Our Numbers & Other Information

Directors' Report

The directors of **HEINEKEN MALAYSIA BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the production, packaging, marketing and distribution of beverages, primarily alcoholic, whilst the principal activities of the subsidiaries are as stated in Note 13 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	412,824	422,994

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid or proposed by the Company are in respect of the following:

(i) A final ordinary dividend of 66 sen per stock unit under the single tier tax system totalling RM199,384,680 in respect of the financial year ended 31 December 2021 on 28 July 2022; and

(ii) An interim ordinary dividend of 40 sen per stock unit under the single tier tax system totalling RM120,839,200 in respect of the financial year ended 31 December 2022 on 11 November 2022.

The directors now recommend the declaration of a final ordinary dividend of 98 sen per stock unit under the single tier system totalling RM296,056,040 in respect of the financial year ended 31 December 2022 which if approved by the owners of the Company will be payable on 20 July 2023.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

Directors' Report

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and

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

At the date of this report, the directors are not aware of any circumstances:

(a) which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

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

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

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; and

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

Directors' Report

DIRECTORS

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

Dato' Sri Idris Jala
Datin Ngiam Pick Ngoh, Linda
Roland Bala
Choo Tay Sian, Kenneth
Seng Yi-Ying
Lau Nai Pek
Raquel Batallones Esguerra

The directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Dominic Joseph Puthucheary
Roland Bala
Renuka A/P V. Indrarajah
Christiaan Johannes Folkerts

DIRECTORS' INTERESTS

The interest in the ordinary stock units of the Company of a director at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016, are as follows:

	Number of ordinary stock units			
	Balance as at 1.1.2022	**Bought**	**Sold**	**Balance as at 31.12.2022**
Datin Ngiam Pick Ngoh, Linda	6,700	-	-	6,700

By virtue of the director's interest in the ordinary stock units of the Company, she is also deemed to have interest in ordinary stock units/shares of the subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year held shares or had beneficial interest in the ordinary stock units/ shares of the Company or its related corporation during or at the beginning and end of the year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, save for the consultancy services fee paid to a director of the Company during the financial year 2022, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' BENEFITS (CONTINUED)

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Directors:				
Fees	**596**	601	**590**	595
Remuneration	**4,854**	2,360	**4,854**	2,360
Share-based payment	**660**	621	**660**	621
Meeting attendance allowance	**48**	55	**48**	55
Estimated monetary value of benefits-in-kind otherwise than in cash	**569**	587	**569**	587
	6,727	4,224	**6,721**	4,218

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains a directors and officers liability insurance for the purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors and officers of the Group. The amount of insurance premium paid during the financial year amounted to RM44,540.

No indemnity was given to or insurance effected for auditors of the Company and of the Group during the financial year.

HOLDING CORPORATIONS

The directors regard GAPL Pte. Ltd. ("GAPL") and Heineken Asia Pacific Pte. Ltd. ("HAPPL"), both corporations incorporated in the Republic of Singapore, as the immediate and intermediate holding corporations.

HAPPL is owned by Heineken N.V., a corporation incorporated in the Netherlands, which in turn is the ultimate holding corporation of the Company.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended 31 December is as below:

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Statutory audit fees	**214**	203	**136**	126
Other services	**40**	40	**40**	40

Directors' Report

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board of Directors
in accordance with a resolution of the directors,

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DATO' SRI IDRIS JALA

____
ROLAND BALA

Petaling Jaya, Selangor
24 February 2023

Independent Auditors' Report

To The Members Of Heineken Malaysia Berhad (Incorporated In Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of **HEINEKEN MALAYSIA BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 December 2022, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on page 117 to 168.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition - Accruals For Promotional Allowances and Volume Rebates

Accounting for promotional allowances and volume rebates impacts the amounts of revenue recognised during the year. The revenue accounting policies are disclosed in Note 3 to the financial statements. Management judgement is required to estimate the value of promotional allowances and volume rebates. This estimate is considered to be a key audit matter relevant to our audit of the financial statements.

Our audit response

Our audit procedures included, amongst others, evaluating controls relating to management's process for determining the value of promotional allowances and volume rebates. In addition, we performed substantive testing and analytical procedures to test the accuracy and completeness of the underlying calculation of the accruals. These procedures included challenging the appropriateness of management's assumptions and estimates, and agreeing input data, including pricing and allowance data to the underlying agreements entered into with customers. We also compared the actual promotional discounts and rebates incurred against the accrual made in the prior year.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Independent Auditors' Report

To The Members Of Heineken Malaysia Berhad (Incorporated In Malaysia)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the Chairman's Statement, Five-Year Financial Indicators, Analysis of Group Revenue, Management Discussion and Analysis, Properties owned by the Group and Directors' Report (but does not include the financial statements of the Group and of the Company and our auditors' report thereon) which we obtained prior to the date of this auditors' report and the Analysis of Stockholdings, Corporate Governance Overview Statement, Audit and Risk Management Committee Report, Statement on Risk Management and Internal Control which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information that are expected to be made available to us after the date of this auditors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

Independent Auditors' Report

To The Members Of Heineken Malaysia Berhad (Incorporated In Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are as disclosed in Note 13 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

LAI CAN YIEW
Partner - 02179/11/2024 J
Chartered Accountant

Kuala Lumpur
24 February 2023

Statements Of Profit Or Loss And Other Comprehensive Income

For The Year Ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Revenue		**2,855,065**	1,979,348	**1,685,611**	1,203,511
Cost of sales		**(1,888,973)**	(1,379,166)	**(1,628,152)**	(1,158,862)
Gross profit		**966,092**	600,182	**57,459**	44,649
Other operating income		**19,437**	5,849	**7,229**	4,070
Distribution, marketing and selling expenses		**(264,151)**	(171,520)	**(1,013)**	(992)
Administrative expenses		**(121,454)**	(102,029)	**(32,821)**	(31,059)
Other operating expenses		**(3,700)**	(8,557)	**(3,666)**	(1,782)
Dividend income		**-**	-	**398,832**	227,904
Results from operating activities		**596,224**	323,925	**426,020**	242,790
Finance income	5	**1,193**	1,559	**1,156**	1,528
Finance costs	6	**(2,917)**	(4,057)	**(2,744)**	(3,790)
Net finance costs		**(1,724)**	(2,498)	**(1,588)**	(2,262)
Profit before tax	7	**594,500**	321,427	**424,432**	240,528
Income tax expense	8	**(181,676)**	(75,749)	**(1,438)**	(2,369)
Profit/Total comprehensive income for the year attributable to:					
Owners of the Company		**412,824**	245,678	**422,994**	238,159
Basic/Diluted earnings per ordinary stock unit (sen)	9	**136.7**	81.3		

The accompanying Notes form an integral part of the Financial Statements.

Statements Of Financial Position

As At 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current Assets					
Property, plant and equipment	10	**505,309**	388,404	**472,794**	360,483
Intangible assets	11	**20,530**	15,657	**17,652**	15,542
Right-of-use assets	12	**16,091**	18,719	**13,131**	14,238
Investment in subsidiaries	13	**-**	-	**14,344**	14,344
Deferred tax assets	14	**2,147**	5,782	**-**	-
Other receivables and prepaid expenses	15	**889**	1,546	**11**	32
Total Non-current Assets		**544,966**	430,108	**517,932**	404,639
Current Assets					
Inventories	16	**190,684**	151,178	**80,626**	54,331
Current tax assets		**17,982**	15,155	**17,982**	15,155
Receivables, deposits and prepaid expenses	15	**602,035**	415,253	**166,011**	64,286
Cash and bank balances		**52,554**	76,479	**49,147**	72,787
Total Current Assets		**863,255**	658,065	**313,766**	206,559
Total Assets		**1,408,221**	1,088,173	**831,698**	611,198
Equity					
Share capital	17	**151,049**	151,049	**151,049**	151,049
Reserves		**337,404**	244,627	**196,270**	93,385
Total Equity Attributable To Owners of The Company		**488,453**	395,676	**347,319**	244,434
Non-current Liabilities					
Lease liabilities	19	**3,092**	5,015	**1,536**	2,322
Deferred tax liabilities	14	**34,208**	32,207	**35,502**	33,295
Total Non-current Liabilities		**37,300**	37,222	**37,038**	35,617
Current Liabilities					
Borrowings	18	**170,000**	160,131	**170,000**	160,131
Trade and other payables	20	**693,387**	478,051	**275,751**	167,057
Provision for restructuring	21	**288**	3,648	**288**	2,613
Lease liabilities	19	**2,857**	3,283	**1,302**	1,346
Current tax liabilities		**15,936**	10,162	**-**	-
Total Current Liabilities		**882,468**	655,275	**447,341**	331,147
Total Liabilities		**919,768**	692,497	**484,379**	366,764
Total Equity and Liabilities		**1,408,221**	1,088,173	**831,698**	611,198

The accompanying Notes form an integral part of the Financial Statements.

Statements Of Changes In Equity

For The Year Ended 31 December 2022

Group	Note	Share capital RM'000	Capital reserve RM'000	Distributable -Retained earnings RM'000	Total RM'000
As at 1 January 2021		151,049	470	197,864	349,383
Total comprehensive income for the year		-	-	245,678	245,678
Dividends	22	-	-	(199,385)	(199,385)
As at 31 December 2021/1 January 2022		**151,049**	**470**	**244,157**	**395,676**
Total comprehensive income for the year		**-**	**-**	**412,824**	**412,824**
Credit to equity for equity-settled share-based payments		**-**	**177**	**-**	**177**
Dividends	22	**-**	**-**	**(320,224)**	**(320,224)**
As at 31 December 2022		**151,049**	**647**	**336,757**	**488,453**
Company					
As at 1 January 2021		151,049	470	54,141	205,660
Total comprehensive income for the year		-	-	238,159	238,159
Dividends	22	-	-	(199,385)	(199,385)
As at 31 December 2021/1 January 2022		**151,049**	**470**	**92,915**	**244,434**
Total comprehensive income for the year		**-**	**-**	**422,994**	**422,994**
Credit to equity for equity-settle share-based payments		**-**	**115**	**-**	**115**
Dividends	22	**-**	**-**	**(320,224)**	**(320,224)**
As at 31 December 2022		**151,049**	**585**	**195,685**	**347,319**

The accompanying Notes form an integral part of the Financial Statements.

Statements Of Cash Flows

For The Year Ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Profit before tax		**594,500**	321,427	**424,432**	240,528
Adjustments for:					
Depreciation of property, plant and equipment	10	**69,899**	59,310	**58,168**	47,072
Amortisation of prepaid contractual promotion expenses		**3,209**	27,299	**-**	-
Amortisation of intangible assets	11	**4,675**	6,214	**4,543**	6,028
Inventories written down		**1,664**	5,486	**1,462**	960
Depreciation of right-of-use assets	12	**4,197**	5,182	**2,036**	2,252
Finance costs	6	**2,917**	4,057	**2,744**	3,790
Property, plant and equipment written off	10	**3,117**	1,700	**3,114**	1,698
Bad debts written off		**-**	953	**-**	-
Net unrealised (gain)/loss on foreign exchange		**(143)**	729	**(156)**	764
Intangible assets written off		**-**	15	**-**	15
Loss /(Gain) on disposal of right-of-use assets		**3**	(8)	**(1)**	(8)
Gain on disposal of property, plant and equipment		**(109)**	(818)	**(24)**	(605)
Reversal of impairment loss on trade receivables		**-**	(1,285)	**-**	-
Reversal of provision for restructuring	21	**(3,360)**	-	**(2,325)**	-
Finance income	5	**(1,193)**	(1,559)	**(1,156)**	(1,528)
Dividend income from a subsidiary		**-**	-	**(398,832)**	(227,904)
Impairment loss on trade receivables		**509**	-	**-**	-
Operating Profit Before Working Capital Changes		**679,885**	428,702	**94,005**	73,062
Movement in working capital:					
(Increase)/Decrease in:					
Receivables, deposits and prepaid expenses		**(189,844)**	(113,238)	**(101,704)**	(1,226)
Inventories		**(41,170)**	31,598	**(27,757)**	(2,345)
Increase in:					
Trade and other payables		**196,205**	72,434	**89,514**	40,947
Cash Generated From Operations		**645,076**	419,496	**54,058**	110,438
Income tax paid		**(173,093)**	(75,568)	**(2,058)**	(6,635)
Interest paid		**(2,917)**	(4,057)	**(2,744)**	(3,790)
Net Cash From Operating Activities		**469,066**	339,871	**49,256**	100,013

Statements Of Cash Flows

For The Year Ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	10	**(170,481)**	(98,819)	**(154,144)**	(90,942)
Acquisition of intangible assets	11	**(9,548)**	(5,360)	**(6,653)**	(5,236)
Interest received		**1,193**	1,559	**1,156**	1,528
Proceeds from disposal of property, plant and equipment		**119**	825	**25**	607
Dividend received		**-**	-	**398,832**	227,904
Net Cash (Used In)/From Investing Activities		**(178,717)**	(101,795)	**239,216**	133,861
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Dividends paid	22	**(320,224)**	(199,385)	**(320,224)**	(199,385)
Drawdown/ (Repayment) of revolving credit and trade financing - net		**9,869**	(89,208)	**9,869**	(89,208)
Repayment of lease liabilities	29	**(3,919)**	(4,906)	**(1,757)**	(2,061)
Net Cash Used In Financing Activities		**(314,274)**	(293,499)	**(312,112)**	(290,654)
NET DECREASE IN CASH AND BANK BALANCES		**(23,925)**	(55,423)	**(23,640)**	(56,780)
CASH AND BANK BALANCES AT BEGINNING OF YEAR		**76,479**	131,902	**72,787**	129,567
CASH AND BANK BALANCES AT END OF YEAR		**52,554**	76,479	**49,147**	72,787

The accompanying Notes form an integral part of the Financial Statements.

Notes To The Financial Statements

1. GENERAL INFORMATION

Heineken Malaysia Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally engaged in the production, packaging, marketing and distribution of beverages, primarily alcoholic, whilst the principal activities of the subsidiaries are as stated in Note 13.

The registered office and principal place of business of the Company is located at Sungei Way Brewery, Lot 1135, Batu 9, Jalan Klang Lama, 46000 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 24 February 2023.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

Application of Amendments to MFRS

In the current financial year, the Group and the Company adopted all the Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") and effective for an annual financial period beginning on or after 1 January 2022:

Amendments to:

MFRSs	Annual Improvements to MFRS Standards 2018-2020
MFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021
MFRS 3	Reference to Conceptual Framework
MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

The adoption of the above Amendments to MFRS did not result in significant changes in the accounting policies of the Group and of the Company and had no significant effect on the financial performance or position of the Group and of the Company.

Standards and Amendments in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and Amendments which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

Effective immediately for annual periods beginning before 1 January 2023

Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9

Effective for annual periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Disclosure of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 17	Initial Application of MFRS 9 and MFRS 17 – Comparative Information

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

Standards and Amendments in issue but not yet effective (continued)

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants

Effective date deferred to a date to be announced by MASB

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of MFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value-in-use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The principal accounting policies are set out below:

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation and Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

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

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

Notes To The Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation and Subsidiaries (continued)

Business combinations (continued)

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

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

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

Non-controlling interests in subsidiary are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Subsidiaries

Investment in subsidiaries, which are eliminated on consolidation, are stated at cost less any accumulated impairment losses, if any, in the Company's financial statements.

Translation of Foreign Currency Transactions

Transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the period (i.e. the closing rates). Non-monetary items carried at fair values that are denominated in foreign currencies are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items that are measured at their historical cost amounts continue to be translated at their respective historical rates and are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Translation of Foreign Currency Transactions (continued)

All exchange differences arising on settled transactions and on unsettled monetary items are recognised in profit or loss in the period in which they arise.

Functional and Presentation Currency

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

Revenue Recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or services (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company's performance does not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at a point in time at which the customer obtains control of the promised goods or services.

(i) **Sales of Goods**

Revenue is generated by the sale and delivery of products to customers. Revenue is measured based on the consideration specified in a contract with a customer. The products are mostly own-produced finished goods from the Group's brewing activities, but also contain purchased goods from related companies for resale to customers. The Group and the Company recognise revenue at a point in time when they transfer control over a product or service to a customer and satisfy their performance obligation to a customer. Where applicable, rebates and discounts to customers are accounted as net of revenue according to contract. The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Notes To The Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

(ii) **Dividend Income**

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

(iii) **Interest Income**

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

Employee Benefits

(i) **Short-Term Benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which employees of the Group and of the Company render the associated services. 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 the absences occur.

(ii) **Defined Contribution Plan**

The Group and the Company and their eligible employees are required by law to make monthly contributions to Employees Provident Fund ("EPF"), a statutory defined contribution plan, at certain prescribed rates based on the employees' salaries. The Group's and the Company's contributions to EPF are disclosed separately while the employees' contributions to EPF are included in staff costs. Once these contributions have been paid, the Group and the Company have no further payment obligations.

(iii) **Share-based payment transactions**

Certain employees of the Group and of the Company are entitled to a long term incentive plan established by Heineken N.V., ultimate holding corporation, that gives the right to Heineken N.V. shares. The grant date fair value is calculated by deducting expected foregone dividends from the grant date during the performance period share price. The costs of the share plans are adjusted for expected performance and forfeiture and spread evenly over the service period. The grant date fair value of the plan granted to these employees is recognised as an employee expense in profit or loss and a corresponding increase in amount due to ultimate holding corporation.

Any excess or shortfall in relation to the incentive plan provision is treated as a capital contribution or distribution respectively and would be recorded directly in equity.

(iv) **Termination Benefits**

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

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised in the cost of those assets until the assets are substantially ready for their intended use or sale. Subsequently, borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is provided for, using the "liability" method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting date. Deferred tax is recognised in profit or loss except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

Leases

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment except for long term leasehold land which the estimated useful life is determined at 61 to 95 years. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The lease term is determined as the non-cancellable period of a lease, together with both:

(a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
(b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The Group and the Company apply MFRS 136 to determine whether a right-of-use asset is impaired and account for any identified impairment loss as described in "Impairment of Non-Financial Assets" policy.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM25,000 each when purchased new.

Impairment of Non-Financial Assets

The carrying amounts of property, plant and equipment and right-of-use asset are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in profit or loss.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the Company and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss in the year in which they are incurred.

Returnable bottles and kegs in circulation are recorded within property, plant and equipment and a corresponding liability is recorded in respect of the obligation to repay the customers' deposits. Deposits paid by customers for returnable items are reflected in the consolidated statement of financial position within current liabilities.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use.

The following annual rates based on the estimated useful lives of the various assets:

Buildings	50 years
Plant and machinery	13 - 20 years
Movable plant	2 - 10 years

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property, Plant and Equipment (continued)

Where significant parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.

At each reporting date, the residual values, useful lives and depreciation method of property, plant and equipment are reviewed, and the effects of any change in estimates are recognised prospectively.

Freehold land is not depreciated. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Computer software that are acquired by the Group and the Company, which have finite useful lives, are stated at cost less accumulated amortisation and any accumulated impairment losses. Capital work-in-progress is measured at cost and is not amortised until the assets are ready for their intended use.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Computer software are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of 5 years. Amortisation methods, useful life and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Inventories

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

The cost of inventories is calculated using weighted average method, and includes cost of raw materials, duties where applicable, and other expenses incurred in acquiring inventories and bringing them to their existing location and condition. For finished goods and work-in-progress, cost also includes direct labour and an appropriate proportion 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 cost of completion and the estimated cost necessary to make the sale.

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes To The Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortisation cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)

Amortisation cost and effective interest method (continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)

Impairment of financial assets (continued)

(i) *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)

Impairment of financial assets (continued)

(v) *Measurement and recognition of expected credit losses (continued)*

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with MFRS 16 Leases.

If the Group measures the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Financial Liabilities and Equity Instruments (continued)

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Derivatives Instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Notes To The Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Liabilities and Equity Instruments (continued)

Derivatives Instruments (continued)

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

At each reporting date, the provisions are reviewed by the directors and adjusted to reflect the current best estimate. The provisions are reversed if it is no longer probable that the Group and the Company will be required to settle the obligation.

Restructuring

A restructuring provision is recognised when the Group and the Company have developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

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. Operating segment 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 to assess its performance, and for which discrete financial information is available.

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

Earnings per ordinary stock unit

The Group presents basic earnings per stock unit data for its ordinary shares. Basic earnings per ordinary stock unit is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

4. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Group and the Company within the next financial year except as discussed below.

Accruals for promotional discounts and volume rebates

Significant management judgment is required relative to the consideration of the Group's ability to estimate the promotional allowances and volume rebates, which impact revenue recognition. In making the estimates, the Group refers to the terms agreed with the customers and relies on the historical and current sales information to determine the accruals for promotional discounts and rebates as at the end of the reporting period.

Depreciation of property, plant and equipment

The Group and the Company estimate the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimate due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Recognition of deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. This involves judgement regarding the future financial performance of the Group in which the deferred tax assets have been recognised.

Impairment losses of trade receivables

The Group recognises impairment loss for financial assets based on assumption about risk of default and expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables and impairment loss in the period in which such estimate has been changed.

Allowance for obsolete and slow moving inventories

The Group and the Company review the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow moving items. In addition, the Group and the Company conduct physical counts on inventories on a periodic basis in order to determine whether an allowance is required to be made.

Returnable packaging deposits

The Group collects deposits from customers on returnable packaging materials such as bottles, kegs, crates and cylinders. Management estimates the returnable packaging materials being circulated in the market and the expected return from customers. The estimate is based on circulation time and losses of returnable packaging materials in the market.

4. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

(ii) Key sources of estimation uncertainty (continued)

Right-of-use assets and lease liabilities

Significant management judgement is required to determine the lease term and the incremental borrowing rate. Management assesses whether the Group and the Company are reasonably certain to exercise such options impacts the lease term, which as a result could affect the amount of lease liabilities recognised. The assumptions used in the determination of the incremental borrowing rate could impact the rate used in discounting future payments, which as a result could have an impact on the amount of lease liabilities recognised.

Contingent liabilities

Contingent liabilities are recognised when a possible obligation pending on whether some uncertain future events occurs, or a present obligation but payment is not probable or the amount cannot be measured reliably. Significant management estimate is required to determine likelihood of the obligations to be realised by the Group.

5. FINANCE INCOME

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest income received from deposits placed with licensed banks	**1,192**	1,558	**1,155**	1,527
Interest income received from staff loans	**1**	1	**1**	1
Recognised in profit or loss	**1,193**	1,559	**1,156**	1,528

6. FINANCE COSTS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest expenses of financial liabilities that are not at fair value through profit or loss:				
Revolving credit and trade financing	**2,589**	3,588	**2,589**	3,588
Lease liabilities	**328**	469	**155**	202
Recognised in profit or loss	**2,917**	4,057	**2,744**	3,790

7. PROFIT BEFORE TAX

Profit before tax is arrived at after the following:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
After charging:				
Personnel expenses (including key management personnel):				
Wages, salaries and others	**107,598**	97,197	**35,695**	29,310
Contributions to state plans	**16,942**	14,018	**5,202**	4,295
Depreciation of property, plant and equipment (Note 10)	**69,899**	59,310	**58,168**	47,072
Amortisation of prepaid contractual promotion expenses	**3,209**	27,299	**-**	-
Amortisation of intangible assets (Note 11)	**4,675**	6,214	**4,543**	6,028
Inventories written down	**1,664**	5,486	**1,462**	960
Depreciation of right-of-use assets (Note 12)	**4,197**	5,182	**2,036**	2,252
Rental expense on buildings	**7,563**	4,545	**299**	96
Property, plant and equipment written off	**3,117**	1,700	**3,114**	1,698
Loss on disposal of right-of-use assets	**3**	-	**-**	-
Hire of equipment	**2,238**	1,229	**683**	579
Bad debts written off	**-**	953	**-**	-
Net unrealised loss on foreign exchange	**-**	729	**-**	764
Auditors' remuneration:				
Statutory audit	**214**	203	**136**	126
Other services	**40**	40	**40**	40
Intangible assets written off	**-**	15	**-**	15
Impairment loss on trade receivables [Note 28.4 (a)]	**509**	-	**-**	-
And after crediting:				
Dividend income from unquoted subsidiary	**-**	-	**398,832**	227,904
Net realised gain on foreign exchange	**2,402**	1,285	**2,245**	1,136
Reversal of provision for restructuring (Note 21)	**3,360**	-	**2,325**	-
Reversal of impairment loss on trade receivables [Note 28.4 (a)]	**-**	1,285	**-**	-
Gain on disposal of property, plant and equipment	**109**	818	**24**	605
Gain on disposal of right-of-use assets	**-**	8	**1**	8
Net unrealised gain on foreign exchange	**143**	-	**156**	-

Notes To The Financial Statements

8. INCOME TAX EXPENSE

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Estimated tax payable:				
Current year	**178,566**	77,091	**395**	3,086
Overprovision in prior years	**(2,526)**	(949)	**(1,164)**	(884)
	176,040	76,142	**(769)**	2,202
Deferred tax (Note 14):				
Current year	**4,159**	(705)	**2,180**	158
Under/(Over)provision in prior years	**1,477**	312	**27**	9
	5,636	(393)	**2,207**	167
	181,676	75,749	**1,438**	2,369

The Finance Act 2021 gazetted on 31 December 2021 enacted the Prosperity Tax on companies that generate high income during the Year of Assessment 2022 i.e. chargeable income up to first RM100 million would be taxed at 24% and the remaining chargeable income would be taxed at an one-off rate of 33%. Accordingly, the computation of deferred tax assets and deferred tax liabilities had been adjusted to reflect such changes in 2021.

A reconciliation of income tax expense applicable to profit before tax at the applicable statutory income tax rate to the income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Profit before tax	**594,500**	321,427	**424,432**	240,528
Tax at statutory tax rate of 24% (2021: 24%)	**142,680**	77,142	**101,864**	57,727
Prosperity tax	**43,084**	-	**-**	-
Tax effects of:				
Effect of change in tax rate relating to Prosperity Tax	**-**	(1,619)	**-**	-
Expenses not deductible for tax purposes	**804**	863	**274**	214
Recognition of deferred tax arising from reinvestment allowances	**(3,843)**	-	**(3,843)**	-
(Over)/Underprovision in prior years:				
Current tax	**(2,526)**	(949)	**(1,164)**	(884)
Deferred tax	**1,477**	312	**27**	9
Tax exempt dividend	**-**	-	**(95,720)**	(54,697)
	181,676	75,749	**1,438**	2,369

9. EARNINGS PER ORDINARY STOCK UNIT

Basic earnings per ordinary stock unit

The calculation of basic earnings per ordinary stock unit at 31 December 2022 was based on the profit attributable to the holders of ordinary stock units of RM412,824,000 (2021: RM245,678,000) and the number of ordinary stock units outstanding of 302,098,000 (2021: 302,098,000).

	Group	
	2022	**2021**
Issued ordinary stock unit ('000)	**302,098**	302,098
Basic earnings per ordinary stock unit (sen)	**136.7**	81.3

There were no diluted earnings per ordinary stock unit for the Group as at 31 December 2022.

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
Cost						
At 1 January 2021	4,037	104,046	439,000	309,558	30,471	887,112
Additions	-	67	1,054	24,670	81,714	107,505
Write offs	-	-	(1,982)	(6,521)	-	(8,503)
Disposals	-	-	-	(9,755)	-	(9,755)
Reclassifications	-	2,024	13,849	3,427	(19,300)	-
At 31 December 2021/1 January 2022	**4,037**	**106,137**	**451,921**	**321,379**	**92,885**	**976,359**
Additions	**-**	**90**	**3,700**	**59,110**	**127,031**	**189,931**
Write offs	**-**	**-**	**(815)**	**(22,004)**	**-**	**(22,819)**
Disposals	**-**	**-**	**(783)**	**(719)**	**-**	**(1,502)**
Reclassifications	**-**	**569**	**44,508**	**19,176**	**(64,253)**	**-**
At 31 December 2022	**4,037**	**106,796**	**498,531**	**376,942**	**155,663**	**1,141,969**

Notes To The Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated Depreciation						
At 1 January 2021	-	59,333	300,319	185,544	-	545,196
Charge for the year	-	4,867	17,747	36,696	-	59,310
Write offs	-	-	(1,982)	(4,821)	-	(6,803)
Disposals	-	-	-	(9,748)	-	(9,748)
At 31 December 2021/1 January 2022	**-**	**64,200**	**316,084**	**207,671**	**-**	**587,955**
Charge for the year	**-**	**3,628**	**16,720**	**49,551**	**-**	**69,899**
Write offs	**-**	**-**	**(815)**	**(18,887)**	**-**	**(19,702)**
Disposals	**-**	**-**	**(783)**	**(709)**	**-**	**(1,492)**
At 31 December 2022	**-**	**67,828**	**331,206**	**237,626**	**-**	**636,660**
Carrying amounts						
At 31 December 2022	**4,037**	**38,968**	**167,325**	**139,316**	**155,663**	**505,309**
At 31 December 2021	4,037	41,937	135,837	113,708	92,885	388,404

Company	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
Cost					
At 1 January 2021	97,654	439,000	237,638	27,436	801,728
Additions	67	1,054	22,617	75,890	99,628
Write offs	-	(1,982)	(6,339)	-	(8,321)
Disposals	-	-	(7,249)	-	(7,249)
Reclassifications	5	13,849	-	(13,854)	-
At 31 December 2021/1 January 2022	**97,726**	**451,921**	**246,667**	**89,472**	**885,786**
Additions	**90**	**3,700**	**49,796**	**120,008**	**173,594**
Write offs	**-**	**(815)**	**(21,446)**	**-**	**(22,261)**
Disposals	**-**	**(783)**	**(386)**	**-**	**(1,169)**
Reclassifications	**569**	**44,508**	**9,254**	**(54,331)**	**-**
At 31 December 2022	**98,385**	**498,531**	**283,885**	**155,149**	**1,035,950**

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated Depreciation					
At 1 January 2021	53,333	300,319	138,449	-	492,101
Charge for the year	4,199	17,747	25,126	-	47,072
Write offs	-	(1,982)	(4,641)	-	(6,623)
Disposals	-	-	(7,247)	-	(7,247)
At 31 December 2021/1 January 2022	**57,532**	**316,084**	**151,687**	**-**	**525,303**
Charge for the year	**3,010**	**16,720**	**38,438**	**-**	**58,168**
Write offs	**-**	**(815)**	**(18,332)**	**-**	**(19,147)**
Disposals	**-**	**(783)**	**(385)**	**-**	**(1,168)**
At 31 December 2022	**60,542**	**331,206**	**171,408**	**-**	**563,156**
Carrying amounts					
At 31 December 2022	**37,843**	**167,325**	**112,477**	**155,149**	**472,794**
At 31 December 2021	40,194	135,837	94,980	89,472	360,483

During the financial year, the Group and the Company acquired property, plant and equipment as follows:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash payments	**170,481**	98,819	**154,144**	90,942
Other payables	**19,450**	8,686	**19,450**	8,686
Total additions	**189,931**	107,505	**173,594**	99,628

Notes To The Financial Statements

11. INTANGIBLE ASSETS

Group	Computer software RM'000	Capital work-in-progress RM'000	Total RM'000
Cost			
At 1 January 2021	87,503	4,255	91,758
Additions	124	5,236	5,360
Write off	(58)	-	(58)
Reclassifications	4,652	(4,652)	-
At 31 December 2021/1 January 2022	**92,221**	**4,839**	**97,060**
Additions	**2,989**	**6,559**	**9,548**
Reclassifications	**5,468**	**(5,468)**	**-**
At 31 December 2022	**100,678**	**5,930**	**106,608**
Amortisation			
At 1 January 2021	75,232	-	75,232
Amortisation for the year	6,214	-	6,214
Write off	(43)	-	(43)
At 31 December 2021/1 January 2022	**81,403**	**-**	**81,403**
Amortisation for the year	**4,675**	**-**	**4,675**
At 31 December 2022	**86,078**	**-**	**86,078**
Carrying Amounts			
At 31 December 2022	**14,600**	**5,930**	**20,530**
At 31 December 2021	10,818	4,839	15,657

Company	Computer software RM'000	Capital work-in-progress RM'000	Total RM'000
Cost			
At 1 January 2021	87,277	4,256	91,533
Additions	-	5,236	5,236
Write off	(58)	-	(58)
Reclassifications	4,652	(4,652)	-
At 31 December 2021/1 January 2022	**91,871**	**4,840**	**96,711**
Additions	**94**	**6,559**	**6,653**
Reclassifications	**5,468**	**(5,468)**	**-**
At 31 December 2022	**97,433**	**5,931**	**103,364**

Notes To The Financial Statements

11. INTANGIBLE ASSETS (CONTINUED)

Company	Computer software RM'000	Capital work-in-progress RM'000	Total RM'000
Amortisation			
At 1 January 2021	75,184	-	75,184
Amortisation for the year	6,028	-	6,028
Write off	(43)	-	(43)
At 31 December 2021/1 January 2022	**81,169**	**-**	**81,169**
Amortisation for the year	**4,543**	**-**	**4,543**
At 31 December 2022	**85,712**	**-**	**85,712**
Carrying amounts			
At 31 December 2022	**11,721**	**5,931**	**17,652**
At 31 December 2021	10,702	4,840	15,542

12. RIGHT-OF-USE ASSETS

Group	Long term leasehold land RM'000	Building RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2021	11,426	4,520	13,851	29,797
Additions	-	1,324	839	2,163
Disposals	-	(599)	(3,017)	(3,616)
At 31 December 2021/1 January 2022	**11,426**	**5,245**	**11,673**	**28,344**
Additions	**-**	**1,122**	**737**	**1,859**
Disposals	**-**	**(838)**	**(1,959)**	**(2,797)**
At 31 December 2022	**11,426**	**5,529**	**10,451**	**27,406**
Accumulated Depreciation				
At 1 January 2021	510	3,013	4,377	7,900
Depreciation for the year	255	1,591	3,336	5,182
Disposals	-	(440)	(3,017)	(3,457)

12. RIGHT-OF-USE ASSETS (CONTINUED)

Group	Long term leasehold land RM'000	Building RM'000	Motor vehicles RM'000	Total RM'000
At 31 December 2021/1 January 2022	**765**	**4,164**	**4,696**	**9,625**
Depreciation for the year	**255**	**1,457**	**2,485**	**4,197**
Disposals	**-**	**(722)**	**(1,785)**	**(2,507)**
At 31 December 2022	**1,020**	**4,899**	**5,396**	**11,315**
Carrying Amounts				
At 31 December 2022	**10,406**	**630**	**5,055**	**16,091**
At 31 December 2021	10,661	1,081	6,977	18,719

Company

	Long term leasehold land RM'000	Building RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2021	11,426	1,893	5,350	18,669
Additions	-	529	515	1,044
Disposals	-	(599)	(981)	(1,580)
At 31 December 2021/ 1 January 2022	**11,426**	**1,823**	**4,884**	**18,133**
Additions	**-**	**356**	**737**	**1,093**
Disposals	**-**	**-**	**(624)**	**(624)**
At 31 December 2022	**11,426**	**2,179**	**4,997**	**18,602**
Accumulated Depreciation				
At 1 January 2021	510	1,257	1,298	3,065
Depreciation for the year	255	655	1,342	2,252
Disposals	-	(440)	(982)	(1,422)
At 31 December 2021/1 January 2022	**765**	**1,472**	**1,658**	**3,895**
Depreciation for the year	**255**	**557**	**1,224**	**2,036**
Disposals	**-**	**-**	**(460)**	**(460)**
At 31 December 2022	**1,020**	**2,029**	**2,422**	**5,471**
Carrying Amounts				
At 31 December 2022	**10,406**	**150**	**2,575**	**13,131**
At 31 December 2021	10,661	351	3,226	14,238

Notes To The Financial Statements

13. INVESTMENT IN SUBSIDIARIES

	Company 2022 RM'000	Company 2021 RM'000
Unquoted shares, at cost	**14,344**	14,344

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Proportion of ownership interest and voting power 2022 %	2021 %	Principal activities
Heineken Marketing Malaysia Sdn. Bhd.	Malaysia	**100**	100	Marketing and distribution of beverages primarily alcoholic in Malaysia
Ramaha Corporation (M) Sdn. Bhd.*	Malaysia	**100**	100	Property holding and land development
Heineken East Malaysia Sdn. Bhd.*	Malaysia	**100**	100	Dormant

* Elected to be exempted from audit under Practice Directive No.3/2017 issued by the Companies Commission of Malaysia.

14. DEFERRED TAX ASSETS/(LIABILITIES)

The deferred tax amounts, determined after appropriate offsetting, are as follows:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Deferred tax assets	**2,147**	5,782	**-**	-
Deferred tax liabilities	**(34,208)**	(32,207)	**(35,502)**	(33,295)
	(32,061)	(26,425)	**(35,502)**	(33,295)

As mentioned in Note 8, the Finance Act 2021 gazetted on 31 December 2021 enacted the special one-time "Prosperity Tax" at the rate of 33% on companies with chargeable income exceeding RM100 million for Year of Assessment 2022. Accordingly, the computation of deferred tax assets and deferred tax liabilities had been adjusted to reflect such changes in 2021.

Notes To The Financial Statements

14. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Assets				
Property, plant and equipment	**-**	679	**-**	-
Inventories	**2,994**	3,504	**786**	508
Receivables, deposits and prepaid expenses	**490**	368	**-**	-
Trade and other payables	**4,371**	2,957	**3,561**	1,019
Unused reinvestment allowances	**3,568**	-	**3,568**	-
Lease liabilities	**1,420**	2,100	**673**	872
Tax assets	**12,843**	9,608	**8,588**	2,399
Set off of tax	**(10,696)**	(3,826)	**(8,588)**	(2,399)
	2,147	5,782	**-**	-
Liabilities				
Property, plant and equipment	**(43,540)**	(34,835)	**(43,436)**	(34,835)
Right-of-use assets	**(1,364)**	(1,198)	**(654)**	(859)
Tax liabilities	**(44,904)**	(36,033)	**(44,090)**	(35,694)
Set off of tax	**10,696**	3,826	**8,588**	2,399
	(34,208)	(32,207)	**(35,502)**	(33,295)
Net				
Property, plant and equipment	**(43,540)**	(34,156)	**(43,436)**	(34,835)
Inventories	**2,994**	3,504	**786**	508
Receivables, deposits and prepaid expenses	**490**	368	**-**	-
Trade and other payables	**4,371**	2,957	**3,561**	1,019
Unused reinvestment allowances	**3,568**	-	**3,568**	-
Right-of-use assets and lease liabilities	**56**	902	**19**	13
Tax liabilities	**(32,061)**	(26,425)	**(35,502)**	(33,295)

Notes To The Financial Statements

14. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movement in temporary differences during the year:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At beginning of year	**(26,425)**	(26,818)	**(33,295)**	(33,128)
Recognised in profit or loss (Note 8):				
Property, plant and equipment	**(9,384)**	436	**(8,601)**	(99)
Inventories	**(510)**	608	**278**	(185)
Receivables, deposits and prepaid expenses	**122**	(308)	**-**	-
Trade and other payables	**1,414**	(1,190)	**2,542**	122
Unused reinvestment allowances	**3,568**	-	**3,568**	-
Right-of-use assets and lease liabilities	**(846)**	847	**6**	(5)
	(5,636)	393	**(2,207)**	(167)
At end of year	**(32,061)**	(26,425)	**(35,502)**	(33,295)

15. RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-current				
Other receivables	**56**	98	**11**	32
Prepaid expenses	**833**	1,448	**-**	-
	889	1,546	**11**	32
Current				
Trade				
Trade receivables	**583,836**	403,523	**-**	-
Less: Impairment losses [Note 28.4(a)]	**(2,041)**	(1,532)	**-**	-
	581,795	401,991	**-**	-
Amount due from a subsidiary	**-**	-	**149,847**	56,112
	581,795	401,991	**149,847**	56,112

Notes To The Financial Statements

15. RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONTINUED)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-trade				
Amount due from intermediate holding corporation	**2**	4	**-**	-
Amount due from related parties	**1,934**	765	**681**	355
Amount due from a subsidiary	**-**	-	**4,043**	4,043
Deposits	**4,630**	4,451	**2,865**	2,817
Other receivables	**6,891**	1,913	**6,333**	545
Prepaid expenses	**6,783**	6,129	**2,242**	414
	20,240	13,262	**16,164**	8,174
	602,035	415,253	**166,011**	64,286

(a) **Amounts due from related parties, intermediate holding corporation and subsidiaries**

The trade amounts due from a subsidiary is subject to normal trade terms.

The non-trade amounts due from intermediate holding corporation, related parties and a subsidiary are unsecured, interest-free and repayable on demand.

(b) **Other receivables**

Included in other receivables are staff loans of the Group and of the Company amounting to RM98,000 (2021: RM257,000) and RM32,000 (2021: RM123,000) respectively of which RM56,000 (2021: RM98,000) and RM11,000 (2021: RM32,000) are repayable after the next 12 months for the Group and the Company respectively.

(c) **Prepaid expenses**

Included in prepayments of the Group are upfront payments for contracts with on-trade retailers of RM5,319,138 (2021: RM7,163,089) of which RM833,245 (2021: RM1,448,063) are to be amortised over a period of more than 12 months but not exceeding 36 months. The upfront payments are made to the on-trade retailers to carry out promotional activities over the period specified in the contract. The amount is amortised to profit or loss based on actual volumes sold by the on-trade retailers as stipulated in the contract.

16. INVENTORIES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Raw materials	**43,027**	21,016	**43,027**	21,016
Work-in-progress	**9,192**	7,817	**9,192**	7,817
Finished goods	**113,741**	104,016	**7,531**	9,205
Packaging materials	**12,450**	10,083	**12,450**	10,083
Engineering stores and spaces	**12,274**	8,246	**8,426**	6,210
	190,684	151,178	**80,626**	54,331
Recognised in profit or loss:				
Inventories recognised as cost of sales	**1,646,083**	1,218,405	**1,497,863**	1,066,648

The Group and the Company have written down inventories by RM1,664,000 (2021: RM5,486,000) and RM1,462,000 (2021: RM960,000) respectively to net realisable value.

17. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2022	2021	2022	2021
	('000)	('000)	RM'000	RM'000
Issued and fully paid				
Ordinary stock units	**302,098**	302,098	**151,049**	151,049

The holders of ordinary stock units are entitled to receive dividends as declared from time to time, and are entitled to one vote per ordinary stock unit at meetings of the Company.

18. BORROWINGS

	Group and Company	
	2022	2021
	RM'000	RM'000
Current		
Revolving credit and trade financing (unsecured)	**170,000**	160,131

18. BORROWINGS (CONTINUED)

Revolving credit and trade financing as at 31 December 2022 consist of the following:

	Tenure (weeks)	Interest rate (per annum)	Maturity date	Nominal value (RM'000)
Revolving credit	7	3.14%	13 January 2023	50,000
Revolving credit	8	3.16%	26 January 2023	20,000
Revolving credit	8	3.16%	26 January 2023	60,000
Trade financing	14	2.96%	20 January 2023	40,000

Revolving credit and trade financing as at 31 December 2021 consist of the following:

	Tenure (weeks)	Interest rate (per annum)	Maturity date	Nominal value (RM'000)
Revolving credit	9	2.05%	24 January 2022	30,000
Trade financing	6	2.08%	19 January 2022	20,000
Trade financing	4	2.08%	20 January 2022	60,000
Trade financing	8	0.30%	14 January 2022	50,000

The principal and interest are repayable in full upon maturity.

19. LEASE LIABILITIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current	**3,092**	5,015	**1,536**	2,322
Current	**2,857**	3,283	**1,302**	1,346
	5,949	8,298	**2,838**	3,668
Minimum lease payments:				
Not later than 1 year	**3,058**	3,586	**1,397**	1,483
Later than 1 year but not later than 5 years	**3,195**	5,294	**1,590**	2,456
	6,253	8,880	**2,987**	3,939
Less: Unexpired finance charges	**(304)**	(582)	**(149)**	(271)
	5,949	8,298	**2,838**	3,668
Present value of lease liabilities:				
Not later than 1 year	**2,857**	3,283	**1,302**	1,346
Later than 1 year but not later than 5 years	**3,092**	5,015	**1,536**	2,322
	5,949	8,298	**2,838**	3,668

19. LEASE LIABILITIES (CONTINUED)

The Group and the Company discounted the lease liabilities by using the Group's and the Company's incremental borrowing rates of 3.42% - 5.72% (2021: 3.31% - 5.72%).

During the year, the Group and the Company recognised RM9,801,446 (2021: RM5,773,818) and RM981,950 (2021: RM675,339) respectively of short-term leases and leases of low value assets on a straight-line basis as expenses.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Trade				
Amount due to intermediate holding corporation	**11,392**	11,620	**686**	2,278
Amount due to related parties	**14,387**	10,297	**10,426**	7,541
Trade payables	**210,247**	137,672	**102,027**	72,691
	236,026	159,589	**113,139**	82,510
Non-trade				
Amount due to intermediate holding corporation	**87**	520	**87**	520
Amount due to related parties	**8,027**	3,047	**7,820**	3,047
Amount due to a subsidiary	**-**	-	**100**	100
Returnable packaging deposits	**35,580**	31,187	**-**	-
Other payables	**117,625**	45,783	**112,680**	41,494
Derivative financial liabilities	**4**	243	**-**	234
Accrued expenses	**296,038**	237,682	**41,925**	39,152
	457,361	318,462	**162,612**	84,547
	693,387	478,051	**275,751**	167,057

(a) **Amount due to related parties, intermediate holding corporation and a subsidiary**

The trade amount due to related parties and intermediate holding corporation are subject to normal trade terms.

The non-trade amounts due to related parties, intermediate holding corporation and a subsidiary are unsecured, interest-free and repayable on demand.

(b) **Trade payables**

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 90 to 150 days (2021: 90 to 150 days).

(c) **Accrued expenses**

Included in accrued expenses of the Group are accruals for promotional expenses of RM220,085,000 (2021: RM175,017,000).

Notes To The Financial Statements

20. TRADE AND OTHER PAYABLES (CONTINUED)

(d) **Derivative financial liabilities**

The Group's and Company's derivatives comprise solely foreign exchange forward contracts incepted to hedge its currency exposures arising from short term borrowings in United States Dollar ("USD"). Foreign exchange forward contracts are entered into with licensed banks. The foreign exchange forward contracts generally have a maturity period between 1 to 2 months.

Details of the Group's and Company's derivative financial instruments are outlined below:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fair value of remeasured foreign forward exchange contracts	**4**	243	**-**	234

21. PROVISION FOR RESTRUCTURING

On 28 October 2020, Heineken N.V., ultimate holding corporation, announced a review of the effectiveness and efficiency of the organisations at Head Office, regional offices and each of its local operations as a part of its strategic review. Subsequently on 16 December 2020, the Group and the Company announced the restructuring exercise to the employees.

The provision relates to redundancy costs incurred. The Group and the Company have completed the restructuring exercise in the financial year 2022.

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At beginning of year	**3,648**	13,590	**2,613**	3,308
Reversal of provision	**(3,360)**	-	**(2,325)**	-
Utilisation of provision	**-**	(9,942)	**-**	(695)
At end of year	**288**	3,648	**288**	2,613

22. DIVIDENDS

Dividends recognised by the Group and the Company are:

	Sen per stock unit	Total amount RM'000	Date of payment
31 December 2022			
Interim 2022 ordinary	**40.0**	**120,839**	**11 November 2022**
Final 2021 ordinary	**66.0**	**199,385**	**28 July 2022**
Total amount		**320,224**	
31 December 2021			
Interim 2021 ordinary	15.0	45,315	18 November 2021
First and final 2020 ordinary	51.0	154,070	28 July 2021
Total amount		199,385	

The Directors now recommend the declaration of a final ordinary dividend of 98 sen per stock unit under the single tier tax system totalling RM296,056,040 in respect of the financial year ended 31 December 2022 which, if approved by the owners of the Company, will be payable on 20 July 2023.

23. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include the directors of the Company and subsidiaries and certain members of senior management of the Group and the Company. Their compensation are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors:				
Fees	**596**	601	**590**	595
Remuneration	**4,854**	2,360	**4,854**	2,360
Share-based payment	**660**	621	**660**	621
Meeting attendance allowance	**48**	55	**48**	55
Estimated monetary value of benefits-in-kind otherwise than in cash	**569**	587	**569**	587
	6,727	4,224	**6,721**	4,218
Other key management personnel:				
Short term employee benefits	**9,113**	7,315	**5,779**	4,710
Share-based payment	**592**	537	**350**	334
	16,432	12,076	**12,850**	9,262

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

Notes To The Financial Statements

24. OPERATING SEGMENTS

The Group's business is focussed only in malt liquor brewing including production, packaging, marketing and distribution of its products, principally in Malaysia. As such, only one reportable segment analysis is prepared. The Managing Director of the Company (the chief operating decision maker) reviews internal management reports at least on a monthly basis.

Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Managing Director of the Company. 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 this industry.

Segment assets and liabilities

Segment assets and liabilities information is neither included in the internal management reports nor provided regularly to the Managing Director of the Company. Hence, no disclosure is made on segment assets and liabilities.

Segment capital expenditure

Segment capital expenditure is the total costs incurred during the financial year to acquire property, plant and equipment, right-of-use assets and intangible assets.

	Group	
	2022	**2021**
	RM'000	**RM'000**
Total additions to property, plant and equipment, right-of-use assets and intangible assets	**201,338**	115,028
Segment profit		
Included in the measure of segment profits are:		
Revenue from external customers	**2,855,065**	1,979,348
Depreciation and amortisation	**(78,771)**	(70,706)
Not included in the measure of segment profit but provided to the Managing Director of the Company:		
Net finance costs	**(1,724)**	(2,498)

Reconciliation of reportable segment revenue, profit and other material items.

	Group	
	2022	**2021**
	RM'000	**RM'000**
Net finance costs		
Finance income	**1,193**	1,559
Finance costs	**(2,917)**	(4,057)
Consolidated net finance costs	**(1,724)**	(2,498)

No reconciliation is performed for reportable segment profit, revenue, depreciation and amortisation to consolidated figures as there are no differences.

25. CAPITAL COMMITMENTS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Capital expenditure commitments				
Property, plant and equipment:				
Authorised and contracted for within one year	**29,420**	9,011	**28,806**	8,501

26. CONTINGENT LIABILITY – UNSECURED

(i) On 13 April 2021, the Company and its wholly-owned subsidiary, Heineken Marketing Malaysia Sdn. Bhd ("Companies"), had received a Writ of Summons dated 2 April 2021 and Statement of Claim dated 29 March 2021 filed by Thirteen Wings Sdn Bhd, Ashwin Kumar Kandiah (trading under Sivam Kandiah Enterprise, Ashwin Kandiah Enterprise and Skan Ventures), Astrike Sdn Bhd, Axcend Sdn Bhd, Turbo Booze Sdn Bhd and Hops Sdn Bhd ("Plaintiffs") under Kuala Lumpur High Court Civil Suit No. WA-22NCVC-221-04/2021 ("Suit") in respect of a dispute regarding the purchase and supply of the Company's products. The Plaintiffs are claiming among others that the Companies had failed to honour an alleged contract and are seeking for, among others, specific performance of an alleged contract, in the alternative, damages for breach of contract in the liquidated sum of RM26,520,000; and various consequential orders and declarations relating to various contract terms. The Companies had disputed the claims and filed their defence accordingly on 20 May 2021.

(ii) On 6 December 2021, the Companies received another Writ of Summons and Statement of Claim filed by the Plaintiffs under Kuala Lumpur High Court Civil Suit No. WA-22NCVC-781-12/2021 ("Claim"). The Claim is related to the Suit filed in April 2021 as they arose from the same series of transactions, dealings and disputes between the Plaintiffs and the Companies. The Plaintiffs claimed that the Companies have breached the contract between the Plaintiffs and Heineken Marketing Malaysia Sdn Bhd relating to the company's products ("Contract") and they are claiming, among others, the liquidated sum of RM58,225,545. As the Claim and the Suit are inter-related, the Plaintiffs have pleaded that they will be applying to have the Claim and the Suit consolidated and/or heard together.

The directors are of the opinion that they have a strong defence against the Suit, which is frivolous and vexatious and the Claim, which is unwarranted, premature and vexatious. Correspondingly, the Companies had on 10 January 2022 filed their defence and counterclaim against the Plaintiffs in respect of Plaintiffs' breaches of the Contract and are claiming, among others, a sum of RM36,984,914. The trial for the first suit was fixed on 27 until 31 March 2023 but was subsequently vacated until further direction from the court. Trial for the second suit has been fixed on 18 to 20 November 2024.

27. RELATED PARTIES

Identity of related parties

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

Related parties also include key management personnel 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 include all the directors of the Group, and certain members of senior management of the Group.

Notes To The Financial Statements

27. RELATED PARTIES (CONTINUED)

Identity of related parties (continued)

The Group has related party relationships with its holding corporations, related corporations, subsidiaries and key management personnel.

The directors regard GAPL Pte. Ltd. ("GAPL") and Heineken Asia Pacific Pte. Ltd. ("HAPPL"), both corporations incorporated in the Republic of Singapore, as the immediate and intermediate holding corporations.

HAPPL is owned by Heineken N.V., a corporation incorporated in the Netherlands, which in turn is the ultimate holding corporation of the Company.

Significant related party transactions

Significant related party transactions of the Group and the Company other than those disclosed elsewhere in the financial statements are shown below. The balances related to the below transactions are shown in Notes 15 and 20.

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Intermediate holding corporation				
Heineken Asia Pacific Pte. Ltd.				
Royalties paid and payable	**(41,033)**	(27,944)	**-**	-
Subsidiary				
Heineken Marketing Malaysia Sdn. Bhd.				
Dividend income	**-**	-	**398,832**	227,904
Sale of products	**-**	-	**1,685,611**	1,203,511
Management service fee received and receivable	**-**	-	**54,469**	41,800
Related corporations				
Related corporations of Heineken N.V.				
Purchase of goods	**(28,191)**	(14,269)	**(28,191)**	(14,269)
Royalties paid and payable	**(12,263)**	(6,956)	**-**	-
Marketing and technical fees paid and payable	**(39,642)**	(26,291)	**(36,643)**	(24,645)

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK 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 Board of Directors monitors the return on capital, which the Group defines as results from operating activities divided by total equity attributable to owners of the Company. The Board of Directors also monitors the level of dividends to owners of the Company.

The Group monitors and maintains a balanced level of total equity to ensure the Group has adequate capital to support its future development and the payment of dividends to owners of the Company. There was no change in the Group's approach to capital management during the financial year.

Notes To The Financial Statements

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

Under the requirements of Bursa Malaysia Practice Note 17, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25 percent of the share capital and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

28.1 Significant Accounting Policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

28.2 Categories of Financial Instruments

Group	2022 RM'000	2021 RM'000
Financial assets		
At amortised cost:		
Receivables and deposits	**595,308**	409,222
Cash and bank balances	**52,554**	76,479
Financial liabilities		
At fair value:		
Trade and other payables - derivative financial liabilities	**4**	243
At amortised cost:		
Trade and other payables - others	**693,383**	477,808
Provision for restructuring	**288**	3,648
Borrowings	**170,000**	160,131
Lease liabilities	**5,949**	8,298
Company		
Financial assets		
At amortised cost:		
Receivables and deposits	**163,780**	63,904
Cash and bank balances	**49,147**	72,787
Financial liabilities		
At fair value:		
Trade and other payables - derivative financial liabilities	**-**	234
At amortised cost:		
Trade and other payables - others	**275,751**	166,823
Provision for restructuring	**288**	2,613
Borrowings	**170,000**	160,131
Lease liabilities	**2,838**	3,668

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.3 Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

28.4 Credit Risk

Credit risk is the risk of a financial loss to the Group 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 trade receivables. The Company's exposure to credit risk arises principally from trade amount subsidiaries and advances to subsidiaries.

(a) **Receivables**

Risk management objectives, policies and processes for managing the risk

Management has credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group requires collateral to be pledged by most of its customers to cover a percentage of the credit limit granted to them.

New customers are subject to the credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further transactions are suspended and legal actions are taken to attempt recoveries and mitigate losses. Financial guarantees from certain customers may be obtained.

Exposure to credit risk, credit quality and collateral

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

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

The Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Under these policies all customers requiring credit are reviewed and new customers are analysed individually for creditworthiness before payment and delivery terms and conditions are offered. This review can include external ratings, where available, and in some cases bank references. Credit limits are determined for each customer and are reviewed regularly.

The Group has a policy in place in respect of compliance with Anti-Money Laundering Laws. The Group considers it important to know with whom business is done and from whom payments are received.

The Group establishes allowances on trade receivables using an expected credit losses model. These allowances cover specific loss components that relate to individual exposures, and a collective loss component established for groups of similar customers. The collective loss allowance is determined based on historical data of payment statistics and updated periodically to incorporate forward looking information.

At the end of the reporting period, the Group has a concentration of credit risk in the form of trade debtors from 3 (2021: 3) main customers, representing approximately 44% (2021: 38%) of the Group's trade receivables.

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.4 Credit Risk (continued)

(a) Receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

The carrying amounts of collateral for trade receivables as at the end of reporting period were:

	Group Carrying amounts 2022 RM'000	Group Carrying amounts 2021 RM'000
Type of collateral		
Bank guarantees	**63,770**	61,970
Properties charged	**51,067**	51,067
Quoted shares pledged	**1,554**	1,554
	116,391	114,591

Impairment losses

The Group applies the MFRS 9 simplified approach to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 60 days.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due more than 180 days will be considered as credit impaired. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature:

2022 Group	Not past due RM'000	Trade receivables - days past due: 1 - 30 days RM'000	31 - 180 days RM'000	More than 180 days RM'000	Total RM'000
Expected credit loss rate	**0%**	**0%**	**0%**	**47%**	
Estimated total gross carrying amount at default	**553,125**	**21,875**	**4,494**	**4,342**	**583,836**
Lifetime ECL				**(2,041)**	**(2,041)**
					581,795

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.4 Credit Risk (continued)

(a) **Receivables (continued)**

Impairment losses (continued)

	Trade receivables - days past due				
2021	**Not past due**	**1 - 30 days**	**31 - 180 days**	**More than 180 days**	**Total**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Expected credit loss rate	0%	0%	0%	100%	
Estimated total gross carrying amount at default	395,752	4,694	1,545	1,532	403,523
Lifetime ECL	-	-	-	(1,532)	(1,532)
					401,991

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

	Group	
	2022	**2021**
	RM'000	**RM'000**
At beginning of year	**1,532**	2,817
Impairment loss recognised (Note 7)	**509**	-
Reversal of impairment loss (Note 7)	**-**	(1,285)
At end of year	**2,041**	1,532

The allowance account in respect of trade 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.

(b) **Amount due from subsidiary, intermediate holding corporation and related parties**

Risk management objectives, policies and processes for managing the risk

The Group and the Company undertake trade and non-trade transactions with the intermediate holding corporation and related parties. The Company also provides unsecured advances to subsidiaries. The Group and the Company monitor their results regularly.

Exposure to credit risk, credit quality and collateral

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.

Advances are only provided to subsidiaries which are wholly owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the intercompany balances are not recoverable.

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.5 Market Risk

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

(a) **Foreign currency risk**

The Group is exposed to foreign currency risk through normal trading activities on sales and purchases that are denominated in currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Singapore Dollar ("SGD"), Euro Dollar ("EURO") and Great Britain Pound ("GBP").

Risk management objectives, policies and processes for managing the risk

The Group uses forward exchange contracts to hedge its foreign currency risk. The outstanding forward exchange contracts as at the end of reporting period are disclosed in Note 20 (d).

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the respective functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in			
Group	**USD**	**SGD**	**EURO**	**GBP**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2022				
Trade payables	(3,055)	(7,986)	(17,842)	-
2021				
Other receivables	-	-	-	581
Trade payables	(2,175)	(9,183)	(15,887)	-
Borrowings	(50,131)	-	-	-
Gross exposure	(52,306)	(9,183)	(15,887)	581
Less: Borrowing hedged using forward contracts	50,149	-	-	-
Net exposure	(2,157)	(9,183)	(15,887)	581

A foreign currency risk arising from Group's operations is not material, sensitivity analysis is not presented.

(b) **Interest rate risk**

The Group's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Notes To The Financial Statements

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.5 Market Risk (continued)

(b) **Interest rate risk (continued)**

Risk management objectives, policies and processes for managing the risk

The Group does not have a formal policy in place for managing the risk arising from interest rate. The fluctuation of interest rate is however monitored closely by the Group.

Exposure to interest rate risk

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

	Group and Company	
	2022	**2021**
	RM'000	**RM'000**
Fixed rate instruments		
Borrowings	**170,000**	160,131

Interest rate risk sensitivity analysis

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of reporting period would not affect profit or loss.

28.6 Liquidity risk

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

The Group maintains a level of cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. It is not expected that the cash flows included in the maturity analysis could occur significant earlier, on at significant different amounts.

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.6 Liquidity risk (continued)

Maturity analysis

The table below summaries the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000
As at 31 December 2022						
Borrowings						
- Revolving credit and trade financing	**170,000**	**2.96% to 3.16%**	**170,510**	**170,510**	**-**	**-**
Trade and other payables	**693,387**	**-**	**693,387**	**693,387**	**-**	**-**
Provision for restructuring	**288**	**-**	**288**	**288**	**-**	**-**
Lease liabilities	**5,949**	**3.42% to 5.72%**	**6,253**	**3,058**	**2,289**	**906**
	869,624		**870,438**	**867,243**	**2,289**	**906**
As at 31 December 2021						
Borrowings						
- Revolving credit and trade financing	160,131	0.30% to 2.08%	160,407	160,407	-	-
Trade and other payables	478,051	-	478,051	478,051	-	-
Provision for restructuring	3,648	-	3,648	3,648	-	-
Lease liabilities	8,298	3.31% to 5.72%	8,880	3,586	2,366	2,928
	650,128		650,986	645,692	2,366	2,928

Company

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000
As at 31 December 2022						
Borrowings						
- Revolving credit and trade financing	**170,000**	**2.96% to 3.16%**	**170,510**	**170,510**	**-**	**-**
Trade and other payables	**275,751**	**-**	**275,751**	**275,751**	**-**	**-**
Provision for restructuring	**288**	**-**	**288**	**288**	**-**	**-**
Lease liabilities	**2,838**	**3.42% to 5.72%**	**2,987**	**1,397**	**1,052**	**538**
	448,877		**449,536**	**447,946**	**1,052**	**538**

Notes To The Financial Statements

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.6 Liquidity risk (continued)

Maturity analysis (continued)

The table below summaries the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (continued)

Company	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000
As at 31 December 2021						
Borrowings						
- Revolving credit and trade financing	160,131	0.30% to 2.08%	160,407	160,407	-	-
Trade and other payables	167,057	-	167,057	167,057	-	-
Provision for restructuring	2,613	-	2,613	2,613	-	-
Lease liabilities	3,668	3.31% to 5.72%	3,939	1,483	1,066	1,390
	333,469		334,016	331,560	1,066	1,390

28.7 Fair values

The carrying amounts of cash and bank balances, short term receivables and payables, short term borrowings and lease liabilities reasonably approximate their fair values due to the relatively short term nature of these financial instruments or exposed to floating interest rates.

The fair value of the Group's foreign exchange forward contracts at the end of the reporting period as disclosed in Note 20(d) is determined by reference to the differences between the contract rates and quoted forward exchange rates of contract with similar quantum and maturity profile at the end of the reporting period. The fair value is categorised as Level 2 in the fair value hierarchy and classified as financial liabilities at fair value through profit or loss.

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details the reconciliation of the opening and closing amounts in the statements of financial position for each liability for which cash flows have been, or would be, classified as financing activities in the statements of cash flows:

				Cash Flows		
Group	Note	As at 1.1.2022 RM'000	Non-cash changes Addition RM'000	Drawdown RM'000	Repayment RM'000	As at 31.12.2022 RM'000
Borrowings	18	**160,131**	**-**	**1,040,000**	**(1,030,131)**	**170,000**
Lease liabilities	19	**8,298**	**1,570**	**-**	**(3,919)**	**5,949**

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

The table below details the reconciliation of the opening and closing amounts in the statements of financial position for each liability for which cash flows have been, or would be, classified as financing activities in the statements of cash flows: (continued)

				Cash Flows		
	Note	As at 1.1.2022	Non-cash changes Addition	Drawdown	Repayment	As at 31.12.2022
Company		RM'000	RM'000	RM'000	RM'000	RM'000
Borrowings	18	**160,131**	**-**	**1,040,000**	**(1,030,131)**	**170,000**
Lease liabilities	19	**3,668**	**927**	**-**	**(1,757)**	**2,838**

				Cash Flows		
	Note	As at 1.1.2021	Non-cash changes Addition	Drawdown	Repayment	As at 31.12.2021
Group		RM'000	RM'000	RM'000	RM'000	RM'000
Borrowings	18	249,208	131	1,793,000	(1,882,208)	160,131
Lease liabilities	19	11,208	1,996	-	(4,906)	8,298
Company						
Borrowings	18	249,208	131	1,793,000	(1,882,208)	160,131
Lease liabilities	19	4,763	966	-	(2,061)	3,668

Statement By Directors

The directors of **HEINEKEN MALAYSIA BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board of Directors
in accordance with a resolution of the directors,

____
DATO' SRI IDRIS JALA

____
ROLAND BALA

Petaling Jaya, Selangor
24 February 2023

Declaration By The Officer Primarily Responsible For The Financial Management Of The Company

I, **CHRISTIAAN JOHANNES FOLKERTS**, the officer primarily responsible for the financial management of **HEINEKEN MALAYSIA BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

____
CHRISTIAAN JOHANNES FOLKERTS

Subscribed and solemnly declared by the abovenamed **CHRISTIAAN JOHANNES FOLKERTS** at **PETALING JAYA, SELANGOR** this 24th day of February 2023.

Before me,

PESURUHJAYA SUMPAH MALAYSIA
GUNALAN
No. B459
1.1.2022 - 31.12.2024
NO. 13 (TINGKAT 1), JALAN 52/10, PJ NEW TOWN, 46200 PETALING JAYA, SELANGOR

COMMISSIONER FOR OATHS

Other Information

PROPERTIES OWNED BY THE GROUP

Address	Land Area (acres)	Existing Use	Tenure	Approximate Age of Building (years)	Audited Net Carrying Amount as of 31 December 2022 RM'000	Date of Acquisition/ Revaluation*
Lot 1135, Batu 9 Jalan Klang Lama 46000 Petaling Jaya Selangor	20.84	Office building & factory	Leasehold expiring 23 September 2063	56	46,536	30 September 1984*
120, Air Keroh Industrial Estate 75450 Melaka	1.07	Office building & store	Leasehold expiring 13 January 2080	40	242	30 September 1984*
Lot 123, Semambu Industrial Site 25350 Kuantan Pahang	0.52	Office building & store	Leasehold expiring 5 March 2046	40	174	30 September 1984*
Lot 1136, Batu 9 Jalan Klang Lama 46000 Petaling Jaya Selangor	2.88	Storage	Freehold	Not applicable	4,037	31 December 1991
					50,989	

* The revaluation of properties was carried out primarily for the purpose of bonus issue in 1984.

UTILISATION OF PROCEEDS

There was no corporate proposal undertaken by Heineken Malaysia Berhad to raise proceeds during the financial year ended 31 December 2022.

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by Heineken Malaysia Berhad and/or its subsidiaries involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2022 or entered into since the end of the previous financial year.

CONFLICT OF INTEREST/CONVICTION OF OFFENCES/SANCTIONS/PENALTIES

None of the members of the Board and the Management Team has any:

- family relationship with any Director and/or major shareholder of Heineken Malaysia Berhad.
- conflict of interest in any business arrangement involving Heineken Malaysia Berhad.
- convictions for any offences, other than traffic offences, within the past 5 years.
- public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2022.

Analysis Of Stockholdings

As of 10 March 2023

Share Capital	: RM151,049,000
Number of Issued Shares	: 302,098,000 ordinary stock units
Class of Shares	: Ordinary stock unit
Voting Rights	: One vote per ordinary stock unit

Size of Holdings	No. of Stockholders	%	No. of Stock Units	%
1 – 99	1,049	8.70	7,349	0.00
100 – 1,000	5,789	48.01	3,486,811	1.16
1,001 – 10,000	4,075	33.80	15,462,811	5.12
10,001 – 100,000	971	8.05	27,865,504	9.22
100,001 – 15,104,899	173	1.43	101,205,625	33.50
15,104,900 and above	1	0.01	154,069,900	51.00
TOTAL	**12,058**	**100.00**	**302,098,000**	**100.00**

SUBSTANTIAL STOCKHOLDERS AS PER REGISTER OF SUBSTANTIAL STOCKHOLDERS

Name	Direct		Indirect	
	No. of Stock Units	%	No. of Stock Units	%
GAPL Pte Ltd	154,069,900	51.00	-	-

DIRECTORS' INTEREST

According to the Register of Directors' Shareholdings, save for the following Director, none of the other Directors (including the spouses or children of the Directors who themselves are not Directors of the Company) holding office as of 10 March 2023 had any interest in the ordinary stock units of the Company or its related corporations:

Name	Direct		Indirect	
	No. of Stock Units	%	No. of Stock Units	%
Datin Ngiam Pick Ngoh, Linda	6,700	negligible	-	-

30 LARGEST STOCKHOLDERS AS PER RECORD OF DEPOSITORS

Name	No. of Stock Units	%
1. GAPL Pte Ltd	154,069,900	51.00
2. Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	7,315,280	2.42
3. HSBC Nominees (Asing) Sdn Bhd - JPMSE Lux for Stichting Depositary APG Emerging Markets Equity Pool	6,225,200	2.06
4. Cartaban Nominees (Asing) Sdn Bhd - The Bank of New York Mellon for Virtus KAR International Small-Mid Cap Fund	4,210,900	1.39
5. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Hong Leong Value Fund	3,882,600	1.29
6. UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	3,879,439	1.28

Analysis Of Stockholdings

As of 10 March 2023

30 LARGEST STOCKHOLDERS AS PER RECORD OF DEPOSITORS (CONTINUED)

Name	No. of Stock Units	%
7. Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN for AIA Bhd	2,318,100	0.77
8. Tai Tak Estates Sdn Bhd	2,156,000	0.71
9. Key Development Sdn Berhad	2,037,000	0.67
10. ChinChoo Investment Sdn Berhad	1,865,000	0.62
11. CIMB Group Nominees (Asing) Sdn Bhd - Exempt AN for DBS Bank Ltd (SFS)	1,839,800	0.61
12. Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	1,717,600	0.57
13. Ho Han Seng	1,600,000	0.53
14. Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund KG33 for Invesco EQV Asia Pacific Equity Fund	1,532,400	0.51
15. Cartaban Nominees (Asing) Sdn Bhd - BBH (Lux) SCA for Fidelity Funds Asean	1,403,500	0.46
16. Kam Loong Mining Sdn Bhd	1,320,000	0.44
17. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Hong Leong Balanced Fund	1,300,000	0.43
18. Gan Teng Siew Realty Sdn Berhad	1,277,000	0.42
19. Cartaban Nominees (Asing) Sdn Bhd - The Bank of New York Mellon for Virtus KAR Emerging Markets Small-CAP Fund	1,234,600	0.41
20. Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	1,191,000	0.39
21. Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund DU5J for Caisse De Depot ET Placement DU Quebec	1,166,800	0.39
22. HLB Nominees (Asing) Sdn Bhd - Tan Eng Chin Holdings (Pte.) Limited (CUST.SIN 40555)	1,150,000	0.38
23. Hong Leong Assurance Berhad - As Beneficial Owner (Life PAR)	1,141,400	0.38
24. Cartaban Nominees (Asing) Sdn Bhd - Exempt AN for State Street Bank & Trust Company (West CLT OD67)	1,126,600	0.37
25. Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1 ACB Fund)	1,105,600	0.37
26. Citigroup Nominees (Asing) Sdn Bhd - UBS AG	1,096,265	0.36
27. HSBC Nominees (Asing) Sdn Bhd - JPMSE Lux for JPMorgan Funds	1,068,300	0.35
28. Cartaban Nominees (Asing) Sdn Bhd - The Bank of New York Mellon for Florida Retirement System	1,017,800	0.34
29. Cartaban Nominees (Tempatan) Sdn Bhd - Prudential Assurance Malaysia Berhad for Prulink Strategic Fund	991,400	0.33
30. Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund KG67 for Invesco EQV International Small Company Fund	982,600	0.33
TOTAL	**213,222,084**	**70.58**

LimnoTech
Water Environment | Scientists Engineers

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Statement of Confirmation of 2022 Volumetric Water Benefits of Water Stewardship Projects Implemented by HEINEKEN Malaysia

LimnoTech conducted an independent third-party quantification of volumetric water benefits of project activities implemented by HEINEKEN Malaysia to achieve its water balancing goal.

Industry standard methodologies, consistent with the Volumetric Water Benefit Accounting (VWBA) framework published by the World Resources Institute were applied to quantify the water balance benefits of these water stewardship projects.

The 2022 volumetric water benefits were confirmed for 4 different project activities as shown below.

Project	Benefit (HL)
Sungei Way River Rehabilitation	3,890,000
Rainwater Harvesting System (23)	52,440
Peatland Reforestation (2 hectares)	85,000
Clay Dyke Implementation	1,361,020
TOTAL	**5,388,460**

The 2022 water balancing target for HEINEKEN Malaysia is 2,648,943 HL. Therefore, the 2022 water balance achievement is **203%** of the target**.**

Sincerely,
LimnoTech

Pranesh Selvendiran
Sr. Project Engineer

March 21, 2023

STATEMENT OF EXTERNAL ASSURANCE

Relating to HEINEKEN Malaysia's ESG Review Section in the Company's Annual Report 2022

RAPID GENESIS

Terms of Engagement

The engagement of Rapid Genesis Sdn. Bhd. as commissioned by Heineken Malaysia Berhad is to provide an independent, limited assurance on the following Selected Information from their Sustainability Statement 2022:

- Scope 1 emissions from natural gas
- Scope 2 emissions from purchased electricity
- Water consumption
- Energy consumption
- Thermal energy
- Biogas generation and consumption
- Green refrigerator
- Waste circularity
- Water balancing

The Selected Information was found within Heineken Malaysia Berhad's 2022 Sustainability Statement . We have not performed any modification, work, conclusion or any other information to be included in the Sustainability Statement for the current year or for the previous periods unless stated otherwise.

Scope

The scope of work engaged covers the verification and validation of Selected Information where GHG emissions are included within the following boundary:

- Organisational boundary : Heineken Malaysia Bhd and Heineken Marketing Malaysia Sdn. Bhd.
- Control approach : Operational Control and Financial Control
- Period: 1 January 2022 to 31 December 2022

Reporting Criteria

The Reporting Criteria used by HEINEKEN Malaysia include:

- Bursa Malaysia Main Market Listing Requirements on Sustainability Reporting
- Bursa Malaysia's Sustainability Reporting Guide (3rd edition)
- Global Reporting Initiative Standards

Management Responsibility

HEINEKEN Malaysia's management is responsible for:

- Designing, implementing and maintaining internal management system relevant to the preparation and fair presentation of the Selected Information that is free from material mistreatment, whether due to fraud of error;
- Selecting and/or developing objectives in accordance with the Reporting Criteria;
- Measuring and reporting the Selected Information in accordance with the Reporting Criteria; and
- The content and statement contained within the Report and the Reporting Criteria

STATEMENT OF EXTERNAL ASSURANCE

Relating to HEINEKEN Malaysia's ESG Review Section in the Company's Annual Report 2022

Our Responsibility

Our responsibility is to express an opinion on whether the Selected Information has been prepared in accordance with the Reporting Criteria. We at our level best comply with professional requirements to plan and perform the verification to obtain a limited assurance conclusion based on the work undertaken and evidence provided.

Assurance Activities

The main objective is to examine whether the Selected Information is reported as complete and accurate. Our verification strategy used a combined data and controls testing approach. Works as below are carried out but not limited to:

- Review of 2022 Annual Report data reporting
- Sampling of operational records to confirm traceability and accuracy of source data
- Re-calculation of GHG emissions
- Re-calculation of water consumption
- Analytical procedures between production and energy consumption
- Examination of recycling and waste activities
- Review of 4 sets of water balancing reports
- Review of water project details

Our conclusion

Based on our examination of the data, inventory and evidence provided by Heineken Malaysia, it is believed that these assumptions provide a reasonable basis for the forecast. In our opinion, the forecast is properly prepared on the basis of the assumptions and in accordance with the stated Reporting Criteria.

3RD APRIL 2023

RAPID GENESIS SDN BHD
TANG KOK MUN
PROJECT LEAD

GRI Content Index

The GRI content index ensures reported ESG information is traceable and increases the transparency of information covered in this report. This content index helps stakeholders navigate the disclosures and information that the Group has reported.

GRI Standards	Disclosures		Reference
General Disclosures			
GRI 2: General Disclosures 2021	2-1	Organisational details	3, 36
	2-2	Entities included in the organisation's sustainability reporting	36
	2-3	Reporting period, frequency and contact point	36
	2-5	External assurance	36, 174
	2-6	Activities, value chain and other business relationships	3, 14-15, 26-34
	2-9	Governance structure and composition	41
	2-10	Nomination and selection of the highest governance body	91
	2-11	Chair of the highest governance body	90-91
	2-12	Role of the highest governance body in overseeing the management of topics	42, 90
	2-13	Delegation of responsibility for managing impacts	42, 90
	2-14	Role of highest governance body in sustainability reporting	42
	2-15	Conflicts of interest	89-101, 170
	2-16	Communication of critical concerns	89, 106
	2-17	Collective knowledge of the highest governance body	76
	2-18	Evaluation of the performance of the highest governance body	92
	2-19	Remuneration policies	93-94
	2-20	Process to determine remuneration	93-94
	2-22	Statement on sustainable development strategy	4-6
	2-28	Membership associations	44
	2-29	Approach to stakeholder engagement	43-44
Material Topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	45
	3-2	List of material topics	46
Economic Performance			
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	16
	201-3	Defined benefit plan obligations and other retirement plans	127
Ethical Business Conduct			
GRI 2: General Disclosures 2021	2-23	Policy commitments	49-50
	2-24	Embedding policy commitments	49-51
	2-25	Processes to remediate negative impacts	50-51
	2-26	Mechanisms for seeking advice and raising concerns	50-51
GRI 3: Material Topics 2021	3-3	Management of material topics	49-51
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	50
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	50

GRI Content Index

GRI Standards	Disclosures		Reference
Regulatory Compliance			
GRI 3: Material Topics 2021	3-3	Management of material topics	51
Risk Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	53-55
Data Privacy and Cybersecurity			
GRI 3: Material Topics 2021	3-3	Management of material topics	55
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	55
Climate Resilience & Energy Efficiency			
GRI 3: Material Topics 2021	3-3	Management of material topics	54-58
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	66, 98
GRI 302: Energy 2016	302-1	Energy consumption within the organization	57-58
	302-3	Energy intensity	57
	302-4	Reduction of energy consumption	57
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	56
	305-2	Energy indirect (Scope 2) GHG emissions	56
	305-4	GHG emissions intensity	55-56
	305-5	Reduction of GHG emissions	55-56
Waste and Effluent Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	58-59, 61
GRI 306: Waste 2020	306-2	Management of significant waste-related impacts	58
	306-3	Waste generated	59
	306-4	Waste diverted from disposal	59
Water Stewardship			
GRI 3: Material Topics 2021	3-3	Management of material topics	59-64
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	63-64
	203-2	Significant indirect economic impacts	64-65
GRI 303: Water and Effluents 2018	303-2	Management of water discharge-related impacts	61
	303-4	Water discharge	61
	303-5	Water consumption	60-61
Resource Use			
GRI 3: Material Topics 2021	3-3	Management of material topics	58-59
GRI 301: Materials 2016	301-3	Reclaimed products and their packaging materials	59
Diversity			
GRI 2: General Disclosures	2-7	Employees	74
GRI 3: Material Topics 2021	3-3	Management of material topics	70-72
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	71
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	72

GRI Content Index

GRI Standards	Disclosures		Reference
Employee Health, Safety & Wellbeing			
GRI 3: Material Topics 2021	3-3	Management of material topics	72-73
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	72
	403-2	Hazard identification, risk assessment, and incident investigation	52
	403-3	Occupational health services	73
	403-4	Worker participation, consultation and communication on occupational health and safety	73
	403-5	Worker training on occupational health and safety	73
	403-9	Work-related injuries	73
Human Rights & Labour Standards			
GRI 3: Material Topics 2021	3-3	Management of material topics	74-75
GRI 2: General Disclosures 2021	2-27	Compliance with laws and regulations	75
	2-30	Collective bargaining agreements	75
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	74
Supply Chain Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	75
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	75
Human Capital Development			
GRI 3: Material Topics 2021	3-3	Management of material topics	75-76
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	76
Community Investment & Development			
GRI 3: Material Topics 2021	3-3	Management of material topics	77-79
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments and development programmes	77
Product Safety, Quality & Hygiene			
GRI 3: Material Topics 2021	3-3	Management of material topics	80
Responsible Marketing & Consumption			
GRI 3: Material Topics 2021	3-3	Management of material topics	80-83
GRI 417: Marketing and Labelling 2016	417-2	Incidents of non-compliance concerning product and service information and labelling	80
	417-3	Incidents of non-compliance concerning marketing communications	80

Group Directory

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