided to Managing Director:</i>				
Finance costs	(3,457)	(277)	(651)	(4,385)
Interest income	781	-	2	783
Income tax expense	(38,977)	(14,017)	-	(52,994)
Share of profit of equity accounted associate, net of tax	-	-	7,940	7,940
2010				
Segment profit/(loss)	124,393	52,744	(2,172)	174,965
<i>Included in the measure of segment profit are:</i>				
Revenue from external customers	1,038,432	314,459	15,267	1,368,158
Inter-segment revenue	52,586	-	-	52,586
Depreciation and amortisation	(18,021)	(664)	(138)	(18,823)
<i>Not included in the measure of segment profit but provided to Managing Director:</i>				
Finance costs	(4,140)	(74)	(380)	(4,594)
Interest income	1,084	-	-	1,084
Income tax expense	(32,399)	(10,014)	-	(42,413)
Share of profit of equity accounted associate, net of tax	-	-	5,460	5,460

Notes to the Financial Statements

20. Operating Segments (Continued)

Reconciliations of segment profit or loss

	2011 RM'000	2010 RM'000
Profit		
Total segment profit	216,339	174,965
Inter-segment elimination	(303)	(379)
Finance costs	(4,385)	(4,594)
Interest income	783	1,084
Share of profit of equity accounted associate, net of tax	7,940	5,460
Consolidated profit before tax	220,374	176,536

Geographical segments

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

Geographical location	Revenue RM'000	Non-current assets RM'000
2011		
Malaysia	1,111,678	154,166
Singapore	349,717	402,109
Hong Kong	1,173	-
Taiwan	21,675	1,636
Other countries	5,113	-
	1,489,356	557,911
2010		
Malaysia	1,012,901	147,966
Singapore	314,459	392,972
Hong Kong	13,792	-
Taiwan	15,267	1,753
Other countries	11,739	-
	1,368,158	542,691

Major customers

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

21. Financial Instruments

21.1 Categories of financial instruments

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

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

	Carrying Amount RM'000	L&R/ (OL) RM'000	Others RM'000
2011			
Financial assets			
Group			
Trade and other receivables	231,108	202,748	28,360
Cash and cash equivalents	72,196	72,196	-
	303,304	274,944	28,360
Company			
Trade and other receivables	38,638	38,612	26
Cash and cash equivalents	9,046	9,046	-
Loan to a subsidiary	8,998	8,998	-
	56,682	56,656	26
2011			
Financial liabilities			
Group			
Loans and borrowings	(22,251)	(22,251)	-
Trade and other payables	(214,185)	(214,185)	-
	(236,436)	(236,436)	-
Company			
Trade and other payables	(78,017)	(78,017)	-
2010			
Financial assets			
Group			
Trade and other receivables	207,223	191,022	16,201
Cash and cash equivalents	101,370	101,370	-
	308,593	292,392	16,201
Company			
Trade and other receivables	53,627	53,610	17
Cash and cash equivalents	34,670	34,670	-
Loan to a subsidiary	10,100	10,100	-
	98,397	98,380	17

Notes to the Financial Statements

21. Financial Instruments (Continued)

21.1 Categories of financial instruments (continued)

	Carrying Amount RM'000	L&R/ (OL) RM'000	Others RM'000
2010			
Financial liabilities			
Group			
Loans and borrowings	(52,951)	(52,951)	-
Trade and other payables	(212,908)	(212,908)	-
	(265,859)	(265,859)	-
Company			
Loans and borrowings	(40,306)	(40,306)	-
Trade and other payables	(68,723)	(68,723)	-
	(109,029)	(109,029)	-

21.2 Net gains and losses arising from financial instruments

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Loans and receivables	(10,663)	(326)	329	779
Financial liabilities measured at amortised cost	(4,253)	(4,435)	(1,915)	(3,008)

21.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

21.4 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. The Company's exposure to credit risk arises principally from loans and trade advances to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on new customers requiring credit. The Group normally requires collateral from its customers. The collaterals held by the Group currently is RM37.8 million (2010: RM41.5 million).

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.

21. Financial Instruments (Continued)

21.4 Credit risk (continued)

Receivables (continued)

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:

	2011 RM'000	Group 2010 RM'000
Malaysia	143,607	123,202
Singapore	36,406	51,036
Others	1,009	962
	181,022	175,200

Impairment losses

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

Group 2011	Gross RM'000	Individual impairment RM'000	Net RM'000
Not past due	115,429	-	115,429
Past due 1 – 30 days	32,961	-	32,961
Past due 31 – 60 days	10,767	-	10,767
Past due 61 – 90 days	12,046	-	12,046
Past due more than 90 days	25,089	(15,270)	9,819
	196,292	(15,270)	181,022

Group 2010	Gross RM'000	Individual impairment RM'000	Net RM'000
Not past due	139,982	-	139,982
Past due 1 – 30 days	11,925	-	11,925
Past due 31 – 60 days	18,544	-	18,544
Past due 61 – 90 days	2,850	-	2,850
Past due more than 90 days	5,395	(3,496)	1,899
	178,696	(3,496)	175,200

Notes to the Financial Statements

21. Financial Instruments (Continued)

21.4 Credit risk (continued)

Receivables (continued)

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

	2011 RM'000	Group 2010 RM'000
At 1 January	(3,496)	(3,300)
Impairment loss recognised	(12,722)	(1,612)
Impairment loss reversed	744	1,003
Impairment loss written off	204	413
At 31 December	(15,270)	(3,496)

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

Intercompany balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk and credit quality

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

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries were not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these advances have been overdue for less than a year. Non-current loans to subsidiaries are not overdue.

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 rates investments and daily short term deposit and upon which management endeavours to obtain the best rate available in the market.

Cash and cash equivalents are placed 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.

21.5 Liquidity risk

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

21. Financial Instruments (Continued)

21.5 Liquidity risk (continued)

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.

Maturity analysis

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000
Group 2011				
Payables and accruals	210,499	–	210,499	210,499
Loan from a subsidiary's non-controlling shareholder	3,686	4.55% - 4.85%	3,859	3,859
Bank borrowings	22,251	3.40% - 6.25%	22,519	22,519
	236,436	–	236,877	236,877
Company 2011				
Payables and accruals	78,017	–	78,017	78,017
Group 2010				
Payables and accruals	208,622	–	208,622	208,622
Loan from a subsidiary's non-controlling shareholder	4,286	3.78% - 4.53%	4,464	4,464
Bank borrowings	52,951	2.96% - 3.09%	54,553	54,553
	265,859	–	267,639	267,639
Company 2010				
Payables and accruals	68,723	–	68,723	68,723
Bank borrowings	40,306	2.96% - 3.09%	40,618	40,618
	109,029	–	109,341	109,341

21.6 Market risk

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

21.6.1 Currency risk

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

Notes to the Financial Statements

21. Financial Instruments (Continued)

21.6 Market risk (continued)

21.6.1 Currency risk (continued)

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 which do not have a USD functional currency is not material and hence, sensitivity analysis is not presented.

21.6.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Fixed rate instruments				
Deposits with licensed banks	1,554	29,133	1,554	16,545
Short term bank loan	(14,251)	(10,645)	-	-
Floating rate instruments				
Loan to a subsidiary	-	-	8,998	10,100
Loan from a subsidiary's non-controlling shareholder	(3,686)	(4,286)	-	-
Revolving credits	(8,000)	(42,306)	-	(42,306)

Interest rate risk sensitivity analysis

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

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

21.7 Fair value of financial instruments

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

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

22. Capital Management

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

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

23. Operating Leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Less than one year	621	343	389	343
Between one and five years	217	65	78	65
	838	408	467	408

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

24. Capital Commitments

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Capital expenditure commitments				
Plant and equipment				
Authorised but not contracted for	570	330	-	119

25. Related Parties

Identity of related parties

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

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

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

Notes to the Financial Statements

25. Related Parties (Continued)

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

	Transaction value year ended 31 December	
	2011 RM'000	2010 RM'000
Group		
Immediate holding company		
Management fees payable	3,824	3,217
Purchases of materials and products	911	505
Reimbursement of expenses	9,393	4,356
Royalties payable	22,062	32,486
Related companies		
Purchases of materials and products	31,237	30,989
Purchases of services	446	489
Sale of goods and services	1,235	13,792
Rental of premises	754	754
Purchases of materials and services	684	918
Company		
Immediate holding company		
Management fees payable	2,810	1,966
Purchases of materials and products	623	505
Reimbursement of expenses	7,401	2,071
Royalties payable	5,483	5,110
Subsidiaries		
Sale of goods and services	745,544	755,695
Transfer of property, plant and equipment at net book value	–	53
Management fee received	11,500	11,500
Rental income	840	840
Dividend income	121,337	114,980
Interest received	427	425
Related companies		
Purchases of services	446	452
Purchases of materials and products	19,923	21,569

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

Outstanding balances are disclosed accordingly in Notes 8 and 13.

26. Acquisition of a Subsidiary

During the financial year ended 31 December 2009, the Company acquired Carlsberg Singapore Pte. Ltd. ("CSPL").

The total purchase consideration amounted to RM375,975,000 of which included a deferred purchase consideration payable of RM175,108,000. The deferred purchase consideration was fully settled in 2010.

Subsequent to the finalisation of the final adjustment relating to the working capital of CSPL pursuant to the clause stated in the purchase agreement, the Company paid an additional SGD10,000,000 or equivalent to approximately RM23,452,000.

27. Subsequent Event

On 22 February 2012, Carlsberg Distributors Taiwan Ltd. ("CDTL"), a jointly-controlled entity of the Company, had undertaken a capital restructuring exercise. The capital restructuring exercise is expected to result in the dilution of the Company's shareholdings in CDTL from 50% to 0.36%. This exercise is expected to be completed by the end of the first quarter of 2012. The Directors do not expect any material financial impact arising from the capital restructuring exercise to the Group.

Notes to the Financial Statements

28. Supplementary 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 2011, into realised and unrealised profits, pursuant to the issuance of a directive by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, is as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total retained earnings of the Company and its subsidiaries:				
– realised	525,600	518,844	396,191	395,814
– unrealised	(17,867)	(18,095)	(17,165)	(14,746)
	507,733	500,749	379,026	381,068
Total retained earnings of associate:				
– realised	18,369	5,460	–	–
– unrealised	(3,106)	–	–	–
	522,996	506,209	379,026	381,068
Total retained earnings of jointly-controlled entities:				
– realised	(13,219)	(10,309)	–	–
– unrealised	(7)	(42)	–	–
	509,770	495,858	379,026	381,068
Less: Consolidation adjustments	(32,646)	(57,626)	–	–
Total retained earnings	477,124	438,232	379,026	381,068

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.