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 2009 comprise the Company and its subsidiaries (together referred to as the Group) 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 2009 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 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 18 March 2010.

1. Basis of Preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

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

FRS, Interpretation and amendment effective for annual periods beginning on or after 1 July 2009

- FRS 8, *Operating Segments*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements*
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
  Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards* and FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 132, *Financial Instruments: Presentation* and FRS 101, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, *Reassessment of Embedded Derivatives*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, FRS 2 – *Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

1. Basis of Preparation (Continued)

(a) Statement of compliance (Continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

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

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010.

- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2010, except for IC Interpretation 12 and 15 which are not applicable to the Group and the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors*, in respect of applying FRS 4, FRS 7, FRS 139 and IC Interpretation 12 are not disclosed by virtue of the exemptions given in these respective FRSs.

Material impacts of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, are disclosed below:

Improvements to FRSs (2009)

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes. Amendments that have material impact are:

- **FRS 117, *Leases***

  The amendment clarifies that the classification of lease of land will require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment.

  The adoption of this amendment will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

1. Basis of Preparation (Continued)

(a) Statement of compliance (Continued)

Improvements to FRSs (2009) (Continued)

- **FRS 138, *Intangible Assets***

  FRS 138 (revised) incorporates the following changes that are likely to be relevant to the Group:

  - Advertising and promotional goods shall be charged to profit or loss when an entity has a right to access them.
  - The amendments clarify that other amortisation methods may be used for intangible assets with finite useful lives apart from the straight-line method.

  The adoption of this amendment will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

The potential material impacts on the financial statements for the year ended 31 December 2009 on initial application of FRS 117 and 138 that are applicable to the Group and the Company but not yet effective and that will be applied retrospectively are summarised as follows:

	As currently stated RM'000	Adoption of FRS 117 RM'000	Adoption of FRS 138 RM'000	Expected restatement RM'000
Group				
Balance sheet at 31 December 2008				
Property, plant and equipment	139,548	8,610	–	148,158
Prepaid lease payments	8,610	(8,610)	–	–
Inventories	66,297	–	(5,576)	60,721
Deferred tax liabilities	17,219	–	(1,394)	15,825
Retained earnings	315,986	–	(4,182)	311,804
Balance sheet at 31 December 2009				
Property, plant and equipment	**130,498**	**7,922**	**–**	**138,420**
Prepaid lease payments	**7,922**	**(7,922)**	**–**	**–**
Inventories	**58,590**	**–**	**(1,700)**	**56,890**
Deferred tax liabilities	**72,328**	**–**	**(425)**	**71,903**
Retained earnings	**363,464**	**–**	**(1,275)**	**362,189**
Company				
Balance sheet at 31 December 2008				
Property, plant and equipment	121,674	7,928	–	129,602
Prepaid lease payments	7,928	(7,928)	–	–
Balance sheet at 31 December 2009				
Property, plant and quipment	**116,694**	**7,810**	**–**	**124,504**
Prepaid lease payments	**7,810**	**(7,810)**	**–**	**–**

1. Basis of Preparation (Continued)

(a) Statement of compliance (Continued)

Improvements to FRSs (2009) (Continued)

	As currently stated RM'000	Adoption of FRS 117 RM'000	Adoption of FRS 138 RM'000	Expected restatement RM'000
Group				
Income statement for the year ended 31 December 2008				
Profit for the year	76,119	–	(4,182)	71,937
Earnings per share (sen)	24.9	–	(1.4)	23.5
Income statement for the year ended 31 December 2009				
Profit for the year	**76,725**	**–**	**(1,275)**	**75,450**
Earnings per share (sen)	**24.9**	**–**	**(0.4)**	**24.5**

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in note 3 and note 5 respectively.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia, which is the Company's functional currency. All financial information presented in Ringgit Malaysia 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 the following notes:

- Note 4 – Intangible assets
- Note 10 – Receivables, deposits and prepayments

Notes to the Financial Statements

2. Significant Accounting Policies

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

(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. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale.

(ii) Associates

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

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the income and expenses 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 equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil 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 stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale.

(iii) 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 classified as held for sale (or 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 stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale.

2. Significant Accounting Policies (Continued)

(a) Basis of consolidation (Continued)

(iv) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity holders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(v) 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 investee.

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 balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which 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 the income statements.

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

The assets and liabilities of operations in functional currencies other than Ringgit Malaysia, including goodwill and fair value adjustments arising on acquisition, are translated to Ringgit Malaysia at exchange rates at the balance sheet date. The income and expenses of these foreign operations are translated to Ringgit Malaysia at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in exchange reserve. On disposal, the accumulated exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale.

2. Significant Accounting Policies (Continued)

(c) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures.

Forward foreign exchange contracts used are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

(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 has availed itself to the transitional provision when MASB first adopted IAS 16, Property, plant and equipment in 1998. Certain buildings of the Company and of the Group 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, plant and equipment is the estimated amount for which a property, plant and equipment could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the income statements. 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 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 and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

2. Significant Accounting Policies (Continued)

(d) Property, plant and equipment (Continued)

(iii) Depreciation

Depreciation is recognised in the income statements 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.

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

• Buildings	15 – 50 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 reassessed at the balance sheet date.

(e) Leased assets

(i) Finance lease

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

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

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Certain leasehold land were revalued in 1981 and the Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A when FRS 117, Leases was first adopted in 2006.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

2. Significant Accounting Policies (Continued)

(f) Intangible assets

(i) Goodwill

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

For business acquisitions beginning from 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statements.

(ii) Distribution rights

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

The useful life of the distribution rights that is not being amortised is reviewed during each reporting period.

(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 any accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(v) Amortisation

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

Other intangible assets are amortised from the date that they are available for use. Amortisation of intangible assets is charged to the income statements on a straight-line basis over the estimated useful lives of the intangible assets.

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

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost and includes expenditure incurred in acquiring the inventories and 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 its 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.

2. Significant Accounting Policies (Continued)

(h) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value.

(j) Impairment of assets

The carrying amounts of assets except for financial assets (other than investments in subsidiaries, associate and jointly-controlled entity) and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and distribution rights that have indefinite useful lives, the recoverable amount is estimated at each reporting date.

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. 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. 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 and distribution rights is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date 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. 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 the income statements in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statements, a reversal of that impairment loss is also recognised in the income statements.

2. Significant Accounting Policies (Continued)

(k) Share capital

(i) Repurchase of share capital

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 and is not re-valued for subsequent changes in the fair value or market price of shares. 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.

(l) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

(m) 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 the income statements 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 the income statements 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.

2. Significant Accounting Policies (Continued)

(n) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(o) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, 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.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(p) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(q) Borrowing cost

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred.

(r) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

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

(s) Earnings per ordinary share

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

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Notes to the Financial Statements

3. Property, Plant and Equipment

Group	Note	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 2008		19,281	54,090	321,922	24,136	46,606	2,039	468,074
Additions		–	835	1,322	2,161	2,319	4,870	11,507
Disposals		–	(155)	(2,828)	(3,713)	(662)	–	(7,358)
Written off		–	(1,180)	(10,372)	–	(2,528)	–	(14,080)
Transfers		–	–	2,480	–	1,370	(3,850)	–
Acquisitions through business combinations		–	13	77	1,668	610	–	2,368
At 31 December 2008/ 1 January 2009		**19,281**	**53,603**	**312,601**	**24,252**	**47,715**	**3,059**	**460,511**
Additions		**–**	**405**	**1,625**	**1,126**	**3,170**	**5,262**	**11,588**
Disposals		**(184)**	**(2,606)**	**(1)**	**(1,318)**	**(1,037)**	**–**	**(5,146)**
Written off		**–**	**–**	**(1,119)**	**–**	**(168)**	**–**	**(1,287)**
Transfers		**–**	**2,487**	**2,052**	**–**	**284**	**(4,823)**	**–**
Acquisitions through business combination	26	**–**	**5**	**1,452**	**8**	**226**	**–**	**1,691**
Effect of movements in exchange rates		**–**	**(6)**	**(30)**	**–**	**(15)**	**–**	**(51)**
At 31 December 2009		**19,097**	**53,888**	**316,580**	**24,068**	**50,175**	**3,498**	**467,306**
Depreciation								
At 1 January 2008		–	19,028	250,561	11,478	40,323	–	321,390
Depreciation for the year	16	–	1,180	10,397	4,472	3,172	–	19,221
Disposals		–	(83)	(2,591)	(3,451)	(643)	–	(6,768)
Written off		–	(238)	(10,302)	–	(2,340)	–	(12,880)
At 31 December 2008/ 1 January 2009		**–**	**19,887**	**248,065**	**12,499**	**40,512**	**–**	**320,963**
Depreciation for the year	16	**–**	**1,246**	**9,802**	**4,470**	**3,505**	**–**	**19,023**
Disposals		**–**	**(877)**	**(1)**	**(860)**	**(853)**	**–**	**(2,591)**
Written off		**–**	**–**	**(395)**	**–**	**(157)**	**–**	**(552)**
Effect of movements in exchange rates		**–**	**(6)**	**(16)**	**–**	**(13)**	**–**	**(35)**
At 31 December 2009		**–**	**20,250**	**257,455**	**16,109**	**42,994**	**–**	**336,808**
Carrying amounts								
At 1 January 2008		19,281	35,062	71,361	12,658	6,283	2,039	146,684
At 31 December 2008/ 1 January 2009		**19,281**	**33,716**	**64,536**	**11,753**	**7,203**	**3,059**	**139,548**
At 31 December 2009		**19,097**	**33,638**	**59,125**	**7,959**	**7,181**	**3,498**	**130,498**

3. Property, Plant and Equipment (Continued)

Company	Note	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 2008		18,952	50,231	321,924	4,326	17,232	1,404	414,069
Additions		–	806	1,136	545	749	4,603	7,839
Disposals		–	–	(2,828)	(815)	(43)	–	(3,686)
Written off		–	(960)	(10,372)	–	(1,495)	–	(12,827)
Transfers		–	–	2,480	–	468	(2,948)	–
Transfer from/(to) a subsidiary		–	–	–	76	(5)	–	71
At 31 December 2008/ 1 January 2009		**18,952**	**50,077**	**312,340**	**4,132**	**16,906**	**3,059**	**405,466**
Additions		**–**	**373**	**1,451**	**331**	**451**	**5,262**	**7,868**
Disposals		**–**	**–**	**(1)**	**(518)**	**(12)**	**–**	**(531)**
Written off		**–**	**–**	**(162)**	**–**	**(84)**	**–**	**(246)**
Transfers		**–**	**2,487**	**2,052**	**–**	**284**	**(4,823)**	**–**
Transfer from/(to) to a subsidiary		**–**	**–**	**–**	**(131)**	**–**	**–**	**(131)**
At 31 December 2009		**18,952**	**52,937**	**315,680**	**3,814**	**17,545**	**3,498**	**412,426**
Depreciation								
At 1 January 2008		–	17,971	250,562	1,866	15,291	–	285,690
Depreciation for the year	16	–	1,056	10,394	771	1,135	–	13,356
Disposals		–	–	(2,591)	(803)	(35)	–	(3,429)
Written off		–	(191)	(10,302)	–	(1,379)	–	(11,872)
Transfer from/(to) a subsidiary		–	–	–	48	(1)	–	47
At 31 December 2008/ 1 January 2009		**–**	**18,836**	**248,063**	**1,882**	**15,011**	**–**	**283,792**
Depreciation for the year	16	**–**	**1,171**	**9,674**	**738**	**970**	**–**	**12,553**
Disposals		**–**	**–**	**(1)**	**(285)**	**(7)**	**–**	**(293)**
Written off		**–**	**–**	**(150)**	**–**	**(78)**	**–**	**(228)**
Transfer from/(to) a subsidiary		**–**	**–**	**–**	**(92)**	**–**	**–**	**(92)**
At 31 December 2009		**–**	**20,007**	**257,586**	**2,243**	**15,896**	**–**	**295,732**
Carrying amounts								
At 1 January 2008		18,952	32,260	71,362	2,460	1,941	1,404	128,379
At 31 December 2008/ 1 January 2009		**18,952**	**31,241**	**64,277**	**2,250**	**1,895**	**3,059**	**121,674**
At 31 December 2009		**18,952**	**32,930**	**58,094**	**1,571**	**1,649**	**3,498**	**116,694**

3. Property, Plant and Equipment (Continued)

Certain buildings 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 116 $_{2004}$.

Analysis of cost and valuation

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Buildings				
Cost	**45,610**	45,325	**44,659**	41,799
Valuation – 1981	**8,278**	8,278	**8,278**	8,278
	53,888	53,603	**52,937**	50,077

Had the buildings been carried under the cost model, their carrying amount would have been RM32,328,000 (2008 – RM32,346,000) in respect of the Group and RM31,620,000 (2008 – RM29,871,000) in respect of the Company.

Assets under third party

Certain motor vehicles with aggregate carrying amounts of RM497,808 have yet to be registered in the name of a subsidiary of the Group as at balance sheet date.

4. Intangible Assets

Group	Note	Goodwill RM'000	Distribution rights RM'000	Computer software RM'000	Total RM'000
Cost					
At 1 January 2008		–	–	7,107	7,107
Additions		–	–	997	997
Acquisitions through business combinations		6,364	–	7	6,371
At 31 December 2008/1 January 2009		**6,364**	**–**	**8,111**	**14,475**
Additions		**–**	**–**	**634**	**634**
Acquisitions through business combination	26	**36,043**	**338,910**	**1,230**	**376,183**
Effect of movements in exchange rates		**–**	**–**	**(15)**	**(15)**
At 31 December 2009		**42,407**	**338,910**	**9,960**	**391,277**
Amortisation					
At 1 January 2008		–	–	4,391	4,391
Amortisation for the year	16	–	–	1,795	1,795
At 31 December 2008/1 January 2009		**–**	**–**	**6,186**	**6,186**
Amortisation for the year	16	**–**	**–**	**1,253**	**1,253**
Acquisitions through business combination	26	**–**	**–**	**1,079**	**1,079**
Effect of movements in exchange rates		**–**	**–**	**(13)**	**(13)**
At 31 December 2009		**–**	**–**	**8,505**	**8,505**
Carrying amounts					
At 1 January 2008		–	–	2,716	2,716
At 31 December 2008/1 January 2009		**6,364**	**–**	**1,925**	**8,289**
At 31 December 2009		**42,407**	**338,910**	**1,455**	**382,772**

4. Intangible Assets (Continued)

Company	Note	Computer software RM'000
Cost		
At 1 January 2008		5,977
Additions		847
At 31 December 2008/1 January 2009		**6,824**
Additions		**257**
At 31 December 2009		**7,081**
Amortisation		
At 1 January 2008		3,346
Amortisation for the year	16	1,716
At 31 December 2008/1 January 2009		**5,062**
Amortisation for the year	16	**1,090**
At 31 December 2009		**6,152**
Carrying amounts		
At 1 January 2008		2,631
At 31 December 2008/1 January 2009		**1,762**
At 31 December 2009		**929**

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 amounts of goodwill allocated to each unit are as follows:

	Group	
	2009 RM'000	2008 RM'000
Subsidiary		
Luen Heng F & B Sdn. Bhd.	**5,000**	5,000
Carlsberg Singapore Pte. Ltd.	**36,043**	–
Subsidiary of a jointly-controlled entity		
Carlsberg Cottingham Ltd. (formerly known as Cottingham & Co. Ltd.)	**1,364**	1,364
	42,407	6,364

4. Intangible Assets (Continued)

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

The recoverable amounts of goodwill in the subsidiaries, Luen Heng F & B Sdn. Bhd. and Carlsberg Singapore Pte. Ltd. and subsidiary of a jointly-controlled entity, Carlsberg Cottingham Ltd. were based on value in use calculations. The recoverable amounts for all the cash-generating units ("CGUs") are higher than the carrying amount of the goodwill allocated and hence no impairment loss was recognised during the year.

Value in use in respect of goodwill was determined by discounting the future cash flows generated from the continuing use of the CGUs and was based on the following key assumptions:

- Cash flows were projected based on 10 years business projection and discounted at 10% and 14%, which is the weighted average cost of capital for domestic and foreign market respectively. The average growth rate used is 3% and 5% for domestic and foreign market respectively.
- The above entities will continue their operations indefinitely and thus a projection beyond 10 years is used with assumption of an average growth rate of 1% for year 11 onwards to obtain the terminal projections.

The values assigned to the key assumptions represent management's assessment of future trends in the alcohol beverage market and are based on both external sources and internal sources (historical data).

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amounts of the goodwill to exceed the recoverable amounts of the CGUs. Based on this review, there is no evidence of impairment on the Group's goodwill.

4.2 Distribution rights

Distribution rights is in relation to the rights for the distribution and sale of Carlsberg products in Singapore arising from the acquisition of a new subsidiary, Carlsberg Singapore Pte. Ltd. ("CSPL"). Pursuant to the acquisition, Carlsberg Breweries A/S ("CBAS") has waived, for a period of 20 years from the completion date, 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 (ie. from 2029 onwards), 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.

For the purpose of impairment testing, the recoverable amount of the distribution rights is estimated using the present value of expected future free cash flows generated by the distribution rights and based on the following key assumptions:

- Cash flows were projected based on 10 years forecasted estimated revenue attributable to the distribution rights with average growth rate of 5% and discounted at 14%, which is the weighted average cost of capital.
- Long term growth rate of 1% per annum was applied to the discrete and terminal year projections taking into consideration Singapore's historical and projected inflation rates.

The values assigned to the key assumptions represent management's assessment of future trends in the alcohol beverage market and are based on both external sources and internal sources (historical data).

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the distribution rights to exceed the recoverable amount of the distribution rights. Based on this review, there is no evidence of impairment on the distribution rights.

5. Prepaid Lease Payments

Group	Note	Leasehold land: Unexpired period less than 50 years RM'000	Leasehold land: Unexpired period more than 50 years RM'000	Total RM'000
Cost/Valuation				
At 1 January 2008/31 December 2008/1 January 2009		172	11,106	11,278
Disposals		–	**(707)**	**(707)**
At 31 December 2009		**172**	**10,399**	**10,571**
Amortisation				
At 1 January 2008		52	2,484	2,536
Amortisation for the year	16	3	129	132
At 31 December 2008/1 January 2009		**55**	**2,613**	**2,668**
Amortisation for the year	16	**5**	**126**	**131**
Disposals		–	**(150)**	**(150)**
At 31 December 2009		**60**	**2,589**	**2,649**
Carrying amounts				
At 1 January 2008		120	8,622	8,742
At 31 December 2008/1 January 2009		**117**	**8,493**	**8,610**
At 31 December 2009		**112**	**7,810**	**7,922**

Company	Note	Leasehold land Unexpired period more than 50 years RM'000
Valuation		
At 1 January 2008/31 December 2008/1 January 2009/31 December 2009		**10,399**
Amortisation		
At 1 January 2008		2,352
Amortisation for the year	16	119
At 31 December 2008/1 January 2009		**2,471**
Amortisation for the year	16	**118**
At 31 December 2009		**2,589**
Carrying amounts		
At 1 January 2008		8,047
At 31 December 2008/1 January 2009		**7,928**
At 31 December 2009		**7,810**

5. Prepaid Lease Payments (Continued)

The 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 116 $_{2004}$.

Analysis of cost and valuation

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cost	**527**	1,234	**355**	355
Valuation – 1981	**10,044**	10,044	**10,044**	10,044
	10,571	11,278	**10,399**	10,399

Had the leasehold land been carried under the cost model, their carrying amount would have been RM5,319,000 (2008 – RM5,971,000) in respect of the Group and RM5,207,000 (2008 – RM5,289,000) in respect of the Company.

6. Investments in Subsidiaries

	Company	
	2009 RM'000	2008 RM'000
Unquoted shares – at cost	**370,220**	4,009

Increase in the investments in subsidiaries is attributed to the cost of acquisition of Carlsberg Singapore Pte. Ltd. amounting to RM375,975,000 offset against pre-acquisition dividend of RM9,764,000.

The following are the subsidiaries of the Group:

Name of Company	Principal Activities	Country of incorporation	Effective ownership interest 2009	2008
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%**	–

7. Investment in an Associate

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Quoted shares outside Malaysia	**19,936**	10,940	**19,936**	10,940
Share of post-acquisition reserves	**4,404**	3,006	**–**	–
	24,340	13,946	**19,936**	10,940
Represented by:				
Group's share of net assets other than goodwill	**24,207**	13,813	**–**	–
Goodwill on acquisition	**133**	133	**–**	–
	24,340	13,946	**–**	–
Market value				
Quoted shares outside Malaysia	**46,069**	15,529	**–**	15,529

In September 2009, the Company had subscribed to its share of the rights issue undertaken by its associate company, Lion Brewery (Ceylon) PLC, for a total consideration of approximately RM9 million. The effective equity interest remains at 24.6%.

Name of Company	Principal Activities	Country of incorporation	Effective ownership interest 2009	Effective ownership interest 2008
Lion Brewery (Ceylon) PLC	Manufacturing, marketing and distribution of beer, stout, shandy and non-alcoholic beverages	Sri Lanka	**24.6%**	24.6%

Summary financial information on associate:

	2009 RM'000	2008 RM'000
Revenue (100%)	**81,939**	93,754
Profit/(Loss) (100%)	**8,903**	(659)
Total assets (100%)	**144,236**	138,885
Total liabilities (100%)	**81,191**	77,089

In conjunction with the investment undertaken in Lion Brewery (Ceylon) PLC, the Company entered into a call option with the principal licensor, Carlsberg A/S, a 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.

8. Investment in a Jointly-Controlled Entity

	Company 2009 RM'000	Company 2008 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 2009	Proportion of ownership interest 2008
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. (formerly known as Cottingham & Co. Ltd.)	Distribution of premium beers, hard liquor products and other beverages	Taiwan	**75%**	75%

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

	2009 RM'000	2008 RM'000
Long-term assets	**1,748**	1,816
Current assets	**5,242**	7,954
Current liabilities	**(10,115)**	(10,246)
Group's share of net liabilities	**(3,125)**	(476)
Revenue	**12,988**	4,727
Expenses	**(15,167)**	(7,708)
Decrease in the Group's profit for the year	**(2,179)**	(2,981)

9. Inventories

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
At cost:				
Finished goods	**45,101**	48,103	**9,178**	7,093
Work-in-progress	**824**	3,520	**824**	3,520
Raw, packaging and other materials	**6,996**	8,291	**6,819**	8,204
Spare parts for machinery	**5,669**	6,383	**5,669**	6,383
	58,590	66,297	**22,490**	25,200

Inventories written off amounted to RM604,000 and RM441,000 (2008 – RM977,000 and RM498,000) in respect of the Group and of the Company respectively. The write-off is included in cost of sales.

10. Receivables, Deposits and Prepayments

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Non-current					
Loan to a subsidiary	10.2	**–**	–	**10,190**	10,000
Current					
Trade					
Trade receivables		**170,284**	139,183	**–**	–
Allowance for doubtful debts	10.3	**(3,300)**	(2,964)	**–**	–
		166,984	136,219	**–**	–
Amount due from a subsidiary	10.4	**–**	–	**101,699**	188,036
Amount due from related companies	10.4	**10,580**	4,488	**168**	196
		177,564	140,707	**101,867**	188,232
Non-trade					
Amount due from related companies	10.4	**209**	–	–	–
Other receivables	10.5	**17,787**	10,507	**6,322**	6,476
Deposits		**8,400**	4,448	**6,850**	4,237
Prepayments		**13,631**	7,865	**15**	117
		40,027	22,820	**13,187**	10,830
		217,591	163,527	**115,054**	199,062

10. Receivables, Deposits and Prepayments (Continued)

10.1 Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in Ringgit Malaysia, the functional currency of the Group and of the Company, are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Foreign currency				
SGD	**46,160**	5,526	–	67
USD	**2,609**	5,138	**163**	169

10.2 Loan to a subsidiary

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

10.3 Allowance for doubtful debts

During the year, trade receivables amounting to RM413,000 (2008 – RM117,000) was written off against the allowance for doubtful debts.

Allowance for doubtful debts is considered on a debtor by debtor basis and in compliance with the Group's credit control policy. All debtors under legal cases are fully provided for and all confirmed bad debts are fully written off against the allowance for doubtful debts.

The net allowance for doubtful debts have been recognised in the following line item in the income statements.

		Group	
	Note	2009 RM'000	2008 RM'000
Income statements			
Sales and distribution costs	16	**(749)**	(216)

10.4 Amount due from a subsidiary and related companies

Amount due from a subsidiary and related companies are unsecured, interest free and are repayable on demand.

10.5 Other receivables

Included in other receivables of the Group and of the Company is an amount of RM113,462 (2008 – RM136,490) in respect of a housing loan granted to a Director of the Company in accordance with the Housing Loan Scheme applicable to executive staff.

11. Cash and Cash Equivalents

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Deposits with licensed banks	**58,446**	187,663	**58,446**	130,720
Cash and bank balances	**60,139**	39,354	**1,483**	1,911
	118,585	227,017	**59,929**	132,631

12. Share Capital and Reserves

Share capital

	Group and Company Amount 2009 RM'000	Number of shares 2009 '000	Amount 2008 RM'000	Number of shares 2008 '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 (12.4), all rights are suspended until those shares are reissued.

Reserves	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 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	**(7,233)**	(5,882)	**–**	–
Share option reserve	12.3	**524**	–	**501**	–
Treasury shares	12.4	**(12,043)**	(12,043)	**(12,043)**	(12,043)
Distributable reserves:					
Retained earnings	12.5	**363,464**	315,986	**293,244**	260,888
		360,757	314,106	**293,816**	260,959

12. Share Capital and Reserves (Continued)

12.1 Capital reserve

The capital reserve comprises primarily revaluation reserve on long term leasehold land 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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revaluation reserve	**4,747**	4,747	**4,747**	4,747
Capitalisation upon bonus issue by subsidiary	**3,931**	3,931	**–**	–
	8,678	8,678	**4,747**	4,747

12.2 Exchange reserve

The exchange reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group's entities with functional currencies other than Ringgit Malaysia.

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 the income statements 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

The shareholders of the Company, by a special resolution passed in a general meeting held on 29 April 1999, had approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

On 31 December 1999, the Company repurchased 2,330,000* of its issued share capital from the open market. The aggregate consideration paid for the repurchased shares was RM12,042,622, 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 2009 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 2009 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.

13. Deferred Tax Liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Group						
Distribution rights	–	–	(57,640)	–	(57,640)	–
Property, plant and equipment						
– capital allowance	–	–	(15,882)	(17,717)	(15,882)	(17,717)
– revaluation	–	–	(1,025)	(1,025)	(1,025)	(1,025)
Provisions	2,219	1,523	–	–	2,219	1,523
Tax assets/(liabilities)	2,219	1,523	(74,547)	(18,742)	(72,328)	(17,219)
Set off of tax	(2,219)	(1,523)	2,219	1,523	–	–
Net tax liabilities	–	–	(72,328)	(17,219)	(72,328)	(17,219)
Company						
Property, plant and equipment						
– capital allowance	–	–	(14,786)	(16,147)	(14,786)	(16,147)
– revaluation	–	–	(1,025)	(1,025)	(1,025)	(1,025)
Provisions	–	811	1,323	–	1,323	811
Tax assets/(liabilities)	–	811	(14,488)	(17,172)	(14,488)	(16,361)
Set off of tax	–	(811)	–	811	–	–
Net tax liabilities	–	–	(14,488)	(16,361)	(14,488)	(16,361)

Movement in temporary differences during the year

	At 1.1.2008 RM'000	Recognised in income statement (note 18) RM'000	At 31.12.2008 RM'000	Recognised in income statement (note 18) RM'000	Acquisition of a subsidiary (note 26) RM'000	At 31.12.2009 RM'000
Group						
Distribution rights	–	–	–	–	(57,640)	(57,640)
Property, plant and equipment	(20,413)	1,671	(18,742)	1,932	(97)	(16,907)
Provisions	765	759	1,523	696	–	2,219
	(19,648)	2,430	(17,219)	2,628	(57,737)	(72,328)
Company						
Property, plant and equipment	(19,639)	2,467	(17,172)	1,361	–	(15,811)
Provisions	922	(111)	811	512	–	1,323
	(18,717)	2,356	(16,361)	1,873	–	(14,488)

Notes to the Financial Statements

13. Deferred Tax Liabilities (Continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2009 RM'000	2008 RM'000
Unutilised tax losses	**4,768**	2,136

Tax losses carry-forward is in respect of the jointly-controlled entity. 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 benefits there from.

14. Payables and Accruals

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade					
Trade payables		**113,752**	78,269	**66,584**	59,417
Amount due to immediate holding company	14.2	**5,354**	4,034	**3,109**	4,002
Amount due to related companies	14.2	**4,369**	4,191	**2,640**	4,048
Amount due to a subsidiary	14.2	**–**	–	**97**	–
		123,475	86,494	**72,430**	67,467
Non-trade					
Other payables		**19,430**	23,513	**4,549**	2,590
Accrued expenses		**21,266**	20,901	**10,636**	9,956
Amount due to ultimate holding company	14.2	**–**	348	**–**	348
Amount due to related companies	14.2	**176,196**	–	**175,730**	–
		216,892	44,762	**190,915**	12,894
		340,367	131,256	**263,345**	80,361

14.1 Analysis of foreign currency exposure for significant payables

Significant payables that are not in Ringgit Malaysia, the functional currency of the Group and of the Company, are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Foreign currency				
DKK	**410**	755	**410**	755
EUR	**2,759**	1,446	**2,433**	1,446
SGD	**25,303**	878	**112**	–
USD	**4,272**	7,535	**4,088**	7,063

14.2 Amount due to immediate holding company, ultimate holding company, related companies and a subsidiary

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

Included in amount due to related companies is amount due to Carlsberg Asia Pte. Ltd. amounting to RM175,108,000, representing the present value of the balance of the deferred purchase consideration on the acquisition of Carlsberg Singapore Pte. Ltd., which was subsequently paid on 1 March 2010.

15. Loans and Borrowings

	Interest rates %	Group 2009 RM'000	Group 2008 RM'000
Current			
Unsecured bank loan	2.96 – 3.09	**8,586**	6,324

Security

The bank loan is obtained by the jointly-controlled entity and is secured by corporate guarantees from shareholders of the jointly-controlled entity.

16. Operating Profit

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Operating profit arrived at after charging:					
Allowance for doubtful debts	10	**749**	216	**–**	–
Amortisation of intangible assets	4	**1,253**	1,795	**1,090**	1,716
Amortisation of prepaid lease payments	5	**131**	132	**118**	119
Auditors' remuneration					
– Audit services		**150**	122	**79**	79
Depreciation of property, plant and equipment	3	**19,023**	19,221	**12,553**	13,356
Impairment loss on investment in a jointly-controlled entity	8	**–**	–	**–**	2,423
Property, plant and equipment written off		**735**	1,200	**18**	955
Inventories written off	9	**604**	977	**441**	498
Personnel expenses (including key management personnel):					
– Contributions to defined contribution plan		**474**	476	**249**	258
– Contributions to Employees Provident Fund		**5,733**	4,593	**2,485**	2,190
– Wages, salaries and others		**50,243**	47,544	**21,589**	25,003
Rental of land and buildings		**2,761**	1,983	**365**	202
Operating profit arrived at after crediting:					
Bad debts recovered		**527**	637	**–**	–
Dividend income from subsidiary		**–**	–	**59,400**	58,608
Gain on disposal of property, plant and equipment		**1,626**	2,842	**64**	2,164
Gain on disposal of leasehold land		**364**	–	**–**	–
Rental income from subsidiary		**–**	–	**840**	840

Notes to the Financial Statements

17. Key Management Personnel Compensation

The key management personnel compensation are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors:				
– Fees	**286**	321	**286**	321
– Remuneration	**1,607**	1,534	**1,607**	1,534
– Other short term employee benefits (including estimated monetary value of benefits-in-kind)	**976**	1,120	**976**	1,120
	2,869	2,975	**2,869**	2,975
– Post-employment benefits	**140**	101	**140**	101
– Share-based payments	**402**	172	**402**	172
	3,411	3,248	**3,411**	3,248
Other key management personnel:				
– Short term employee benefits	**3,499**	3,245	**1,925**	1,894
– Post-employment benefits	**137**	121	**70**	52
– Share-based payments	**498**	113	**373**	113
	4,134	3,479	**2,368**	2,059
	7,545	6,727	**5,779**	5,307

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.

18. Tax Expense

Recognised in the income statements

Major components of tax expense include:

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax expense					
Malaysian					
– current year		**28,136**	28,260	**3,563**	4,343
– under/(over) provision in prior years		**212**	(658)	**95**	(509)
Overseas					
– current		**115**	–	**–**	–
Total current tax		**28,463**	27,602	**3,658**	3,834
Deferred tax expense					
Origination and reversal of temporary differences		**(2,733)**	(2,669)	**(2,118)**	(2,356)
Under provision in prior years		**105**	239	**245**	–
Total deferred tax recognised in the income statements	13	**(2,628)**	(2,430)	**(1,873)**	(2,356)
Total tax expense		**25,835**	25,172	**1,785**	1,478

18. Tax Expense (Continued)

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Reconciliation of effective tax expense					
Profit before tax		**102,560**	101,291	**62,805**	65,921
Share of profit after tax of equity accounted associate		**(2,190)**	(162)	**–**	–
Profit before tax excluding share of profit after tax of equity accounted associate		**100,370**	101,129	**62,805**	65,921
Tax at Malaysian tax rate of 25% (2008 – 26%)*		**25,093**	26,293	**15,701**	17,139
Effect of tax in foreign jurisdiction		**(119)**	–	**–**	–
Tax exempt income		**–**	–	**(14,908)**	(15,238)
Non taxable income		**(707)**	–	**–**	–
Non-deductible expenses		**762**	883	**461**	1,133
Double deduction on permitted expenses		**(495)**	(1,176)	**–**	–
Tax incentives		**(73)**	(537)	**(73)**	(537)
Effect of change in tax rate*		**–**	(687)	**–**	(654)
Other items		**399**	26	**264**	(3)
Current year losses for which no deferred tax asset was recognised		**658**	789	**–**	–
		25,518	25,591	**1,445**	1,840
Under/(Over) provision in prior years		**317**	(419)	**340**	(362)
Tax expense		**25,835**	25,172	**1,785**	1,478

* *The corporate tax rates are 26% for year of assessment 2008, 25% for year of assessment 2009 and subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.*

19. Earnings Per Ordinary Share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share as at 31 December 2009 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

Profit attributable to ordinary shareholders

	Group 2009 RM'000	Group 2008 RM'000
Profit for the year attributable to shareholders	**76,142**	76,149

Notes to the Financial Statements

19. Earnings Per Ordinary Share (Continued)

Weighted average number of ordinary shares

	Group 2009 '000	Group 2008 '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)	**24.9**	24.9

20. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2009			
Interim 2009 ordinary	**3.8**	**11,466**	**6 October 2009**
Final 2008 ordinary	**5.6**	**17,198**	**18 May 2009**
Total amount		**28,664**	
2008			
Interim 2008 ordinary	3.7	11,313	8 October 2008
Final 2007 ordinary	5.6	16,969	16 May 2008
Final 2007 ordinary – special	16.7	50,907	16 May 2008
Total amount		79,189	

After the balance sheet date, 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
Final ordinary	5.6	17,198
Final ordinary – special	7.9	24,078
Total amount		41,276

21. Segment Reporting

Segment information is presented in respect of the Group's geographical segments. The primary format, geographical segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Inter-segment pricing is determined on an arm's length basis.

21. Segment Reporting (Continued)

Geographical segments

The segment is managed on a worldwide basis, but operates in three principal geographical areas, Malaysia, Singapore and others.

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets.

	Malaysia RM'000	Singapore RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
2009					
Geographical segments					
Total external revenue	**986,203**	**46,292**	**12,988**	**–**	**1,045,483**
Inter-segment revenue	**768**	**–**	**–**	**(768)**	**–**
Total segment revenue	**986,971**	**46,292**	**12,988**	**(768)**	**1,045,483**
Segment result	**98,070**	**1,483**	**(2,329)**		**97,224**
Interest income					**4,021**
Finance costs					**(875)**
Share of profit of equity accounted associate					**2,190**
Profit before tax					**102,560**
Tax expense					**(25,835)**
Profit for the year					**76,725**
2008					
Geographical segments					
Total external revenue	955,479	–	4,728	–	960,207
Inter-segment revenue	871	–	–	(871)	–
Total segment revenue	956,350	–	4,728	(871)	960,207
Segment result	96,771	–	(3,045)		93,726
Interest income					7,403
Share of profit of equity accounted associate					162
Profit before tax					101,291
Tax expense					(25,172)
Profit for the year					76,119

21. Segment Reporting (Continued)

	Malaysia		Singapore		Others		Consolidated	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Segment assets	**442,931**	603,526	**466,388**	–	**6,991**	9,762	**916,310**	613,288
Investment in an associate							**24,340**	13,946
Unallocated assets							**4,462**	–
Total assets							**945,112**	627,234
Segment liabilities	**303,237**	127,333	**35,486**	–	**1,644**	3,923	**340,367**	131,256
Unallocated liabilities							**88,134**	26,601
Total liabilities							**428,501**	157,857
Capital expenditure	**11,507**	12,381	**402**	–	**313**	123	**12,222**	12,504
Depreciation	**18,767**	19,101	**97**	–	**159**	120	**19,023**	19,221
Amortisation of intangible assets	**1,218**	1,784	**27**	–	**8**	11	**1,253**	1,795
Amortisation of prepaid lease payments	**131**	132	**–**	–	**–**	–	**131**	132
Non-cash expenses other than depreciation and amortisation	**1,371**	2,393	**717**	–	**–**	–	**2,088**	2,393

22. Financial Instruments

Financial risk management objectives and policies

Exposure to currency, credit, liquidity and interest rate risks arise in the normal course of the Group's business. The Group has written risk management policies and guidelines which set out their overall business strategies, their tolerance to risk and their general risk management philosophy.

Foreign currency risk

The Group is 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 US Dollars, Singapore Dollars and Euro.

The Group 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 Ringgit Malaysia, the Group ensures that the net exposure is kept to an acceptable level. Foreign currency forward contracts are entered into by the Group, where appropriate, to manage its exposure to fluctuations in foreign currency. These contracts are entered into with licensed financial institutions.

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies are not recognised in the income statements.

22. Financial Instruments (Continued)

Credit 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.

At balance sheet date there were no significant concentrations of credit risk other than the following:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Amount due from a subsidiary	**–**	–	**101,699**	188,036
Loan to a subsidiary	**–**	–	**10,190**	10,000

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

The Group monitors and maintains sufficient levels of cash and cash equivalents deemed adequate by management to meet its working capital requirements.

Interest rate risk

The Group's short term deposits are placed as fixed rates investments and upon which management endeavours to obtain the best rate available in the market. Borrowings of a jointly-controlled entity are exposed to a risk of change in cash flows due to changes in interest rates.

Effective interest rates

In respect of interest-earning financial assets, the following table indicates the weighted average interest rates during the year.

	2009			2008		
	Effective interest rate %	Total RM'000	Within 1 year RM'000	Effective interest rate %	Total RM'000	Within 1 year RM'000
Group						
Financial assets						
Fixed deposits with licensed banks	**2.05**	**58,446**	**58,446**	3.38	187,663	187,663
Advances to supplier	**2.77**	**1,950**	**1,950**	4.94	2,594	2,594
Financial liability						
Unsecured bank loan	**3.00**	**8,586**	**8,586**	3.03	6,364	6,364
Company						
Financial assets						
Fixed deposits with licensed banks	**2.05**	**58,446**	**58,446**	3.38	130,720	130,720
Advances to supplier	**2.77**	**1,950**	**1,950**	4.94	2,594	2,594
Loan to a subsidiary	**3.78**	**10,190**	**10,190**	4.88	10,000	10,000

Fair values

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

23. Operating Leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Less than one year	**2,417**	396	**77**	156
Between one and five years	**642**	71	**–**	–
	3,059	467	**77**	156

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Capital expenditure commitments				
Plant and equipment				
Authorised but not contracted for	**1,376**	3,987	**883**	2,447
Contracted but not provided for and payable:				
Within one year	**1,021**	2,858	**849**	1,033
	2,397	6,845	**1,732**	3,480

25. Related Parties

Identity of related parties

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

The Group has a related party relationship with the holding company and its related corporations, its subsidiaries (see note 6), an associate (see note 7), a jointly-controlled entity (see note 8), Directors and key management personnel.

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

25. Related Parties (Continued)

Details of the related party relationships, which are having related party transactions with the Group are as follows:

	Transaction value year ended 31 December		Balance outstanding as at 31 December	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Group				
Carlsberg Asia Pte. Ltd.				
Acquisition of CSPL	**375,983**	–	**(175,108)**	–
Carlsberg Breweries A/S			**(5,354)**	(4,034)
Management fees payable	**1,338**	–		
Purchases of materials and products	**573**	540		
Reimbursement of expenses	**5,963**	6,454		
Royalties payable	**19,939**	17,382		
Carlsberg Brewery (Guangdong) Ltd.				
Purchases of materials and products	**208**	467	**(34)**	(132)
Carlsberg Distributors Taiwan Ltd.			**15**	832
Sale of goods and services	**1,568**	1,741		
Reimbursement of expenses	**385**	–		
Carlsberg Group Procurement AG				
Purchases of materials and products	**946**	–	**(160)**	–
Carlsberg IT Services A/S				
Purchases of services	**410**	–	**(410)**	–
Carlsberg Cottingham Ltd.			**409**	–
Sale of goods and services	**1,051**	–		
Reimbursement of expenses	**178**	–		
Danish Malting Group				
Purchases of materials and products	**7,628**	9,923	**(1,660)**	(3,637)
Danish Malting Polska				
Purchases of materials and services	**1,392**	–	**(767)**	–
Lion Brewery (Ceylon) PLC				
Sale of goods and services	**–**	348	**–**	76
Luen Heng Agency Sdn. Bhd.				
Rental of premises	**757**	–	**(2,014)**	–
Advances	**–**	4,367	**(4,367)**	(4,367)
Slodownia Strzegom Sp.z.o.o.				
Purchases of materials and services	**583**	741	**(212)**	(340)

Notes to the Financial Statements

25. Related Parties (Continued)

	Transaction value year ended 31 December		Balance outstanding as at 31 December	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Company				
Carlsberg Asia Pte. Ltd.				
Acquisition of CSPL	**375,983**	–	**(175,108)**	–
Carlsberg Breweries A/S			**(3,109)**	(4,002)
Management fees payable	**1,287**	–		
Purchases of materials and products	**547**	540		
Reimbursement of expenses	**4,153**	5,918		
Royalties payable	**4,567**	4,467		
Carlsberg Marketing Sdn. Bhd.			**101,699**	188,036
Sale of goods and services	**665,185**	704,582		
Transfer of property, plant and equipment to/(from) at net book value	**39**	(24)		
Management fee received	**11,500**	11,500		
Rental income	**840**	840		
Dividend income	**59,400**	58,608		
Carlsberg IT Services A/S				
Purchases of services	**410**	–	**(410)**	–
Danish Malting Group				
Purchases of materials and products	**7,628**	9,923	**(1,660)**	(3,637)
Danish Malting Polska				
Purchases of materials and services	**1,392**	–	**(767)**	–
Lion Brewery (Ceylon) PLC				
Sale of goods and services	**–**	126	**–**	76
Luen Heng F & B Sdn. Bhd.			**10,190**	10,000
Loan	**–**	10,000		
Interest received	**406**	–		
Slodownia Strzegom Sp.z.o.o.				
Purchases of materials and services	**583**	741	**(212)**	(340)

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

26. Acquisition of a Subsidiary

On 28 July 2009, the Company entered into a Memorandum of Understanding ("MOU") with its immediate holding company, Carlsberg Breweries A/S ("CBAS") to acquire the entire equity interest in Carlsberg Singapore Pte. Ltd. ("CSPL") from Carlsberg Asia Pte. Ltd. ("CAPL"), a wholly owned subsidiary of CBAS for a purchase consideration of RM370 million, which is subject to final evaluation prior to the signing of Share Purchase Agreement ("SPA").

26. Acquisition of a Subsidiary (Continued)

Pursuant to the MOU, the Company had on 8 September 2009 entered into an SPA with CAPL to acquire the entire equity interest in CSPL. The salient terms of the SPA are as follows:-

(i) The sum of RM370 million purchase price shall be payable in cash in two tranches. The sum of RM200 million shall be paid on the Completion Date and the sum of RM170 million (subject to adjustments) shall be paid on or before 1 March 2010;

(ii) CAPL undertakes to compensate the Company in the event that the aggregate Profits After Tax of CSPL for the financial year ended 31 December 2009 and financial year ending 31 December 2010 is less than SGD24 million.

The proposed acquisition was subsequently approved by the shareholders at an Extraordinary General Meeting held on 23 October 2009. The Company completed the acquisition on 30 October 2009 and the final purchase consideration was determined at RM376 million. On 1 March 2010, the Company made a full settlement of the deferred consideration.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Pre acquisition carrying amounts RM'000	Fair value adjustments RM'000	Recognised values on acquisition RM'000
Property, plant and equipment	1,691	–	1,691
Other investment	356	–	356
Intangible assets	151	338,910	339,061
Inventories	10,843	–	10,843
Receivables, deposits and prepayments	57,496	–	57,496
Cash and cash equivalents	24,459	146	24,605
Deferred tax liabilities	(97)	(57,640)	(57,737)
Payables and accruals	(30,501)	–	(30,501)
Loans and borrowings	(120)	–	(120)
Current tax liabilities	(5,762)	–	(5,762)
Net identifiable assets and liabilities	58,516	281,416	339,932
Goodwill on acquisition			36,043
Total purchase consideration*			375,975
Cash acquired			(24,605)
Present value of the deferred purchase consideration payable			(175,108)
Cash flow on acquisition, net of cash acquired			176,262

* *Includes professional fees of RM1,740,000 and the effect of discounting the deferred purchase consideration amounting to RM1,748,000.*

Pre-acquisition carrying amounts were determined based on applicable FRSs immediately before the acquisition. The values of assets and liabilities recognised on acquisition are their estimated fair values.

27. Contingency-unsecured

	Company 2009 RM'000	Company 2008 RM'000
Corporate guarantee to a jointly-controlled entity	1,740	1,740

The Directors are of the opinion that provision is not required in respect of the corporate guarantee given to a bank on security of the loan facility of a jointly-controlled entity (Note 15), as it is not probable that a future sacrifice of economic benefits will be required.