



Thai Beverage Public Company Limited

ANNOUNCEMENT

Date: 4 February 2021
To: Singapore Exchange Securities Trading Limited
Subject: Potential Spin-Off and Listing of BeerCo Limited, a subsidiary of ThaiBev

1. INTRODUCTION

We, Thai Beverage Public Company Limited ("**ThaiBev**", and together with our subsidiaries, the "**ThaiBev Group**") refer to our previous announcement dated 28 January 2021 which referred to a potential listing of the beer businesses of ThaiBev (the "**Spin-off Business**"). Following the completion of an internal restructuring exercise within the ThaiBev Group in 2020, the Spin-off Business is currently held by BeerCo Limited ("**BeerCo**", and together with its subsidiaries, the "**BeerCo Group**"), an indirect wholly-owned subsidiary of ThaiBev. ThaiBev is pleased to announce its intention for BeerCo to seek a listing of its ordinary shares on the Main Board of Singapore Exchange Securities Trading Limited (the "**Proposed Spin-off Listing**") and that in connection therewith, International Beverage Holdings Limited, a wholly-owned subsidiary of ThaiBev which holds all of the issued ordinary shares of BeerCo, will conduct a public offering of up to approximately 20% of the total number of issued ordinary shares of BeerCo ("**BeerCo Shares**") (subject to a potential over-allotment option (if any)) (the proposed sale of such shares being the "**Proposed Vendor Sale**")¹.

ThaiBev has received a no-objection letter from Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in relation to the Proposed Spin-off Listing, which is subject to the following conditions: (a) compliance with the SGX-ST's listing requirements and guidelines; and (b) disclosure via a SGXNET announcement, the basis for the Board's assessment that the Proposed Spin-off Listing would bring tangible benefits to ThaiBev's shareholders ("**Shareholders**"). With respect to foregoing condition (b), the Board's assessment is set out in paragraph 3 of this announcement.

The SGX-ST reserves the right to amend and/or vary the above decision and such decision is subject to changes in the SGX-ST's policies.

For the avoidance of doubt, ThaiBev will not be convening a general meeting to seek the approval of Shareholders for the Proposed Spin-off Listing.

¹ The terms of the Proposed Spin-off Listing (if any) and the Proposed Vendor Sale (if any) remain subject to finalisation. While it is possible that an over-allotment option may be granted as part of the Proposed Vendor Sale and an additional amount of BeerCo Shares may be sold pursuant thereto, please note that there is no clarity on the grant of any potential over-allotment or on the size thereof at this stage, nor any certainty that any such over-allotment (if granted) could be sold.



2. INFORMATION ON THE BEERCO GROUP AND ITS CONTRIBUTION TO THE THAIBEV GROUP

BeerCo is a company incorporated in Singapore as an investment holding company. An internal restructuring exercise within the ThaiBev Group was undertaken and completed in 2020 to substantially streamline and consolidate the ThaiBev Group's beer business and operations under BeerCo, except for the sale of Thai beer products outside Thailand (the "**International Beer Sales Business**")². The BeerCo Group's business includes the production, distribution and sales of beer, including "Chang", "Archa" and "Federbräu", in Thailand, and through our interest in Saigon Beer-Alcohol-Beverage Corporation, the production, distribution and sales of beer, including "Bia Saigon and "333", in Vietnam. The BeerCo Group has a total of three breweries in Thailand and a network of 26 breweries in Vietnam. For the financial year ended 30 September 2020 ("**FY2020**"), the revenue of the BeerCo Group was approximately S\$4.7 billion, and profit after tax was approximately S\$348 million. The indicative group structure of the BeerCo Group for the purposes of the Proposed Spin-off Listing is set out in Appendix A to this announcement.

To allow Shareholders to better understand the scope of the Proposed Spin-off Listing, the following information about the BeerCo Group and its contribution to the ThaiBev Group have been included:

- (a) Appendix B to this announcement contains details on the contribution of the Spin-off Business to the ThaiBev Group's gross profit, EBITDA and Profit After Tax for each of the financial years ended 30 September 2018 ("**FY2018**"), 30 September 2019 ("**FY2019**") and FY2020;
- (b) Appendix C1 to this announcement contains a commentary on the financial performance of the BeerCo Group for FY2018, FY2019 and FY2020 and Appendix C2 to this announcement contains the BeerCo Group's unaudited combined financial statements for FY2018, FY2019 and FY2020; and
- (c) Appendix D1 to this announcement contains a commentary on the financial performance of the ThaiBev Group and the BeerCo Group, for the three months ended 30 September 2020 ("**Q42020**") as compared with the three months ended 30 September 2019 ("**Q42019**"), Appendix D2 to this announcement contains the ThaiBev Group's unaudited combined financial statements for Q42019 and Q42020, and Appendix D3 to this announcement contains the BeerCo Group's unaudited combined financial statements for Q42019 and Q42020.

² The International Beer Sales Business will continue to be operated by the ThaiBev Group following the Proposed Spin-off Listing. For completeness, Bia Saigon is also sold in Hong Kong and Singapore under the International Beer Sales Business, but such sales were insignificant and amounted to only approximately USD32,000 for the last financial year ended 30 September 2020.

ThaiBev will also be releasing the unaudited combined financial statements of BeerCo and unaudited consolidated financial statements of ThaiBev for the three months ended 31 December 2020 (“1QFY2021 Results”), on or about 10 February 2021 after the market closes, to provide Shareholders with an update of the financial performance of the BeerCo Group and the ThaiBev Group, and the BeerCo Group’s contribution to the ThaiBev Group. Shareholders should note that the 1QFY2021 Results is a one-time release of ThaiBev’s quarterly financial statements in view of the Proposed Spin-off Listing referred to in this announcement. For the avoidance of doubt, apart from the 1QFY2021 Results, ThaiBev intends to continue with the practice of announcing its financial statements on a half-yearly basis instead of a quarterly basis. Please refer to ThaiBev’s announcement dated 14 May 2020 in relation to ThaiBev’s change to half-yearly reporting, for further details.

3. RATIONALE FOR AND BENEFITS OF A PROPOSED SPIN-OFF LISTING

The Board of Directors of ThaiBev (“**Board**”) believes that the Proposed Spin-off Listing would be in the interests of Shareholders. The business and commercial reasons for the Proposed Spin-off Listing as well as the benefits to Shareholders include:

(a) Significant growth potential in the beer business to be better harnessed by a separate board of directors and management team

The Board sees significant growth potential in the beer business and believes that the potential can better be developed with a dedicated board of directors and management team focused solely on growing the beer business. The management team for BeerCo will comprise members with extensive experience in the beer industry and BeerCo will be led by a board of directors who will contribute to the growth and strategy of the new BeerCo.

Appendix E to this announcement sets out details of the board of directors and management team of BeerCo.

As a separately-listed entity, BeerCo will have direct access to debt and equity capital markets and be able to independently leverage on a wider range of funding options to finance its existing operations as well as its future business expansion plans.

(b) Improvement of the financial position of the ThaiBev Group and increased financial flexibility to grow its other business segments

It is anticipated that the ThaiBev Group could use part of the proceeds generated from the Proposed Vendor Sale to *inter alia* repay interest-bearing debt. A reduction of the ThaiBev’s Group’s interest-bearing debt to equity ratio and in its overall debt level will be beneficial to the ThaiBev Group as a whole; this will strengthen the ThaiBev Group financially and increase its ability to invest in future business expansion. The ThaiBev Group will also be able to better utilise its financial resources for its other business segments.

(c) Unlocking Shareholder Value

The Proposed Spin-off Listing will provide a transparent valuation benchmark for the Spin-off Business under the BeerCo Group and will allow the core businesses of the ThaiBev Group to be assessed and valued more distinctly. ThaiBev believes that the BeerCo Group’s position as one of the leading beer players in Southeast Asia and its growth potential offers a distinct and compelling growth story.

Shareholders will be able to benefit from improvement in Shareholder value resulting from any gain on disposal that ThaiBev will receive from the Proposed Vendor Sale.

In addition, Shareholders can continue to participate in the growth of the BeerCo Group through ThaiBev as ThaiBev intends to retain a significant majority shareholding in the BeerCo Group after the Proposed Spin-off Listing. Shareholders and new investors will have the flexibility to invest in the shares of either or both of ThaiBev and/or BeerCo in accordance with, among others, their risk appetites, investment preferences and other factors. Having BeerCo separately listed will allow investors more opportunity for diversification of their investments. The Proposed Spin-off Listing may also attract new investors in either or both of ThaiBev and/or BeerCo who are seeking investment opportunities in a more focused business model, thereby creating a wider, deeper and more diverse investor base for the ThaiBev Group as a whole.

4. CAUTIONARY STATEMENT

The Board wishes to highlight that the Proposed Spin-off Listing is subject to, *inter alia*, requisite approvals from the relevant regulatory authorities, as well as the prevailing market conditions. Accordingly, there is no certainty or assurance that the Proposed Spin-off Listing will materialise or that the SGX-ST and the Monetary Authority of Singapore will grant their approval for the listing of BeerCo Shares on the Main Board of the SGX-ST or the registration of the final prospectus of BeerCo. Further, the Board may, notwithstanding that all requisite regulatory approvals have been obtained or will be obtained in due course, decide not to proceed with the Proposed Spin-off Listing if, having regard to investors' interests and responses at any material time and taking into consideration any other relevant factors, the Board deems it not in the interests of Shareholders to proceed with the same. Accordingly, there is no certainty or assurance that the Proposed Spin-off Listing will materialise in due course, at all, or in the form as described in this announcement.

Shareholders and potential investors are advised to exercise caution at all times and seek appropriate professional advice when dealing in the shares in and securities of ThaiBev, and to refrain from taking any action in respect of their investments which may be prejudicial to their interests.

In accordance with the relevant Thai and Singapore regulations, ThaiBev will announce material updates in respect of the Proposed Spin-off Listing or Spin-off Business where appropriate.

Please be informed accordingly.

Yours faithfully,

Nantika Ninvoraskul
Company Secretary

APPENDIX A
INDICATIVE GROUP STRUCTURE CHART

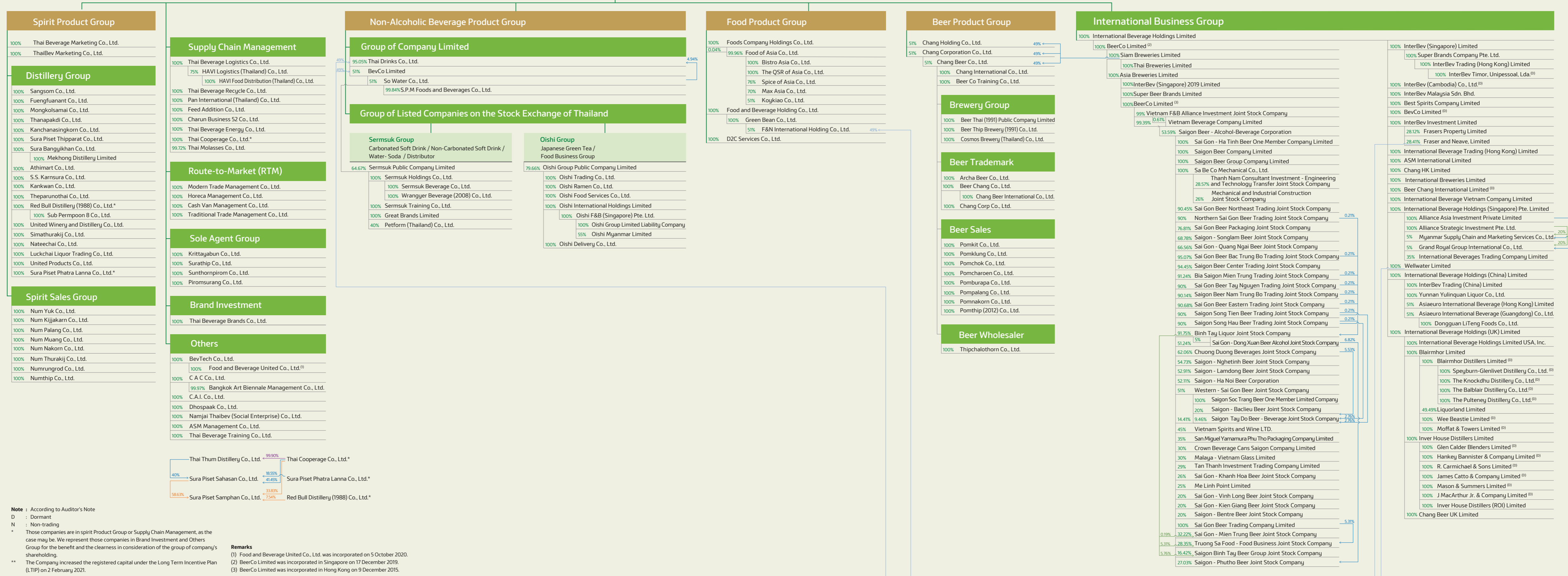
Shareholding Structure

As at 4 February 2021

Thai Beverage Public Company Limited

Registered capital of Baht 25,159,999,999 with paid-up capital of Baht 25,118,754,820 consisting of 25,118,754,820 issued comm on shares, with the par value of Baht 1 each.**

Appendix A - Indicative Group Structure Chart



APPENDIX B SPIN-OFF BUSINESS'S CONTRIBUTION

SPIN-OFF BUSINESS'S CONTRIBUTION TO THE THAIBEV GROUP

The relative contribution of the Spin-off Business to the ThaiBev Group's gross profit, EBITDA and Profit After Tax in FY2020 is 29%, 29% and 30%, respectively.

The following table summarises the relative contribution of the Spin-off Business, to the ThaiBev Group's financial results for the financial years ended 30 September 2018 ("**FY2018**"), 30 September 2019 ("**FY2019**") and 30 September 2020 ("**FY2020**"). Historical financial information on the Spin-off Business has also been provided in Appendix C2.

	Financial Year Ended 30 September		
	2018	2019	2020
BeerCo Group's % Contribution to ThaiBev Group⁽¹⁾			
Gross Profit	28%	31%	29%
EBITDA ⁽²⁾	15%	21%	29%
Profit After Tax ⁽²⁾	2%	19%	30%

⁽¹⁾ The ThaiBev Group's financial information was extracted from ThaiBev's annual reports for the respective financial years and has been converted to SGD for this calculation at a THBSGD rate of 0.0415, 0.0431 and 0.0443 for FY2018, FY2019 and FY2020, respectively.

⁽²⁾ The BeerCo Group's financial information used in these calculations was extracted from the unaudited combined financial statements of the BeerCo Group included in Appendix C2. In calculating the % contribution, no elimination was made to the BeerCo Group's financial information for transactions between companies of the BeerCo Group and those of the ThaiBev Group (outside the BeerCo Group). BeerCo's EBITDA applied in this calculation includes interest income, past service cost for employee benefits from amendment of the Thai Labor Protection Act, management fees paid to companies of the ThaiBev Group (outside the BeerCo Group) in FY2018, FY2019 and FY2020 and costs relating to business acquisition. The BeerCo Group's Profit After Tax applied in this calculation includes non-recurring finance costs, past service cost for employee benefits from amendment of the Thai Labor Protection Act, management fees paid to companies of the ThaiBev Group (excluding the BeerCo Group) in FY2018, FY2019 and FY2020 and costs relating to business acquisition.

RECONCILIATION OF KEY FINANCIALS BETWEEN THE THAIBEV GROUP'S BEER SEGMENT AND THE BEERCO GROUP

The following table sets forth selected income statement data between the ThaiBev Group's beer segment and the BeerCo Group for FY2018, FY2019 and FY2020:

	ThaiBev Group's Beer Segment ⁽¹⁾ (As Reported)			BeerCo Group			Commentary on Reconciliation
	Financial Year Ended 30 September			Financial Year Ended 30 September			
	2018 (S\$ in millions)	2019 (S\$ in millions)	2020 (S\$ in millions)	2018 (S\$ in millions)	2019 (S\$ in millions)	2020 (S\$ in millions)	
Revenue	3,921	5,190	4,734	3,946	5,151	4,716	<ul style="list-style-type: none"> ThaiBev Group's beer segment recognises additional revenues between FY2018 and FY2020 through the distribution of BeerCo products to third parties by Cash Van Management Co., Ltd. ("CVM"), Horeca Management Co., Ltd. ("HORECA") and International Beverage Holdings Limited ("IBHL") ThaiBev Group's beer segment only included sales of Chang drinking water from FY2019 onwards while BeerCo Group revenues included sales of Chang drinking water between FY2018 and FY2020
Gross profit	855	1,158	1,057	775	1,034	969	<ul style="list-style-type: none"> ThaiBev Group's beer segment recognises additional gross profits between FY2018 and FY2020 from the distributor margin earned for sales by CVM, HORECA and IBHL to third parties
EBITDA ⁽²⁾	364	537	568	216	403	588	<ul style="list-style-type: none"> Head office expenses and corporate sponsorship expenses were allocated across various business segments in ThaiBev Group for FY2018 to FY2020, resulting in lower expenses for the beer segment BeerCo Group absorbed all corporate sponsorship expenses incurred at BeerCo entities for FY2018 to FY2020. In FY2020, corporate sponsorship expenses were lower than previous years due to the cancellation or postponement of events amid the Covid-19 pandemic
Profit after tax	87	141	156	19	218	348	<ul style="list-style-type: none"> ThaiBev Group's beer segment incurred interest expenses between FY2018 and FY2020 for loans taken on for the acquisition of SABECO in FY2018 BeerCo Group incurred interest expenses only in FY2018 for loans taken on for the acquisition of SABECO in FY2018

⁽¹⁾ The ThaiBev Group's financial information was extracted from ThaiBev's annual reports for the respective financial years and has been converted to SGD for this calculation at a THBSGD rate of 0.0415, 0.0431 and 0.0443 for FY2018, FY2019 and FY2020, respectively.

⁽²⁾ EBITDA for both ThaiBev Group's beer segment and BeerCo Group include interest income.

APPENDIX C1
THE FINANCIAL PERFORMANCE OF THE BEERCO GROUP
FOR THE FINANCIAL YEARS ENDED
30 SEPTEMBER 2018, 30 SEPTEMBER 2019 AND 30 SEPTEMBER 2020

BeerCo Group's FY2018, FY2019 and FY2020 Financial Performance

As the acquisition of SABECO was on 29 December 2017 and consolidation of its financial results into those of BeerCo began only from 29 December 2017 onward, its Vietnam operations only contributed to BeerCo's results of operations for nine months of FY2018. As a result, BeerCo's financial performance for FY2019 and FY2020 may not be comparable to BeerCo's financial performance for FY2018.

Revenue from sale of goods

Revenue from sale of goods increased by 30.5% YoY from S\$3,945.7 million in FY2018 to S\$5,150.7 million in FY2019 and decreased by 8.4% YoY to S\$4,716.0 million in FY2020. The increase in FY2019 was primarily attributable to the fact that SABECO contributed to BeerCo's results for the full twelve-month period of FY2019, compared to only nine months in FY2018. Sales of beer in Thailand also increased. The decrease in FY2020 was attributable to a decrease in revenue from sale of goods in Vietnam which was only partially offset by an increase in revenue from sale of goods in Thailand.

Revenue from sale of goods in Thailand increased by 13.0% YoY from S\$2,171.4 million in FY2018 to S\$2,452.8 million in FY2019 and further increased by 2.6% YoY to S\$2,519.0 million in FY2020. This increase was largely the result of an increase in sales volumes of "Chang" beer, due to BeerCo's continued brand-building efforts in Thailand and its initiative to strengthen its distribution channels and intensify engagement with its agents, which helped it gain market share. In FY2019, there was increased demand in the market, driven by farm subsidies and stronger commodity prices (both of which support higher levels of income for Thai farmers), strong tourism and the coronation of the King of Thailand in May 2019. In addition, its revenue figures increased due to a strengthening of the Thai Baht vis-à-vis the Singapore dollar in FY2019.

Revenue from sale of goods in Vietnam increased by 52.1% YoY from S\$1,774.3 million in FY2018 to S\$2,697.8 million in FY2019 and decreased by 18.6% YoY to S\$2,197.0 million in FY2020. The increase in FY2019 was primarily due to the full-year contribution by SABECO in FY2019. The increase in revenue in FY2019 was also attributable to increased sales volumes of main brands in Vietnam, "Bia Saigon" and "333", on a like-for-like basis, due to BeerCo's continued brand-building efforts in Vietnam, a strengthening of the Vietnamese Dong vis-à-vis the Singapore dollar and increases in the price of goods in FY2019 following BeerCo's strategy to invest in SABECO's brand equity. The decrease in FY2020 was primarily due to a decrease in sales volumes as a result of the Covid-19 pandemic, which halted business and social activities and lowered total consumption levels in Vietnam, and other adverse factors such as false rumors against BeerCo and Decree No. 100/2019/ND-CP on administrative penalties for road traffic offenses and rail transport offenses ("**Decree 100**"). The Vietnamese government implemented Decree 100, effective 1 January 2020, which introduced tighter restrictions on marketing and advertising for beer in Vietnam and implemented strict penalties and remedial actions for operating a vehicle on the road under the influence of alcohol, without any allowance or legal limits.

Cost of sale of goods

Cost of sale of goods increased by 29.8% YoY from S\$3,170.3 million in FY2018 to S\$4,116.5 million in FY2019 and decreased by 9.0% to S\$3,747.3 million in FY2020. The increase in FY2019 was primarily due to the full-year contribution by SABECO in FY2019 and to the increase in sales volumes in Thailand. The decrease in FY2020 was generally in line with the decrease in its revenue from sale of goods. In Vietnam, BeerCo's cost of sale of goods decreased by 19.7% YoY to S\$1,694.6 million in FY2020, also as a result of cost saving initiatives that BeerCo continued to implement since the SABECO Acquisition, leading to lower costs for raw materials, cans and bottles. BeerCo also introduced key performance indicators for lowering energy consumption for its Vietnam breweries.

Other income

Other income decreased by 11.5% YoY from S\$26.2 million in FY2018 to S\$23.2 million in FY2019, primarily as a result of higher-than-usual levels of sales of surplus raw materials and other scrap sales in FY2018 in Thailand and, to a lesser extent, in Vietnam. Other income was relatively stable in FY2020.

Distribution costs

Distribution costs increased by 15.2% YoY from S\$460.0 million in FY2018 to S\$529.9 million in FY2019 and decreased by 13.0% YoY to S\$461.1 million in FY2020. The increase in FY2019 was primarily due to the full-year contribution by SABECO in FY2019. Marketing and advertising expenses increased by 13.0% YoY to S\$205.8 million in FY2019, primarily as a result of (i) BeerCo's increased brand-building activities for its main beer brands in Vietnam and Thailand to stimulate the beer market after its decline in FY2017 and FY2018 and (ii) the coronation of the King of Thailand.

The decrease in FY2020 was primarily as a result of (i) a decrease in marketing and advertising expenses by 8.1% YoY to S\$189.2 million in FY2020 due to lockdowns and other countermeasures against Covid-19; (ii) a decrease in transportation expenses by 27.3% YoY to S\$103.2 million in FY2020 due to cost saving initiatives in Vietnam, where BeerCo has improved its tender process for transportation, which was helped by a decrease in oil prices, and (iii) a decrease in rental fee by 90.6% YoY to S\$1.7 million in FY2020 due to a change in accounting policy which led to a reclassification of rental fee to "depreciation and amortization." The decrease was partially offset by a 23.6% YoY increase in depreciation and amortisation charges to S\$43.9 million in FY2020 partly as a result of adoption of IFRS 16 in FY2020.

Administrative expenses

Administrative expenses increased by 52.8% YoY from S\$94.3 million in FY2018 to S\$144.0 million in FY2019 and decreased by 13.5% YoY to S\$124.6 million in FY2020. The increase in FY2019 was primarily as a result of the full-year contribution by SABECO in FY2019, as well as an increase in employee benefit expenses and consultant and professional fees.

The decrease in FY2020 was primarily as a result of (i) a decrease in employee benefit expenses by 32.9% YoY to S\$54.5 million in FY2020 primarily due to the reversal of accrued bonus provisions in Vietnam after the finalization of bonus payouts in FY2020, and (ii) a decrease in other administrative expenses by 48.9% YoY to S\$11.2 million in FY2020, partially due to losses relating to assets disposed in Vietnam and lower bottles write-off costs in FY2020.

The decrease was partially offset by increases in (i) allowance for doubtful debt of other receivables from related parties to S\$16.5 million in FY2020, from nil in FY2019, in relation to management's assessment of the recoverability of certain investments in associates and provision for investment in a real estate associated company in Vietnam; (ii) depreciation and amortisation charges to S\$9.1 million in FY2020, from S\$4.5 million in FY2019, primarily as a result of adoption of IFRS16, and (iii) donation to S\$7.0 million in FY2020, from S\$3.9 million in FY2019, primarily for medical funds.

Administrative expenses in Thailand increased by 1.7% YoY to S\$46.7 million in FY2020 primarily due to an increase in hire and service fees, whereas administrative expenses in Vietnam decreased by 20.6% YoY to S\$77.9 million in FY2020 primarily due to a decrease in employee benefit expenses in Vietnam and continued efforts to contain costs and implement a cost-conscious culture.

Management fees

Management fees increased by 81.7% YoY from S\$93.6 million in FY2018 to S\$170.1 million in FY2019 and decreased by 82.9% YoY to S\$29.1 million in FY2020. The increase in FY2019 was a result of an increase in the rate used to calculate the management fees. Historically, BeerCo has paid management fees to ThaiBev for various management and supporting services. The decrease in FY2020 was a result of the new management fee schemes implemented with ThaiBev. BeerCo amended its management fee scheme with ThaiBev in FY2020 to phase out the fees in anticipation of BeerCo using its own management personnel. In November 2019, BeerCo terminated the service fee agreement with effect from 1 December 2019. In March 2020, BeerCo entered into a new supporting service agreement effective from 1 April 2020, which resulted in significantly lower service fees than what BeerCo has historically paid to ThaiBev, resulting a decrease in management fees in FY2020.

Past service cost for employee benefits from amendment of Thai Labor Protection Act

BeerCo did not incur any service cost for employee benefits from amendment of Thai Labor Protection Act in FY2020. The past service cost in relation to this item amounted to S\$4.5 million in FY2019. This cost was a one-off cost relating to a change in Thai labor laws, which now require companies to accrue for up to 400 post-service days of employee benefits instead of 300 days.

Interest income

Interest income increased by 40.3% YoY from S\$42.5 million in FY2018 to S\$59.5 million in FY2019 and further increased by 15.2% YoY to S\$68.6 million in FY2020, primarily as a result of higher cash balances in Vietnam.

Finance costs

Finance costs decreased by 85.2% YoY from S\$62.9 million in FY2018 to S\$9.3 million in FY2019 and increased by 35.4% YoY to S\$12.7 million in FY2020. The decrease in FY2019 was primarily a result of the conversion of loans related to the acquisition of SABECO into equity, while the increase in FY2020 was primarily as a result of BeerCo's increased stake in the LamDong brewery in Vietnam such that it became a subsidiary of BeerCo.

Cost relating to business acquisition

BeerCo did not recognize any costs relating to business acquisition in FY2019 or FY2020. In FY2018, BeerCo recognized a cost of S\$91.3 million, which was related to the acquisition of SABECO.

APPENDIX C2
THE BEERCO GROUP'S UNAUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED
30 SEPTEMBER 2018, 30 SEPTEMBER 2019 AND 30 SEPTEMBER 2020

Combined statements of financial position

As at 30 September

	<i>Note</i>	2020	2019	2018
		<i>(in thousand SGD)</i>		
Assets				
Other long-term investments	34	22,706	21,119	24,265
Other non-current assets	20	8,221	12,707	11,604
Deferred tax assets	19	3,494	2,768	1,800
Other intangible assets	5, 18	1,087,133	1,203,410	1,209,111
Goodwill	5, 17, 27	5,256,233	5,306,252	5,264,408
Right-of-use assets	16	166,884	-	-
Property, plant and equipment	15, 27	722,010	756,040	802,692
Investment properties	14	24,817	20,371	18,362
Long-term loans to and other receivables				
from related parties	6	109,399	590,461	379,953
Investments in associates and joint ventures	12	249,576	245,665	240,017
Non-current assets		7,650,473	8,158,793	7,952,212
Other current assets	11	25,689	21,021	24,808
Inventories	10, 27	217,162	262,010	267,068
Short-term loans to and other receivables				
from related parties	6	4,453	64,828	103,987
Other receivables	9	40,791	39,208	30,172
Trade receivables	6, 9	28,190	31,713	35,554
Current investments	8	844,572	665,232	464,677
Cash and cash equivalents	7	299,327	249,916	277,156
Current assets		1,460,184	1,333,928	1,203,422
Total assets		9,110,657	9,492,721	9,155,634

Combined statements of financial position

As at 30 September

	<i>Note</i>	2020	2019	2018
<i>(in thousand SGD)</i>				
Equity				
Net parent investment (issued capital and reserves)		7,012,573	7,418,804	7,137,355
Non-controlling interests	13	1,252,946	1,300,639	1,288,432
Total equity		8,265,519	8,719,443	8,425,787
Liabilities				
Long-term loans from and other payables				
To related parties	6,21	258	37,667	164
Long-term loans from financial institutions	21	24,180	-	1,007
Lease liabilities	16	54,701	-	-
Deferred tax liabilities	19	54,000	55,491	61,089
Employee benefit obligations	25	33,356	33,123	22,430
Other non-current liabilities		8,783	12,528	10,799
Non-current liabilities		175,278	138,809	95,489
Short-term promissory notes				
Trade payables	21	32,837	30,285	40,008
Other payables	6,22	119,240	145,045	155,585
Other payables	23	356,047	358,830	179,891
Current portion of long-term loans				
From financial institutions	21	565	-	592
Current portion of lease liabilities	16	21,660	-	-
Short-term loans from and other payables				
to related parties	6,21	61,492	33,256	188,756
Income tax payable		36,128	31,887	33,155
Other current liabilities	24	41,891	35,166	36,371
Current liabilities		669,860	634,469	634,358
Total liabilities		845,138	773,278	729,847
Total liabilities and equity		9,110,657	9,492,721	9,155,634

Combined statements of profit or loss

Years ended 30 September

	Note	2020	2019	2018
		<i>(in thousand SGD)</i>		
Revenue from sale of goods	6, 27	4,716,038	5,150,672	3,945,665
Cost of sale of goods	6, 10, 27	(3,747,268)	(4,116,457)	(3,170,275)
Gross profit		968,770	1,034,215	775,390
Dividend income		65	467	777
Net gain on foreign exchange		1,544	188	991
Other income	6	22,518	23,190	26,205
Distribution costs	6, 27, 28	(461,090)	(529,903)	(459,976)
Administrative expenses	6, 27, 29	(124,587)	(144,048)	(94,287)
Management fees	6	(29,103)	(170,108)	(93,613)
Past service cost for employee benefits from the amendment of Thai Labor Protection Act	25, 27	-	(4,451)	-
Results from operating activities		378,117	209,550	155,487
Interest income	6, 27	68,600	59,536	42,441
Finance costs	6, 27, 32	(12,657)	(9,349)	(62,853)
Net finance costs		55,943	50,187	(20,412)
Share of profit of investments in associates and joint ventures, net of tax	12	17,833	20,117	15,579
Profit before income tax expense and non-operating items		451,893	279,854	150,654
Non-operating items:				
Costs relating to business acquisition	5, 27	-	-	(91,262)
Other cost related to beer business reorganisation		(8,725)	-	-
Profit before income tax expense		443,168	279,854	59,392
Income tax expense	27, 33	(95,434)	(61,993)	(40,291)
Profit for the year		347,734	217,861	19,101
Profit attributable to:				
Owners of the Company		198,777	124,034	(16,073)
Non-controlling interests	13	148,957	93,827	35,174
Profit for the year		347,734	217,861	19,101
Basic and diluted earnings per share attributable to owners of the Company (cents) ⁽¹⁾	36	2.53	1.58	(0.20)

⁽¹⁾ For comparative purposes, the earnings per share have been computed based on the profit for the respective years and the Company's issued shares of 7,863,652,000 as at 30 September 2020.

Combined statements of comprehensive income

Years ended 30 September	Note	2020	2019	2018
		<i>(in thousand SGD)</i>		
Profit for the year		347,734	217,861	19,101
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Defined benefit plan actuarial losses	25	(1,296)	(3,797)	(1,208)
Equity investments at FVOCI - net change in fair value		1,902	880	-
Income tax relating to items that will not be reclassified	33	270	765	487
		876	(2,152)	(721)
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Gain on remeasurements of available-for-sale investments		-	-	1,146
Foreign currency translation differences for foreign operations		(83,080)	123,518	9,440
		(83,080)	123,518	10,586
Other comprehensive income for the year, net of tax		(82,204)	121,366	9,865
Total comprehensive income for the year		265,530	339,227	28,966
Total comprehensive income attributable to:				
Owners of the Company		75,634	313,527	(6,886)
Non-controlling interests	13	189,896	25,700	35,852
Total comprehensive income for the year		265,530	339,227	28,966

Combined statements of changes in equity

Year ended 30 September 2018

	Attributable to owners of the Company							Total equity
	Contributed capital	Currency translation differences	Revaluation surplus	Fair value changes in available-for-sale investments <i>(in thousand SGD)</i>	Total other components of equity	Net parent investment	Non-controlling interests	
Balance at 1 October 2017	1,622,106	-	13,628	-	13,628	1,635,734	217,891	1,853,625
Transactions with owners, recorded directly in equity								
<i>Contributions from and distributions to owners of the Company</i>								
Capital contributed from Thai Beverage PCL	5,572,852	-	-	-	-	5,572,852	(8,171)	5,564,681
Dividends to owners of the Company	(64,345)	-	-	-	-	(64,345)	(31,146)	(95,491)
Total contributions from and distributions to owners of the Company	5,508,507	-	-	-	-	5,508,507	(39,317)	5,469,190
<i>Changes in ownership interests in subsidiaries</i>								
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	20,735	20,735
Acquisition of non-controlling interests through business combination	-	-	-	-	-	-	1,053,271	1,053,271
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	1,074,006	1,074,006
Total transactions with owners, recorded directly in equity	5,508,507	-	-	-	-	5,508,507	1,034,689	6,543,196
Comprehensive income for the year								
Profit for the year	(16,073)	-	-	-	-	(16,073)	35,174	19,101
Other comprehensive income	(534)	9,420	-	301	9,721	9,187	678	9,865
Total comprehensive income for the year	(16,607)	9,420	-	301	9,721	(6,886)	35,852	28,966
Balance at 30 September 2018	7,114,006	9,420	13,628	301	23,349	7,137,355	1,288,432	8,425,787

Combined statements of changes in equity

Year ended 30 September 2019

	Other components of equity							Total equity
	Contributed capital	Currency translation differences	Revaluation surplus	Fair value changes in equity investments at FVOCI <i>(in thousand SGD)</i>	Total other components of equity	Net parent investment	Non-controlling interests	
Balance at 1 October 2018	7,114,006	9,420	13,628	301	23,349	7,137,355	1,288,432	8,425,787
Transactions with owners, recorded directly in equity								
<i>Contributions from and distributions to owners of the Company</i>								
Capital contributed from Thai Beverage PCL	130,636	-	-	-	-	130,636	46,304	176,940
Dividends to owners of the Company	(87,725)	-	-	-	-	(87,725)	(114,401)	(202,126)
Total contributions from and distributions to owners of the Company	42,911	-	-	-	-	42,911	(68,097)	(25,186)
<i>Changes in ownership interests in subsidiaries</i>								
Acquisition of non-controlling interests without a change in control	(74,989)	-	-	-	-	(74,989)	54,604	(20,385)
Total changes in ownership interests in subsidiaries	(74,989)	-	-	-	-	(74,989)	54,604	(20,385)
Total transactions with owners, recorded directly in equity	(32,078)	-	-	-	-	(32,078)	(13,493)	(45,571)
Comprehensive income for the year								
Profit for the year	124,034	-	-	-	-	124,034	93,827	217,861
Other comprehensive income	(2,243)	190,670	-	1,066	191,736	189,493	(68,127)	121,366
Total comprehensive income for the year	121,791	190,670	-	1,066	191,736	313,527	25,700	339,227
Balance at 30 September 2019	7,203,719	200,090	13,628	1,367	215,085	7,418,804	1,300,639	8,719,443

Combined statements of changes in equity

Year ended 30 September 2020

	Other components of equity							Total equity
	Contributed capital	Currency translation differences	Revaluation surplus	Fair value changes in equity investments at FVOCI <i>(in thousand SGD)</i>	Total other components of equity	Net parent investment	Non-controlling interests	
Balance at 1 October 2019	7,203,719	200,090	13,628	1,367	215,085	7,418,804	1,300,639	8,719,443
Transactions with owners, recorded directly in equity								
<i>Contributions from and distributions to owners of the Company</i>								
Capital contributed from Thai Beverage PCL	(302,892)	-	-	-	-	(302,892)	(118,472)	(421,364)
Dividends to owners of the Company	(178,989)	-	-	-	-	(178,989)	(124,726)	(303,715)
Total contributions from and distributions to owners of the Company	(481,881)	-	-	-	-	(481,881)	(243,198)	(725,079)
<i>Changes in ownership interests in subsidiaries</i>								
Acquisition of non-controlling interests through business combination	-	-	-	-	-	-	5,783	5,783
Acquisition of non-controlling interests without a change in control	16	-	-	-	-	16	(174)	(158)
Total changes in ownership interests in subsidiaries	16	-	-	-	-	16	5,609	5,625
Total transactions with owners, recorded directly in equity	(481,865)	-	-	-	-	(481,865)	(237,589)	(719,454)
Comprehensive income for the year								
Profit for the year	198,777	-	-	-	-	198,777	148,957	347,734
Other comprehensive income	(759)	(123,403)	-	1,019	(122,384)	(123,143)	40,939	(82,204)
Total comprehensive income for the year	198,018	(123,403)	-	1,019	(122,384)	75,634	189,896	265,530
Balance at 30 September 2020	6,919,872	76,687	13,628	2,386	92,701	7,012,573	1,252,946	8,265,519

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Combined statements of cash flows

Year ended 30 September

	<i>Note</i>	2020	2019	2018
<i>(in thousand SGD)</i>				
<i>Cash flows from operating activities</i>				
Profit for the year		347,734	217,861	19,101
Adjustments for:				
Depreciation and amortisation		132,552	113,397	94,147
Interest income		(68,600)	(59,536)	(42,441)
Finance costs		12,657	9,349	62,853
Unrealised loss (gain) on exchange		402	(29)	(75)
Allowance for doubtful account		2	282	-
Allowance for doubtful debt for other receivables from related parties	<i>6,12,29</i>	16,516	-	-
(Reversal of) allowance for decline in value of inventories		(3,524)	6,659	(123)
Loss (Gain) on disposal and write-off of other long-term investments		-	5,087	(454)
(Gain) loss on disposal and write-off of property, plant and equipment and other intangible assets		(591)	2,950	(2,057)
Unrealised gain on fair value of other investments		60	(1,002)	(1,527)
Impairment loss on property, plant and equipment		-	1,021	-
Impairment loss on investment in associates and joint ventures	<i>12</i>	4,189	465	5,695
Gain on bargain purchase	<i>5</i>	(153)	-	-
Dividend income		(65)	(467)	(777)
Employee benefit expenses		2,330	1,182	1,307
Past service cost for employee benefits from amendment of Thai Labor Protection Act	<i>25</i>	-	4,451	-
Share of profit of investment in associates and joint ventures, net of income tax	<i>12</i>	(17,833)	(20,117)	(15,579)
Income tax expense	<i>33</i>	95,434	61,993	40,291
		<u>521,110</u>	<u>343,546</u>	<u>160,361</u>
Changes in:				
- Trade receivables		3,794	6,293	5,670
- Other receivables from related parties		11,625	(4,818)	(4,488)
- Other receivables		1,604	1,041	(6,896)
- Inventories		40,320	16,102	41,756
- Other current assets		(5,722)	5,298	30,659
- Other non-current assets		(1,028)	(275)	(1,488)
- Trade payables		(21,229)	(20,343)	(18,359)
- Other payables to related parties		22,888	(19,433)	24,597
- Other payables		3,737	160,705	(131,000)
- Other current liabilities		8,361	(3,855)	(8,160)
- Employee benefit paid		(1,921)	(718)	(733)
- Other non-current liabilities		(9,020)	(97)	(562)
Cash generated from operating activities		<u>574,519</u>	<u>483,446</u>	<u>91,357</u>
Tax paid		(91,538)	(74,919)	(53,191)
Net cash from operating activities		<u>482,981</u>	<u>408,527</u>	<u>38,166</u>

Combined statements of cash flows

Year ended 30 September

	Note	2020	2019	2018
<i>(in thousand SGD)</i>				
<i>Cash flows from investing activities</i>				
Interest received		62,728	51,361	40,915
Dividends received		6,285	16,872	17,626
Increase in current investments		(187,500)	(193,946)	(76,069)
Drawdown of short-term loans to related parties	6	(1,521,866)	(1,399,724)	(1,514,250)
Repayment of short-term loans to related parties	6	1,440,882	1,269,329	1,403,962
Repayment of long-term loans to related parties	6	579,418	3,966	161,211
Cash inflow on disposal of other long-term investment		-	-	1,209
Purchase of property, plant and equipment		(36,238)	(30,414)	(40,002)
Sale of property, plant and equipment		2,693	2,829	6,759
Purchase of other intangible assets		(498)	(56)	(225)
Sale of other intangible assets		3	3	40
Net cash inflow (outflow) on acquisition of business	5	4,886	-	(6,224,070)
Net cash from (used in) investing activities		350,793	(279,780)	(6,222,894)
<i>Cash flows from financing activities</i>				
Interest paid		(6,018)	(9,417)	(58,557)
Deferred financing cost paid		-	-	(4,340)
Dividends paid to owners of the Company		(151,270)	(87,725)	(64,345)
Dividends paid to non-controlling interests		(124,726)	(114,401)	(31,146)
Drawdown of short-term promissory notes	21	186,059	178,615	144,451
Repayment of short-term promissory notes	21	(186,403)	(188,507)	(147,101)
Drawdown of short-term loans from related parties	6	1,060,980	49,756	137,782
Repayment of short-term loans from related parties	6	(1,053,402)	(155,756)	(118,032)
Repayment of long-term loans from related parties	6	(36,738)	-	-
Drawdown of long-term loans from financial institutions	21	2,818	-	2,626,672
Repayment of long-term loans from financial institutions	21	(7,761)	(1,587)	(2,625,211)
Repayment of lease liabilities	16	(25,058)	-	-
Net cash (outflow) inflow on capital increase/distribution to parent		(421,364)	176,940	6,589,813
Acquisition of non-controlling interests		(158)	(20,385)	-
Capital contribution from non-controlling interests		-	-	20,735
Net cash (used in) from financing activities		(763,041)	(172,467)	6,470,721
Net increase (decrease) in cash and cash equivalents		70,733	(43,720)	285,993
Cash and cash equivalents at 1 October		249,916	277,156	3,083
Foreign currency translation differences for foreign operation		(21,322)	16,480	(11,920)
Cash and cash equivalents at 30 September	7	299,327	249,916	277,156

BeerCo Limited and its Subsidiaries
Notes to the combined financial statements
For the years ended 30 September 2018, 2019 and 2020

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BeerCo Limited and its Subsidiaries
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For the years ended 30 September 2018, 2019 and 2020

These notes form an integral part of the combined financial statements.

The combined financial statements were authorised for issue by the Board of Directors on [date].

1 General information and basis of preparation

(a) General information

BeerCo Limited (the “**Company**”) was incorporated in Singapore and has its registered office at 438 Alexandra Road #07-03 Alexandra Point, Singapore. The immediate parent company is International Beverage Holdings Limited (“**IBHL**”) which was incorporated in Hong Kong.

Pursuant to a reorganisation exercise on March 12, 2020 and August 14, 2020, BeerCo Limited (the “**Company**”) acquired the beer brewing and distribution business (the “**Listing Business**”) from Thai Beverage Public Company Limited (referred to as “**ThaiBev**” or the “**Ultimate Parent**”) (the “**reorganisation exercise**”).

The reorganisation exercise was accounted for under the as-if pooling method, as the transaction was conducted under common control.

Thai Beverage Public Company Limited is a publicly traded company on Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The principal entities comprising the Listing Business are set out below:

Name	Country of incorporation	Effective interest held by BeerCo			Principal activities and place of operation
		30 September			
		2020	2019	2018	
1. Beer Thai (1991) Plc. ⁴	Thailand	73.99%	73.99%	73.99%	Beer brewery and production of drinking water and soda water
2. Beer Thip Brewery (1991) Co., Ltd. ⁴	Thailand	73.99%	73.99%	73.99%	Beer brewery and production of drinking water and soda water
3. Cosmos Brewery (Thailand) Co., Ltd. ⁴	Thailand	73.99%	73.99%	73.99%	Beer brewery and production of drinking water and soda water
4. Pomkit Co., Ltd. ⁴	Thailand	73.99%	73.99%	73.99%	Beer, drinking water and soda water distributor
5. Pomklung Co., Ltd. ⁴	Thailand	73.99%	73.99%	73.99%	Beer, drinking water and soda water distributor
6. Pomchok Co., Ltd. ⁴	Thailand	73.99%	73.99%	73.99%	Beer, drinking water and soda water distributor
7. Pomcharoen Co., Ltd. ⁴	Thailand	73.99%	73.99%	73.99%	Beer, drinking water and soda water distributor
8. Pomburapa Co., Ltd. ⁴	Thailand	73.99%	73.99%	73.99%	Beer, drinking water and soda water distributor
9. Pompalang Co., Ltd. ⁴	Thailand	73.99%	73.99%	73.99%	Beer, drinking water and soda water distributor
10. Pomnakorn Co., Ltd. ⁴	Thailand	73.99%	73.99%	73.99%	Beer, drinking water and soda water distributor
11. Pomthip (2012) Co., Ltd. ⁴	Thailand	73.99%	73.99%	73.99%	Beer, drinking water and soda water distributor

BeerCo Limited and its Subsidiaries
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Name	Country of incorporation	Effective interest held by BeerCo			Principal activities and place of operation
		30 September			
		2020	2019	2018	
12. Beer Chang Co., Ltd. ⁴	Thailand	73.99%	73.99%	73.99%	Trademark holding and production of beer concentrate
13. Archa Beer Co., Ltd. ⁴	Thailand	73.99%	73.99%	73.99%	Trademark holding and production of beer concentrate
14. Chang Corporation Company Limited ⁶	Thailand	49.00%	49.00%	49.00%	Holding company
15. Chang Beer Co., Ltd.	Thailand	73.99%	73.99%	73.99%	Holding company
16. Chang Beer International Co., Ltd. ²	Thailand	73.99%	73.99%	73.99%	Dormant
17. Chang International Co., Ltd. ⁴	Thailand	73.99%	73.99%	73.99%	Advertising and marketing services
18. Chang Corp Co., Ltd.	Thailand	73.99%	73.99%	73.99%	Advertising and marketing services
19. Thipchalothorn Co., Ltd. ⁴	Thailand	73.99%	73.99%	73.99%	Beer distributor
20. BeerCo Training Co., Ltd. ²	Thailand	73.99%	-	-	Training
21. BeerCo Limited ^{1,5}	Hong Kong	100.00%	100.00%	100.00%	Holding company
22. Siam Breweries Limited	Singapore	100.00%	-	-	Holding company
23. Asia Breweries Limited	Singapore	100.00%	-	-	Holding company
24. Thai Breweries Limited	Singapore	100.00%	-	-	Holding company
25. Chang Holding Co., Ltd. ^{1,6}	Thailand	49.00%	-	-	Holding company
26. Super Beer Brands Limited ¹	Singapore	100.00%	-	-	Beer trademark holding
27. InterBev (Singapore) 2019 Limited ¹	Singapore	100.00%	-	-	Marketing and trading of alcoholic and non-alcoholic beverages
28. Vietnam F&B Alliance Investment Joint Stock Company ^{1,3}	Socialist Republic of Vietnam	99.00%	99.00%	49.00%	Holding company
29. Vietnam Beverage Company Limited ^{1,3}	Socialist Republic of Vietnam	99.99%	99.99%	49.00%	Holding company

BeerCo Limited and its Subsidiaries
Notes to the combined financial statements
For the years ended 30 September 2018, 2019 and 2020

Name	Country of incorporation	Effective interest held by BeerCo			Principal activities and place of operation
		30 September			
		2020	2019	2018	
30. Saigon Beer - Alcohol - Beverage Corporation ^{1,3}	Socialist Republic of Vietnam	53.58%	53.58%	26.26%	Production and distribution of beverage products, logistics, mechanical equipment manufacturing and property development
31. Western - Saigon Beer Joint Stock Company ^{1,6}	Socialist Republic of Vietnam	27.33%	27.33%	13.39%	Production and distribution of beer
32. Chuong Duong Beverages Joint Stock Company ^{1,6}	Socialist Republic of Vietnam	33.25%	33.25%	16.30%	Production and distribution of beverages, canned foods and sub-materials
33. Sai Gon - Quang Ngai Beer Joint Stock Company ^{1,6}	Socialist Republic of Vietnam	35.66%	35.66%	17.48%	Production and distribution of beer
34. Binh Tay Liquor Joint Stock Company ¹	Socialist Republic of Vietnam	50.00%	50.00%	24.51%	Production and distribution of alcohol
35. Sai Gon - Dong Xuan Beer Alcohol Joint Stock Company ^{1,6}	Socialist Republic of Vietnam	29.95%	29.95%	14.68%	Production of beer and beverages, and provide transportation services
36. Saigon - Nghetinh Beer Joint Stock Company ^{1,6}	Socialist Republic of Vietnam	29.32%	29.32%	14.37%	Production and distribution of beverages, canned foods and sub-materials
37. Saigon - Songlam Beer Joint Stock Company ^{1,6}	Socialist Republic of Vietnam	36.85%	36.85%	18.06%	Production and distribution of beer and beverages, import and export related materials
38. Sai Gon - Ha Noi Beer Corporation ^{1,6}	Socialist Republic of Vietnam	27.92%	27.92%	13.68%	Production and distribution of beer and beverages, import and export related materials
39. Sai Gon Beer Trading Company Limited ¹	Socialist Republic of Vietnam	53.58%	53.58%	26.26%	Distribution of alcohol, beer and beverages
40. Northern Sai Gon Beer Trading Joint Stock Company ¹	Socialist Republic of Vietnam	50.75%	50.75%	24.87%	Distribution of alcohol and beverages, warehousing and transportation
41. Sai Gon Beer Bac Trung Bo Trading Joint Stock Company ¹	Socialist Republic of Vietnam	50.86%	50.86%	24.93%	Distribution of alcohol, beer, beverages, warehousing and transportation

BeerCo Limited and its Subsidiaries
Notes to the combined financial statements
For the years ended 30 September 2018, 2019 and 2020

Name	Country of incorporation	Effective interest held by BeerCo			Principal activities and place of operation
		30 September			
		2020	2019	2018	
42. Saigon Beer Center Trading Joint Stock Company ¹	Socialist Republic of Vietnam	50.59%	50.59%	24.79%	Trading of alcohol and non-alcoholic drink, trading chemical, packaging, trade transportation by car
43. Bia Saigon Mien Trung Trading Joint Stock Company ^{1,6}	Socialist Republic of Vietnam	48.89%	48.89%	23.96%	Distribution of alcohol, beer, beverages, warehousing and transportation by car
44. Sai Gon Beer Tay Nguyen Trading Joint Stock Company ^{1,6}	Socialist Republic of Vietnam	48.22%	48.22%	23.63%	Distribution of alcohol, beer, beverages, warehousing and transportation
45. Saigon Beer Nam Trung Bo Trading Joint Stock Company ^{1,6}	Socialist Republic of Vietnam	48.30%	48.30%	23.67%	Distribution of alcohol, beer, beverages, warehousing and transportation
46. Sai Gon Beer Eastern Trading Joint Stock Company ^{1,6}	Socialist Republic of Vietnam	48.59%	48.59%	23.81%	Distribution of alcohol, beer, beverages, warehousing and transportation
47. Saigon Song Tien Beer Trading Joint Stock Company ^{1,6}	Socialist Republic of Vietnam	48.22%	48.22%	23.63%	Distribution of alcohol, beer, beverages, warehousing and road transportation
48. Saigon Song Hau Beer Trading Joint Stock Company ^{1,6}	Socialist Republic of Vietnam	48.22%	48.22%	23.63%	Distribution of alcohol, beer, beverages, warehousing, road and water-way transportation
49. Sa Be Co Mechanical Co., Ltd. ¹	Socialist Republic of Vietnam	53.58%	53.58%	26.26%	Production of equipments used in food manufacturing, installation and maintain machinery system and equipment
50. Saigon Soc Trang Beer One Member Limited Company ^{1,6}	Socialist Republic of Vietnam	27.33%	27.33%	13.39%	Production and distribution of beer, malt, yeast, mineral water, bottled pure water
51. Sai Gon Beer Northeast Trading Joint Stock Company ^{1,6}	Socialist Republic of Vietnam	48.46%	48.46%	23.75%	Distribution of alcohol, beer, beverages, warehousing and transportation
52. Sai Gon - Ha Tinh Beer One Member Company Limited ¹	Socialist Republic of Vietnam	53.58%	53.58%	26.26%	Production and distribution of beer, malt, yeast, mineral water, bottled pure water
53. Sai Gon Beer Packaging Joint Stock Company ^{1,6}	Socialist Republic of Vietnam	41.15%	41.15%	20.17%	Production of canned foods, carton and metal packaging products

BeerCo Limited and its Subsidiaries
Notes to the combined financial statements
For the years ended 30 September 2018, 2019 and 2020

Name	Country of incorporation	Effective interest held by BeerCo			Principal activities and place of operation
		30 September			
		2020	2019	2018	
54. Saigon Beer Company Limited ¹	Socialist Republic of Vietnam	53.58%	53.58%	26.26%	Beverage wholeseller
55. Saigon Beer Group Company Limited ¹	Socialist Republic of Vietnam	53.58%	53.58%	26.26%	Beverage wholeseller
56. Saigon - Lamdong Beer Joint Stock Company ^{1, 6}	Socialist Republic of Vietnam	28.35%	10.72%	5.25%	Production of alcohol, beer and beverages
<i>Associates of Listing Business</i>					
57. Thanh Nam Consultant Investment-Engineering and Technology Transfer Joint Stock Company ⁷	Socialist Republic of Vietnam	15.31%	15.31%	7.50%	Provide consulting construction and designing services
58. Mechanical and Industrial Contruction Joint Stock Company ⁷	Socialist Republic of Vietnam	13.93%	13.93%	6.83%	Production and installation of machinery, bridges and roads and industrial construction products
59. Saigon Tay Do Beer - Beverage Joint Stock Company ⁷	Socialist Republic of Vietnam	14.80%	14.80%	7.25%	Production and distribution of alcohol, beer, beverages, soy milk, fruit juice
60. Saigon Binh Tay Beer Group Joint Stock Company ⁷	Socialist Republic of Vietnam	11.68%	11.68%	5.72%	Production and distribution of food, beverages, beer, alcohol, construction materials, provide industrial and civil construction services
61. Saigon - Baclieu Beer Joint Stock Company ⁷	Socialist Republic of Vietnam	5.47%	5.47%	2.68%	Production of alcohol, beer and beverages
62. Truong Sa Food - Food Business Joint Stock Company ⁷	Socialist Republic of Vietnam	20.69%	20.69%	10.14%	Production of argicultural products and foods
63. Saigon - Phutho Beer Joint Stock Company ⁷	Socialist Republic of Vietnam	16.53%	16.53%	8.10%	Production of alcohol, beer and beverages
64. Sai Gon - Mien Trung Beer Joint Stock Company ⁷	Socialist Republic of Vietnam	17.36%	17.36%	8.51%	Production and distribution of beer, alcohol, beverages and spare parts

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Name	Country of incorporation	Effective interest held by BeerCo			Principal activities and place of operation
		30 September			
		2020	2019	2018	
<i>Associates of Listing Business (continued)</i>					
65. Tan Thanh Investment Trading Company Limited ⁷	Socialist Republic of Vietnam	15.54%	15.54%	7.62%	Construction and real estates
66. Sai Gon - Vinh Long Beer Joint Stock Company ⁷	Socialist Republic of Vietnam	10.72%	10.72%	5.25%	Production of alcohol, beer and beverages
67. Sai Gon - Kien Giang Beer Joint Stock Company ⁷	Socialist Republic of Vietnam	10.72%	10.72%	5.25%	Production and distribution of beer, alcohol, beverages and spare parts
68. Sai Gon - Khanh Hoa Beer Joint Stock Company ⁷	Socialist Republic of Vietnam	13.93%	13.93%	6.83%	Production and distribution of beer, alcohol, beverages and spare parts
69. Saigon - Bentre Beer Joint Stock Company ⁷	Socialist Republic of Vietnam	10.72%	10.72%	5.25%	Production of alcohol, beer and beverages
<i>Joint Ventures of Listing Business</i>					
70. Me Linh Point Limited ⁸	Socialist Republic of Vietnam	21.43%	18.75%	9.19%	Real estate managements and office leasing
71. Crown Beverage Cans Saigon Limited ⁸	Socialist Republic of Vietnam	16.07%	16.10%	7.89%	Production of aluminium cans
72. Malaya - Vietnam Glass Limited ⁸	Socialist Republic of Vietnam	16.07%	16.07%	7.88%	Production of glass products
73. San Miguel Yamamura Phu Tho Packaging Company Limited ⁸	Socialist Republic of Vietnam	18.75%	18.75%	9.19%	Production and distribution of metal packaging
74. Vietnam Spirits and Wine Ltd. ⁸	Socialist Republic of Vietnam	24.11%	24.11%	11.82%	Production and distribution of alcohol and alcohol-related products

¹ Direct or indirect subsidiaries of Asia Breweries Limited

² Direct subsidiary of Beer Chang Co., Ltd.

³ BeerCo Limited, which was incorporated in Hong Kong (“BeerCo Hong Kong”), has acquired shares in Vietnam F&B of SGD 20.38 million and completed debt conversion with Vietnam Beverage Company Limited. The transaction is legally effective on 2 January 2019. Consequently, the Group has ownership interest in SABECO of 53.58% and recognised the change in ownership interests in subsidiaries without a change in control in an equity component.

⁴ These entities were acquired by BeerCo Group on 12 March 2020.

⁵ The entity was acquired by BeerCo Group on 14 August 2020.

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- ⁶ Company is treated as a subsidiary of the Group by virtue of management control over financial and operating policies of the company.
- ⁷ Company is treated as a joint venture of the Group by virtue of shared control.
- ⁸ Company is treated as a associate of the Group by virtue of significant influence.

(b) Basis of preparation

The combined financial statements comprise the combined statements of profit or loss, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for the years ended 30 September 2018, 2019 and 2020, and the combined statements of financial position of the Listing Business as of 30 September 2018, 2019 and 2020. The Listing Business was under the common control and management of ThaiBev and had been managed as a single business by ThaiBev throughout the years ended 30 September 2018, 2019 and 2020 (“Track Record Period”).

The Listing Business represents the beer business of ThaiBev, and includes the assets, liabilities, revenue, expenses and cash flows attributable to all entities in the segment which are primarily in Thailand and Vietnam, and relevant operations of ThaiBev entities outside of the beer business that are part of the Listing Business.

The net assets and results of the Listing Business were combined using the existing book values from ThaiBev’s perspective.

Intercompany transactions, balances and unrealised gains/losses on transactions between Group companies are eliminated on combination.

During the Track Record Period, the Listing Business functioned as part of the larger group of companies controlled by ThaiBev, and accordingly, a process has been completed to specifically identify assets, liabilities, revenues, expenses and cash flows associated with the Listing Business in preparing the combined financial statements.

Assets, liabilities, revenues, expenses and cash flows associated with the legal entities transferred to BeerCo in connection with the reorganisation exercise have been included in the combined financial statements.

There were certain other assets, liabilities, revenues, expenses and cash flows that were not associated with the legal entities to be transferred to BeerCo, but included within the larger business of ThaiBev. However, these are directly related to the business of the Group and their operations will subsequently transfer to entities within the Group. These assets, liabilities, revenues and expenses which have specifically been identified for BeerCo business have been included in the combined financial statements. The changes in net assets from this process reflect the Capital Contributed from ThaiBev and are presented under “Contributed capital”. Net parent investment comprises issued capital and reserves of the Listing Business.

The Company believes the basis of preparation described above results in the combined financial statements reflecting the assets and liabilities associated with the Listing Business and reflects revenues and expenses associated with the functions that would be necessary to operate independently. However, as the Listing Business did not operate as a stand-alone entity during the Track Record Period, the combined financial statements may not be indicative of the Listing Business’s future performance and do not necessarily reflect what its results of operations, financial position, and cash flows would have been had the Listing Business operated as a separate entity apart from ThaiBev during the Track Record Period.

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(c) Group reorganisation

The Listing Business had not historically formed a separate legal group and has undergone a reorganisation to transfer ownership of the entities comprising the Listing Business to the Company as highlighted in Note 1(a). The reorganisation was funded by a combination of capital increases at various levels of subsidiaries.

On March 12, 2020, the Ultimate Parent transferred all of its 99.99% shareholding stakes in 15 Thai entities as mentioned in Note 1(a) to Chang Beer Co., Ltd. ("Chang Beer"), the Group's indirect subsidiary, for total consideration of SGD 1,982 million.

On February 7, 2020, BeerCo Hong Kong, the Group's indirect subsidiary, which held a shareholding interest of 49.00% in Chang Corporation Co., Ltd. ("Chang Corporation"), transferred 48.98% shares in Chang Corporation to Siam Breweries Limited ("Siam Breweries"), the Group's direct subsidiary, and transferred 0.02% shares in Chang Corporation to each of Thai Breweries Limited, the Group's indirect subsidiary, and Chang Holding Co., Ltd. ("Chang Holding"), the Group's indirect subsidiary, in equal proportion for total consideration of SGD 22 thousand.

On February 7, 2020, BeerCo Hong Kong which held a shareholding interest of 49.00% in Chang Beer Co., Ltd. ("Chang Beer"), transferred 48.99% shares in Chang Beer to Siam Breweries and transferred 0.01% shares in Chang Beer to Chang Holding for total consideration of SGD 22 thousand. However, Chang Corporation, the Group's indirect subsidiary, continues to hold a shareholding interest of 51.00% in Chang Beer.

On August 14, 2020, IBHL, a related party, transferred all of its 100.00% shareholding in BeerCo Hong Kong to Asia Breweries Limited for a consideration of SGD 6,743 million.

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2 Basis of preparation of the combined financial statements

(a) Statement of compliance

The combined financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)s”) issued by the Accounting Standards Council (“ASC”).

The ASC has issued new and revised SFRS(I)s effective for annual accounting periods beginning on or after 1 January 2018 and 1 January 2019. The Group adopted SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers* effective from 1 October 2018, and SFRS(I) 16 *Leases* effective from 1 October 2019. The initial application of these SFRS(I)s has resulted in changes in certain of the Group’s accounting policies and the effect of the changes is disclosed in Note 3.

In addition to the above new and revised SFRS(I)s, the ASC has issued a number of new and revised SFRS(I)s which are not yet effective for current periods. The Group has not early adopted these standards in preparing these combined financial statements. Those new and revised SFRS(I)s that are relevant to the Group’s operations are disclosed in Note 38.

(b) Basis of measurement

The combined financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

<i>Items</i>	<i>Measurement basis</i>
Equity investment - Fair value through other comprehensive income (“FVOCI”)	Fair value
Land	Fair value
Employee benefit obligations	Present value of the defined benefit obligation, as explained in Note 4 (p)
Derivatives	Fair value

(c) Functional and presentation currency

The Company’s functional currency and the Group’s presentation currency is Singapore dollars. The financial information of all reporting units included in the combined financial information are measured using the currency of the primary environment in which the reporting unit operates (functional currency). All financial information has been rounded in the combined financial statements and notes to the combined financial statements to the nearest thousand unless otherwise noted.

(d) Use of judgements and estimates

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

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

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Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities within the year ended 30 September 2020, 2019 and 2018 is included in the following notes:

Note 17	Impairment test: key assumptions underlying the recoverable amount of goodwill
Note 25	Measurement of employee benefit obligations
Note 34	Valuation of financial instruments

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The fair values are determined by independent professional valuers and by the management's valuation. The Group's valuation team performs the underlying valuations that support the management's valuation.

The independent professional valuers and the valuation team are experts who possess the relevant credentials and knowledge, valuation methodologies and SFRS(I)s to perform the valuation. The appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate. In accordance with the Group's reporting policies, the valuation process and the results of the independent valuations and the management's valuation are reviewed at least once a year by the chief finance officer.

Significant valuation issues are reported to the directors.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognised transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 5 Acquisition of business
- Note 14 Investment properties
- Note 15 Property, plant and equipment
- Note 34 Financial instruments

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3 Changes in accounting policies

The Group has initially applied SFRS(I) 15 (See A below) and SFRS(I) 9 (See B below) from 1 October 2018, and SFRS(I) 16 (See C below) from 1 October 2019. A number of other new standards are also effective from 1 October 2019 but they do not have a material effect on the Group's combined financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these combined financial statements has not been restated to reflect the requirements of the new standards.

A. SFRS(I) 15 *Revenue from Contracts with Customers* (SFRS(I) 15)

From 1 October 2018, the Group has adopted SFRS(I) 15 using the cumulative effect method, taking into account the effect of initially applying this standard only to contracts that were not completed before 1 October 2018 as an adjustment to the retained earnings at 1 October 2018. Therefore, the Group has not restated the information presented for 30 September 2018, as previously reported under FRS 18 *Revenue* and related interpretations. The disclosure requirements of SFRS(I) 15 have not generally been applied to comparative information.

Under SFRS(I) 15, the Group recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties (e.g. value added tax) and after deduction of any trade discounts and volume rebates. Judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Under FRS18, the Group recognised revenue from sale of goods when the significant risks and rewards of ownership of the goods were transferred to the buyer, and recognised revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue was recognised if there were significant uncertainties regarding recovery of the consideration due. Other areas of changes following the adoption of SFRS(I) 15 include:

(a) *Customer loyalty programme*

Under FRS 18, revenue was allocated between the loyalty points and the products using the residual value method. That is, consideration was allocated to the loyalty points based on the fair value of the loyalty points and the remainder of the consideration was allocated to the products. Under SFRS(I) 15, the consideration received are allocated based on the relative stand-alone selling price of the products and the loyalty points. The amount allocated to the loyalty points is deferred, and is recognised as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. This change results in an increase in revenue, a decrease in deferred income, which is included in contract liabilities in the current year and an increase in deferred tax assets.

(b) *Payment to a customer*

The Group makes payments to its retailers for product placement ("slotting fees"), promotion events or advertising. Under FRS 18, the Group recognised such amounts as distribution costs. Under SFRS(I) 15, it is required that the Group considers whether it receives distinct goods or services from the customer. If so, then the Group recognises such payments as an expense when the distinct goods or services are consumed. In contrast, if not, such payments are recognised as a reduction of revenue. If the payment exceeds the fair value of the goods or services received, then the excess is recognised as a reduction of revenue. As a result, this results in decreases in revenue and distribution costs

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B. SFRS(I) 9 *Financial Instruments* (SFRS(I) 9)

From 1 October 2018, the Group has adopted SFRS(I) 9 and the Group has used an exemption not to restate comparative information for prior periods. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 October 2018. Accordingly, the information presented for 30 September 2018 does not generally reflect the requirements of SFRS(I) 9, but rather those of SFRS(I) 1-39. A summary of changes to the accounting policy from adoption of SFRS(I) is as follow:

(a) *Classification – Financial assets*

SFRS(I) 9 classifies financial assets into three categories: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment. The classification under SFRS(I) 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

(b) *Impairment – Financial assets*

SFRS(I) 9 introduces forward-looking 'expected credit loss' (ECL) model whereas currently the Group estimates allowance for doubtful account by analysing payment histories and future expectation of customer payment. SFRS(I) 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

(c) *Classification – Financial liabilities*

SFRS(I) 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortised cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

Under SFRS(I) 9, changes in fair value of financial liabilities classified as FVTPL are generally presented as follows:

- the amount of fair value that changes due to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of fair value changed is presented in profit or loss.

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The following tables summarise the impact of adopting SFRS(I) 9 and SFRS(I) 15 on the combined financial statements:

<i>Combined statements of comprehensive income for the year ended 30 September 2019</i>	Combined financial statements			Amounts without adoption of SFRS(I) 9 and SFRS(I) 15
	Amounts as reported	Adjustments SFRS(I) 9 <i>(in thousand SGD)</i>	Adjustments SFRS(I) 15	
Revenue from sale of goods	5,150,672	-	5,297	5,155,969
Costs of sales of goods	(4,116,457)	-	18,003	(4,098,454)
Distribution costs	(529,903)	-	(23,300)	(553,203)
Others	(224,458)	-	-	(224,458)
Profit before income tax expense	279,854	-	-	279,854
Income tax expenses	(61,993)	-	-	(61,993)
Profit for the year	217,861	-	-	217,861

There were no material impacts on the combined statement of financial position as at 30 September 2019.

C. SFRS(I) 16 Leases

SFRS(I) 16 introduces a single accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the previous standard, i.e. lessors continue to classify leases as finance or operating leases.

The Group has applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 October 2019. Therefore, the Group has not restated the information presented for 30 September 2019, as previously reported under SFRS(I) 1-17 *Leases* and related interpretations. The details of the changes in accounting policies are disclosed below.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining Whether an Arrangement contains a Lease*. Under SFRS(I) 16, the Group assesses whether a contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed. Therefore, the definition of a lease under SFRS(I) 16 has been applied only to contracts entered into or changed on or after 1 October 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

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(a) As a lessee

Previously, the Group, as a lessee, classified leases as operating or financing leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group.

Under SFRS(I) 16, the Group recognises right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised costs using the effective interest rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At transition, for leases classified as operating leases under SFRS(I) 1-17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 October 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group :

- did not recognise right-of-use assets and liabilities for leases which lease term ends within 12 months of date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low-value assets;
- excluded initial direct costs from measuring the right-of-use at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For the finance leases, the carrying amount of the right-of-use assets and the lease liabilities at 1 October 2019 were determined at the carrying amount of the lease assets and lease liabilities under SFRS(I) 1-17 immediately before that date.

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(b) As a lessor

The Group has classified all leases as operating lease. The Group is not required to make any adjustments on transition to SFRS(I) 16, for leases in which it acts as a lessor.

(c) Transition

On transition to SFRS(I) 16, the Group recognised an additional right-of-use assets and lease liabilities of SGD 194.24 million and SGD 94.42 million, respectively.

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 October 2019. The weighted-average rate applied is 7.4%.

	1 October 2019 <i>(in thousand SGD)</i>
Operating lease commitment at 30 September 2019 as disclosed in the Group's combined financial statements	98,926
Discounted using the incremental borrowing rate at 1 October 2019	<u>79,318</u>
Recognition exemption for:	
- leases of low-value assets	(165)
- leases with less than 12 months of lease term at transition	(296)
Extension options reasonably certain to be exercised	<u>15,565</u>
Lease liabilities recognised at 1 October 2019	<u><u>94,422</u></u>

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these combined financial statements except as explained in Note 3, which addresses the changes in accounting policies.

(a) Basis of consolidation

The combined financial statements relate to the Company and its subsidiaries and joint operations (together referred to as the "Group") and the Group's interests in associates and joint ventures.

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group as described in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the

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lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Acquisitions from entities under common control

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

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the combined financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the combined financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees from the date that significant influence or joint control commences until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated on consolidation. Unrealised gains arising from transactions with equity-accounted investee are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

The Group's foreign operations are mainly in Thailand and Vietnam, which the functional currencies are Thai Baht and Vietnamese Dong, respectively. Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars using exchange rates at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are stated at exchange rates at the reporting date.

The revenue and expenses of foreign operations are translated to Singapore dollars at rates approximating the exchange rates at the dates of the transactions.

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Foreign currency differences are recognised in OCI and accumulated in the translation reserve in equity until disposal of the investment, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in OCI, and presented in the foreign currency translation reserve in equity until disposal of the investment.

(c) *Derivative*

Derivatives are used to manage exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. Derivatives are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are recognised initially at fair value and any attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see accounting policy 4 (d)).

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

(d) *Hedging*

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative financial instrument is recognised in OCI and presented in the hedging reserve in equity. Any ineffective portion is recognised immediately in profit or loss.

When a hedged forecast transaction occurs and results in the recognition of a financial asset or financial liability, the gain or loss recognised in OCI does not adjust the initial carrying amount of the asset or liability but remains in equity and is reclassified from equity to profit or loss consistently with the recognition of gains and losses on the asset or liability as a reclassification adjustment.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

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Discontinuing hedge accounting

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument existing in equity is retained in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is recognised in profit or loss immediately.

(e) Cash and cash equivalents

Cash and cash equivalents in the combined statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the combined statements of cash flows.

(f) Trade and other receivables

Accounting policies from 1 October 2018 onwards

A receivable is recognised when the Group has an unconditional right to receive consideration and is measured at transaction price less allowance for expected credit loss which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Accounting policies before 1 October 2018

Trade and other receivables are initially recognised when they are originated. A trade receivable without a significant financing component is initially measured at the transaction price.

Trade and other receivables are subsequently measured at cost less allowance for doubtful accounts and impairment losses. Bad debts are written off when incurred.

(g) Inventories

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

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity and is calculated using standard cost adjusted to approximate average cost.

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

(h) Investments

Investments in associates and joint ventures

Investments in associates and joint ventures in the combined financial statements are accounted for using the equity method.

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Investments in other debt and equity securities

Accounting policies before 1 October 2018

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date

Accounting policies from 1 October 2018 onwards

On initial recognition, debt and equity securities are classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(i) Investment properties

Investment properties are properties held either to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. Freehold lands are not depreciated. The estimated useful lives are as follow:

Land improvement	32 to 50 years
Buildings and constructions	5 to 45 years

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(j) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses except for land which is measured at its revalued amount. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from OCI of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Any gains and losses on disposal of item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity. The Group's policy requires an appraisal to be conducted every three to five years or when there are factors that might materially impact the value of the land, to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in OCI and presented in the revaluation surplus in other component of equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in OCI in respect of the same asset. Upon disposal of a revalued asset, any related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

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Subsequent costs

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

Depreciation

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

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. The estimated useful lives are as follows:

Land improvement	20 to 30 years
Buildings	5 to 45 years
Building improvements and leasehold improvements	5 to 20 years
Machinery and equipment	1 to 30 years
Furniture, fixtures and office equipment	1 to 15 years
Vehicles	5 to 10 years

No depreciation is provided on freehold land or assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Transfer to and from investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value immediately before the transfer and reclassified accordingly. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation surplus in equity. Any loss is recognised first in OCI to the extent it reverses previous gain on the specific property, with excess loss recognised in profit or loss. When the property is sold, the related amount in the revaluation surplus is transferred to retained earnings.

Transfers from investment property to property, plant and equipment are recognised at the carrying amount of the investment property immediately before the transfer.

(k) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition are described in Note 4 (a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

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Research and development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets that are acquired by the Group and have indefinite useful lives (i.e. trademarks) are measured at cost less accumulated impairment losses. They are not amortised but tested for impairment annually or more frequently if there is any impairment indicator. The assessment of the classification of intangible assets as indefinite is reviewed annually.

Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

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

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Trademarks	8 to 20 years, indefinite
Land use rights	4 to 49 years
Customer relationship	20 years
Computer software	2 to 10 years

Land use rights amortisation is recognised in profit or loss on a straight-line basis over the agreement period.

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

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(l) Leases

Accounting policies before 1 October 2019

For contracts entered into before 1 October 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee, the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Rental income from investment property is recognised as 'revenue' on a straight-line basis over the term of the lease. Rental income from sub-leased property is recognised as 'other income'.

Accounting policies from 1 October 2019 onwards

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 October 2019.

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As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises 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 the 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 end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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 an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment'.

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Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease (see note 4 (m)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'. Rental income from sub-leased property is recognised as 'other income'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

(m) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

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Accounting policies from 1 October 2018 onwards

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

Loss allowances of the Group are measured on either of the following bases:

- (i) 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected credit life of the instrument is less than 12 months); or
- (ii) Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

For trade receivables, the Group applies the simplified approach permitted by SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

Accounting policies before 1 October 2018

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

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An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(n) *Interest-bearing liabilities*

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(o) *Trade and other payables*

Trade and other payables are stated at cost.

(p) *Employee benefits*

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

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.

Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Share-based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(r) Provisions

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

(s) Revenue

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

Sale of goods

Accounting policies before 1 October 2018

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, 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. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on historical data.

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For bundled packages, the Group accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items and a customer can benefit from it) or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

Accounting policies from 1 October 2018 onwards

Revenue from sale of goods in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative standalone selling prices of the promised goods. The individual standalone selling price of a good that not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the POs if it relates specifically to those POs.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods. The transaction price may be fixed or variable. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue from sale of goods is recognised at a point in time following the timing of satisfaction of the PO.

Investments

Revenue from investments comprises rental income from investment properties and dividend and interest income from investments and bank deposits.

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

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

Interest income

Interest income is recognised in profit or loss as it accrues.

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(t) Finance cost

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

(u) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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

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

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(v) *Earnings per share*

Earnings per share is calculated by dividing the profit or loss attributable to owners of the Company by the weighted-average number of shares outstanding during the year. For comparative purpose, the earnings per share in these combined financial statements have been computed based on the number of shares outstanding as at 30 September 2020.

(w) *Segment reporting*

Operating segments are components of the Group's business activities about which separate financial information is available that is evaluated regularly by the Group's Chief Executive Officer (i.e. the chief operating decision maker).

The Group has two operating segments: Thailand and Socialist Republic of Vietnam. The Group's operating segment reporting format is geographical because the Group's risks and rates of return are affected predominantly by the fact that the Group operates in different geographical areas. The Group's management structure and internal reporting system to the Board of Directors is set up accordingly.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly net foreign exchange gain or loss, parts of loans and related finance costs and some items of investments.

5 Acquisition of business

(a) *Saigon Beer - Alcohol - Beverage Corporation*

On 29 December 2017, Vietnam Beverage Company Limited, ("Vietnam Beverage"), the Company's indirect subsidiary, completed the acquisition of 53.59% equity interest in Saigon Beer - Alcohol - Beverage Corporation ("SABECO") which operates beer production and distribution business in Socialist Republic of Vietnam ("Vietnam"), from third-party vendors as per the share transfer contract dated 18 December 2017 for a cash consideration of VND 109,966 billion (SGD 6.54 billion). The transaction is accounted for as a business combination. Subsequent to the completion of the acquisition, SABECO became a subsidiary of the Group.

Management believes that the acquisition will enable the expansion of business into Vietnam which has a young population base, and also the largest beer market and one of the strongest growth countries in ASEAN. Also, the acquisition will lead to an extensive distribution network across Vietnam.

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Consideration transferred

	<i>Note</i>	Fair value <i>(in thousand SGD)</i>
Cash		6,537,355
Dividend received before business acquisition		(68,869)
		6,468,486

Identifiable assets acquired and liabilities assumed

Cash and cash equivalents		244,416
Current investments		375,551
Accounts receivable		9,369
Inventories		131,004
Investments in associates and joint ventures	<i>12</i>	238,138
Investment properties	<i>14</i>	8,787
Property, plant and equipment	<i>15</i>	408,097
Intangible assets	<i>18</i>	1,182,202
Deferred tax	<i>19</i>	(58,411)
Accounts payable		(115,686)
Other liabilities, net		(245,766)
Net identifiable assets and liabilities		2,177,701
NCI based on their proportionate interest in the net identifiable assets and liabilities		(1,053,271)
Fair value of identifiable assets acquired and liabilities assumed		1,124,430
Goodwill	<i>17</i>	5,344,056
Total consideration		6,468,486
Cash acquired		(244,416)
Net consideration paid		6,224,070

Included in the identifiable assets are the land use rights estimated at the value of VND 735 billion (SGD 42.13 million) which the Ministry of Industry and Trade and Ministry of Finance in Vietnam has allowed SABECO to use these lands. These are temporary land use rights with restrictions on ownerships and are not permitted for sale, sublease or mortgage. The land use rights have been recorded with a corresponding payable to Vietnamese State Treasury in "Other payables". SABECO is in the process of preparing the land rental contracts with the People's Committee of Ho Chi Minh city.

On 28 December 2018, SABECO received decisions from tax authorities regarding to the enforcement and implementation of the tax administrative decisions by seizing the cash from the SABECO's bank accounts related to the late payment penalties and interest on special sales tax. Subsequently on 2 January 2019, SABECO also received decisions from tax authorities to suspend the above decisions on the enforcement. SABECO has written to the relevant authorities to resolve the above matters. As at 30 September 2019 and 2018, no decisions have been reached by the authorities and no provisions were recorded. Subsequently in April 2020, SABECO was notified by the tax authorities that all proceedings on the late payment penalties and interest on special sales tax referred to above were no longer valid. SABECO is not liable to any further penalties in this matter and there were no financial impacts on the financial statements of the Group for the year ended 30 September 2020, 2019 and 2018.

The Group engaged an independent appraiser to appraise the fair value of identifiable assets acquired and liabilities assumed, and allocation of fair value at the acquisition date. The process of appraisal of the fair value and allocation was completed during the year ended 30 September 2019.

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During the year ended 30 September 2018, the Group incurred acquisition-related cost of SGD 91.26 million. This amount has been presented separately in the combined statement of profit or loss for the year ended 30 September 2018.

During the period from acquisition date to 30 September 2018, this acquired business contributed revenue of SGD 1,804.44 million and profit of SGD 169.17 million to the Group's result. If the acquisition had occurred on 1 October 2017, management estimates that the revenue and profit of the Group for the year ended 30 September 2018 would have been SGD 4,681.80 million and SGD 71.39 million, respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 October 2017.

(b) Saigon-Lamdong Beer Joint Stock Company

On 1 October 2019, SABECO, the Group's indirect subsidiary completed a business acquisition by making a capital increase of VND 82,000 million (equivalent to SGD 4.88 million) to Saigon – Lamdong Beer Joint Stock Company ("Lamdong Beer JSC"), which was previously an associate of the Group and had been accounted for using the equity method prior to the capital increase. Consequently, SABECO had increased its ownership in Lamdong Beer JSC from 20.00% to 52.25%. The transaction has been accounted for as a business combination achieved in stages and Lamdong Beer JSC became a subsidiary of SABECO and an indirect subsidiary of the Group.

The principal business activities of Lamdong Beer JSC are beer production and distribution. Management believes that the acquisition will enable the Group to serve markets efficiently.

Identifiable assets acquired and liabilities assumed

	<i>Note</i>	Fair value <i>(in thousand SGD)</i>
Cash and cash equivalents		9,768
Accounts receivable		848
Inventories		2,425
Property, plant and equipment	15	35,387
Short-term promissory notes	21	(3,207)
Long-term loans from financial institutions	21	(29,920)
Other liabilities, net		(3,255)
Net identifiable assets		12,046
NCI based on their proportionate interest in the net identifiable assets		(5,783)
Fair value of identifiable assets acquired and liabilities assumed		6,263
Fair value of previously held equity interest	12	(1,228)
Gain on bargain purchase		(153)
Total consideration paid		4,882
Cash acquired		(9,768)
Net cash inflow on acquisition of business		(4,886)

There was no gain or loss recognised as a result of remeasuring the previously held equity interest in Lamdong Beer JSC to fair value as the carrying amount of previously held equity interest approximated the fair value.

Subsequently, on 31 October 2019, SABECO made an additional capital increase of VND 3,585 million (equivalent to SGD 0.23 million), resulting in an increase of 0.66% ownership in Lamdong Beer JSC. This additional capital increase has been accounted for as a transaction with non-controlling interests without a change in control. Consequently, SABECO holds 52.91% ownership in Lamdong Beer JSC, with the Group holding 28.35% effective shareholding interests through SABECO as at 30 September 2020.

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For the year ended 30 September 2020, Lamdong Beer JSC contributed revenue of SGD 82.82 million and net profit of SGD 4.01 million to the Group.

The valuation techniques applied in measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Investments in associates and joint ventures	<i>Quoted market price, market comparison and income approach:</i> The valuation model considers quoted share price for listed entities, fair value of the equity of business based on the application of earnings multiples to the entities' operating result and present value of estimated future cash flow that the business can be expected to generated.
Property, plant and equipment	<i>Market comparison technique and cost technique:</i> The valuation model considers market prices of similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	<p><i>Trademarks</i> <i>Relief-from-royalty method:</i> The method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents being owned.</p> <p><i>Customer relationship</i> <i>Multi-Period Excess Earnings Method:</i> The customer relationship is estimated from the residual earnings after fair return on all other assets employed have been deducted from the business after-tax operating earnings.</p> <p><i>Land use rights</i> <i>Market comparison technique and cost technique:</i> The method uses current market price multiplied by the remaining lease period. For prepaid leases, the method involves multiplying the actual rent area by using published market adjustment price.</p>

6 Related parties

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

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Revenue from sale of goods	Agreed prices which approximate market prices
Revenue from rendering of services	Contractual prices
Purchase of goods/raw materials	Agreed prices which approximate market prices
Receiving of services	Contractual prices
Purchase and sale of property, plant and equipment	Contractual prices
Purchase and sale of investments	Contractual prices
Interest income and interest expense	Rate as mutually agreed with reference interest rates quoted by financial institutions

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Significant transactions for the year ended 30 September with related parties were as follows:

	<i>Note</i>	2020	2019	2018
		<i>(in thousand SGD)</i>		
Key management personnel compensation				
Short-term employee benefits		42	40	2
Total key management personnel compensation		42	40	2
Ultimate parent				
Revenue from sale of goods		223	96	79
Overhead costs		-	5	-
Other income		-	2	2
Distribution costs		146	134	166
Management fees ¹		29,103	170,108	93,613
Finance costs	32	2,510	7,733	6,364
Interest income		8,551	14,040	16,792
Associates				
Revenue from sale of goods		156,378	235,209	185,325
Purchases of raw materials, packaging and finished goods		513,407	736,260	547,085
Other income		1,143	419	958
Distribution costs and administrative expenses		140	25	530
Allowance for doubtful debt for other receivables from related parties	12, 29	16,516	-	-
Dividend income	12	4,434	6,394	6,844
Joint ventures				
Revenue from sale of goods		118	100	99
Purchases of raw materials, packaging and finished goods		100,241	117,770	88,306
Other income		486	309	5
Distribution costs and administrative expenses		75	465	-
Dividend income	12	1,787	10,011	10,005
Other related parties				
Revenue from sale of goods		353,460	352,072	333,663
Purchases of raw materials, packaging and finished goods		261,231	261,888	209,053
Overhead costs		2,162	3,963	2,499
Other income ²		14,678	14,227	11,689
Distribution costs and administrative expenses		132,206	145,924	213,621
Purchases of plant and equipment		262	515	373
Finance costs		20	-	-

¹ The management fee relating to supporting service agreements between the subsidiaries and Thai Beverage PCL have been cancelled on 1 October 2019 and 1 December 2019. During the year ended 30 September 2020, the Group has entered into a new supporting service agreement with Thai Beverage PCL from 1 April 2020 and the expenses for this new agreement of SGD 0.79 million were recognised in the year ended 30 September 2020.

² Other income from other related parties comprise of sale of scrap items and sale of by-products.

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Balances as at 30 September with related parties were as follows:

	<i>Note</i>	2020	2019	2018
		<i>(in thousand SGD)</i>		
<i>Trade receivables from related parties</i>				
Ultimate parent		22	32	17
Associates		1,971	2,215	2,642
Joint ventures		24	88	12
Other related parties		17,531	16,433	22,574
Total	9	<u>19,548</u>	<u>18,768</u>	<u>25,245</u>

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Short-term loans to and other receivables from related parties

	Short-term loans to	2020 Other receivables	Total	Short-term loans to	2019 Other receivables	Total	Short-term loans to	2018 Other receivables	Total
					<i>(in thousand SGD)</i>				
Ultimate parent	-	180	180	31,533	1,406	32,939	77,298	1,148	78,446
Associates	-	237	237	-	22,025	22,025	-	16,975	16,975
Joint ventures	-	270	270	-	4,693	4,693	-	3,352	3,352
Other related parties	-	3,766	3,766	-	5,171	5,171	-	5,214	5,214
Total	-	4,453	4,453	31,533	33,295	64,828	77,298	26,689	103,987

Long-term loans to and other receivables from related parties

	Long-term loans to	2020 Other receivables	Total	Long-term loans to	2019 Other receivables	Total	Long-term loans to	2018 Other receivables	Total
					<i>(in thousand SGD)</i>				
Ultimate parent	109,092	-	109,092	590,123	-	590,123	379,928	-	379,928
Other related parties	-	307	307	-	338	338	-	25	25
Total	109,092	307	109,399	590,123	338	590,461	379,928	25	379,953

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Movements during the year ended 30 September of loans to related parties were as follows:

Loans to related parties

	2020	2019	2018
	<i>(in thousand SGD)</i>		
<i>Short-term loans</i>			
At 1 October	31,533	77,298	76,700
Drawdown	1,521,866	1,399,724	1,514,250
Repayment	(1,440,882)	(1,269,329)	(1,403,962)
Reclassification to long-term loans	(111,946)	(179,314)	(112,443)
Difference from currency transaction	(571)	3,154	2,753
At 30 September	-	31,533	77,298
<i>Long-term loans</i>			
At 1 October	590,123	379,928	414,406
Repayment	(579,418)	(3,966)	(161,211)
Reclassification from short-term loans	111,946	179,314	112,443
Difference from currency transaction	(13,559)	34,847	14,290
At 30 September	109,092	590,123	379,928

Trade payables to related parties

	Note	2020	2019	2018
		<i>(in thousand SGD)</i>		
Associates		9,651	5,544	10,932
Joint ventures		14,924	12,198	13,518
Other related parties		20,260	27,224	34,524
Total	22	44,835	44,966	58,974

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Short-term loans from and other payables to related parties

	2020			2019			2018			
	Short-term loans from	Other payables to	Total	Short-term loans from	Other payables to	Total	Short-term loans from	Other payables to	Total	
					<i>(in thousand SGD)</i>					
Ultimate parent	-	1,128	1,128	-	14,422	14,422	138,609	7,732	146,341	
Associates	-	336	336	-	382	382	-	429	429	
Joint ventures	-	113	113	-	-	-	-	-	-	
Other related parties	7,385	52,530	59,915	-	18,452	18,452	-	41,986	41,986	
Total	7,385	54,107	61,492	-	33,256	33,256	138,609	50,147	188,756	

Long-term loans from and other payables to related parties

	2020			2019			2018			
	Long-term loans from	Other payables to	Total	Long-term loans from	Other payables to	Total	Long-term loans from	Other payables to	Total	
					<i>(in thousand SGD)</i>					
Ultimate parent	-	258	258	37,416	251	37,667	-	164	164	
Total	-	258	258	37,416	251	37,667	-	164	164	

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Summary of loans from related parties

	Note	2020	2019	2018
<i>(in thousand SGD)</i>				
Short-term loans	21	7,385	-	138,609
Long-term loans	21	-	37,416	-
Total		<u>7,385</u>	<u>37,416</u>	<u>138,609</u>

Movements during the year ended 30 September of loans from related parties were as follows:

Loans from related parties

	2020	2019	2018
<i>(in thousand SGD)</i>			
Short-term loans			
At 1 October	-	138,609	114,392
Drawdown	1,060,980	49,756	137,782
Repayment	(1,053,402)	(155,756)	(118,032)
Reclassification to long-term loans	-	(35,753)	-
Difference from currency transaction	(193)	3,144	4,467
At 30 September	<u>7,385</u>	<u>-</u>	<u>138,609</u>
Long-term loans			
At 1 October	37,416	-	-
Repayment	(36,738)	-	-
Reclassification from short-term loans	-	35,753	-
Difference from currency transaction	(678)	1,663	-
At 30 September	<u>-</u>	<u>37,416</u>	<u>-</u>

Significant agreements with related parties

Supporting service agreements

The subsidiaries of the Company entered into supporting service agreement with the Ultimate Parent for supporting services such as human resource, administration, accounting, finance, public relations, public co-ordination, technology, law, secretary and share register and internal audit. Unless there are notifications to terminate the agreement not later than 30 days prior to the expiry date, this agreement continues to be in effect for the successive one year term. The subsidiaries are committed to pay a service fee at the rate as stipulated in the agreements.

Subsequently on 1 November 2019, addendum to the above supporting service agreement was issued to revise the service fee with effective date from 1 October 2019.

On 16 March 2020, the Company entered into supporting service agreement with the Ultimate Parent for supporting services such as human resource, administration, accounting, finance, public relations, technology, law, secretary and share register and internal audit. The agreement is effective from 1 April 2020 onwards.

Revolving loan agreement

The subsidiaries together with other related parties of the Company entered into loan borrowing agreement with the Ultimate Parent for loan facility with joint credit limit not exceeding Baht 35,000 million, bearing interest at the rate of 5% per annum.

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The subsidiaries of the Company entered into revolving loan lending agreements with the Ultimate Parent for loan facility with total credit limit of Baht 64,500 million, bearing interest at the rate of 2.5% per annum (2019: 2.5% per annum and 2018: 4% per annum).

Short-term loans to and from the Ultimate Parent are repayable on call. Long-term loans to and from the Ultimate Parent have a maturity period of two years.

The Company's subsidiaries entered into loan borrowing agreement with Chang Beer Co., Ltd., a subsidiary company, for loan facility with joint credit limit not exceeding Baht 20,000 million, bearing interest at the rate of 5% per annum.

The Company's subsidiaries entered into revolving loan lending agreements with Chang Beer Co., Ltd., a subsidiary company, for loan facility with total credit limit of Baht 33,000 million, bearing interest at the rate of 2.5% per annum.

Loans to and from Chang Beer Co., Ltd. are repayable on call.

Loan agreement

On 18 June 2020, the Company entered into a loan agreement with InterBev (Singapore) Limited, a related company, for an unsecured loan facility of SGD 2.80 million, bearing interest at the rate of SIBOR+2.2% per annum. As at 30 September 2020 the Company had SGD 0.65 million of the said loans outstanding, repayable within one year.

Merchandise sale agreements

On 19 May 2017, the Company's subsidiary entered into an agreement with Oishi Group PCL, a related company, to manufacture non-alcoholic beverages under the trade names of "Oishi Chakulza", "Oishi" and any other trade names to be specified by the related party. The subsidiary agreed to sell such products to Oishi Group PCL at the price as specified in the agreement. This agreement is effective from 20 May 2017 to 19 May 2018 and shall continue to be in effect for another period of one year unless there is a notification to terminate the agreement within 90 days prior to the expiry date.

Glass bottle sale and purchase agreements

On 30 June 2005, the Company's subsidiaries entered into glass bottle sale and purchase agreements with Thai Beverage Recycle Co., Ltd., a related company. The subsidiaries agreed purchase recycled and new glass bottles from the related company at the price specified in the agreements. The agreement is renewable on an annual basis unless there is a notification to terminate the agreements within 30 days prior to expiry date.

Procurement agreements

The Company's subsidiaries entered into procurement agreements with Pan International (Thailand) Co., Ltd., a related company, whereby the subsidiaries agreed to pay the procurement service fee at the condition and the rate as specified in the agreements. The agreements shall continue to be in effect for another period of one year unless there is a notification to terminate the agreements.

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Beverages production agreement

On 16 November 2015, the Company's subsidiary entered into a beverages production agreement with Sermsuk PCL, a related company. The subsidiary agreed to produce plastic bottled water under the trade name of "Crystal" to Sermsuk PCL as specified in the agreement. The agreement shall continue to be in effect for another period of three years unless there is a notification to terminate the agreement within 90 days prior to expiry date.

Property sublease agreement

On 11 August 2020, the Company's subsidiary entered into a sublease agreement to lease furnished office space and service agreement with ASM Management Co., Ltd., a related company. Under the agreement, which effective from 1 August 2020 to 14 June 2022, the subsidiary is committed to pay rental and service fee on the rates as stipulated in the agreement.

Management and distribution agreement

The Company's subsidiary entered into an agreement with Thai Beverage Logistics Co., Ltd., a related company, whereby the related company agreed manage and distribute the subsidiary's products to the customers. The subsidiary is committed to pay management and distribution fee at the rates as stipulated in the agreement. The agreement is effective from 1 January 2010 to 31 December 2010 and shall continue to be in effect for another period of one year unless there is a notification to terminate the agreement within 30 days prior to expiry date.

Trademark license agreement

Emerald Brewery Myanmar Limited ("Emerald Brewery"), a related company entered into a trademark license agreement with Super Brands Company Pte. Ltd. ("Super Brands"), a related company, to grant a license from Super Brands for use of the trademark. Effective from 1 March 2020 to 28 February 2030, Emerald Brewery committed to pay license fee at a fixed rate applied to the net sales revenue in respect of all sales of the products by or on behalf of Emerald Brewery, including other conditions as stipulated in the agreement. Subsequently, in connection with an internal restructuring exercise, Super Brands and Emerald Brewery have agreed to enter into another agreement for the purpose of novating all of Super Brands' rights and obligations under the trademark license agreement to Super Beer Brands Limited, the Company's subsidiary, effective on 9 March 2020.

Managing and coordinating service agreement

Thipchalothorn Co., Ltd. ("Thipchalothorn"), the Company's indirect subsidiary entered into modern trade managing and coordinating service agreement with Modern Trade Management Co., Ltd. ("Modern Trade Management"), a related company, whereby Modern Trade Management will provide managing and coordinating service of Thipchalothorn's products to modern trade stores, including other managing and coordinating as stipulated in the agreement. Thipchalothorn is committed to pay an actual cost plus operation service fee 10% of the actual cost in each month. The agreement is effective from 1 July 2020 onwards. Unless there are notifications to terminate the agreement not later than 30 days prior to the expire date, 30 September 2020, this agreement continues to be in effect for the successive 1 year term.

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Commitments with related parties

	2020	2019	2018
	<i>(in thousand SGD)</i>		
<i>Non-cancellable operating leases</i>			
Within one year	5	8,567	7,240
After one year but within five years	3	12,541	16,495
After five years	-	3,016	719
Total	8	24,124	24,454
<i>Other commitments</i>			
Purchase of raw material	440,592	329,406	257,371
Brewing supervision	456	542	567
Advertising and sponsorship	-	174	1,439
Other service	102	977	1,673
Total	441,150	331,099	261,050

7 Cash and cash equivalents

	2020	2019	2018
	<i>(in thousand SGD)</i>		
Cash on hand	299	217	395
Cash at banks - current accounts	83,668	66,427	47,684
Cash at banks - savings accounts	1,994	1,113	1,447
Highly liquid short-term investments	213,366	182,159	227,630
Total	299,327	249,916	277,156

8 Current investments

Current investments represent short-term deposit at financial institutions with maturity period more than 3 months but less than 12 months. As at 30 September 2020, the interest rates of current investments are at the rates of 3.50% to 7.70% per annum (2019: 4.80% to 7.80% per annum and 2018: 4.60% to 7.20% per annum).

Current investments are recognised at amortised cost. Impairment of current investments are disclosed in Note 34 under Debt Investments section.

9 Trade receivables and other receivables

Trade receivables

	Note	2020	2019	2018
		<i>(in thousand SGD)</i>		
Related parties	6	19,548	18,768	25,245
Other parties		9,299	13,471	11,217
Total		28,847	32,239	36,462
Less allowance for doubtful accounts		(657)	(526)	(908)
Net		28,190	31,713	35,554
Bad and doubtful debts expenses (reversal of) for the year		(704)	(246)	149

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Aging analysis for trade receivables were as follows:

	2020	2019	2018
	<i>(in thousand SGD)</i>		
Related parties			
Within credit terms	19,362	18,729	24,749
Overdue:			
Less than 3 months	51	22	486
3 - 6 months	-	9	2
6 - 12 months	127	-	-
Over 12 months	8	8	8
	<u>19,548</u>	<u>18,768</u>	<u>25,245</u>
Other parties			
Within credit terms	8,033	11,815	9,775
Overdue:			
Less than 3 months	568	1,115	605
3 - 6 months	-	1	11
6 - 12 months	71	-	318
Over 12 months	627	540	508
	<u>9,299</u>	<u>13,471</u>	<u>11,217</u>
<i>Less allowance for doubtful accounts</i>	<u>(657)</u>	<u>(526)</u>	<u>(908)</u>
	<u>8,642</u>	<u>12,945</u>	<u>10,309</u>
Net	<u>28,190</u>	<u>31,713</u>	<u>35,554</u>

The normal credit term granted by the Group ranges from 7 days to 60 days.

Other receivables

	2020	2019	2018
	<i>(in thousand SGD)</i>		
Accrued interest income	20,197	15,847	7,331
Prepaid expenses	18,394	22,175	16,953
Others	2,200	1,186	5,888
Total	<u>40,791</u>	<u>39,208</u>	<u>30,172</u>

10 Inventories

	2020	2019	2018
	<i>(in thousand SGD)</i>		
Finished goods	100,668	119,903	128,551
Work in progress	22,589	28,927	23,838
Raw materials	44,002	57,342	55,221
Packaging materials	21,979	26,576	16,272
Spare parts	24,282	27,053	34,687
Goods in transit	13,262	16,229	15,005
Supplies	2,333	2,240	2,218
Others	254	87	39
<i>Less allowance for decline in value</i>	<u>(12,207)</u>	<u>(16,347)</u>	<u>(8,763)</u>
Net	<u>217,162</u>	<u>262,010</u>	<u>267,068</u>

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	2020	2019	2018
	<i>(in thousand SGD)</i>		
Inventories recognised as an expense and included in 'Cost of sale of goods':			
- Cost of inventories	3,751,240	4,109,798	3,169,965
- Write-down to net realisable value	6,181	11,388	1,016
- Reversal of write-down	(10,153)	(4,729)	(706)
Total cost of sale of goods	3,747,268	4,116,457	3,170,275

Write-downs of inventories were due to products obsolescence and change in packaging. Reversals of write-down were due to change in estimates.

11 Other current assets

	2020	2019	2018
	<i>(in thousand SGD)</i>		
Promotional supplies	13,461	10,963	10,996
Refundable value added tax	8,202	5,082	7,457
Prepaid excise tax	565	799	1,354
Deposits	76	113	167
Refundable excise tax	2	842	192
Others	3,383	3,222	4,642
Total	25,689	21,021	24,808

12 Investments in associates and joint ventures

	Note	2020	2019	2018
		<i>(in thousand SGD)</i>		
Associates				
At 1 October		89,099	87,458	-
Share of profit of investment in associates, net of income tax		6,149	7,474	6,605
Reclassification from other long-term investments		-	-	1,321
Reclassification to subsidiary	5(b)	(1,228)	-	-
Addition from acquisition of business	5	-	-	89,312
Dividend income from associates	6	(4,434)	(6,394)	(6,844)
Allowance for impairment loss		(4,220)	-	(5,695)
Effect of foreign currency exchange differences		(802)	561	2,759
At 30 September		84,564	89,099	87,458
Joint ventures				
At 1 October		156,566	152,559	-
Share of profit of investment in joint ventures, net of income tax		11,684	12,643	8,974
Addition from acquisition of business	5	-	-	148,826
Dividend income from joint ventures	6	(1,787)	(10,011)	(10,005)
Reversal of (allowance for) impairment loss		31	(465)	-
Effect of foreign currency exchange differences		(1,482)	1,840	4,764
At 30 September		165,012	156,566	152,559

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	<i>Note</i>	2020	2019 <i>(in thousand SGD)</i>	2018
Total				
At 1 October		245,665	240,017	-
Share of profit of investment in associates and joint ventures, net of income tax		17,833	20,117	15,579
Reclassification from other long-term investments		-	-	1,321
Reclassification to subsidiary	<i>5(b)</i>	(1,228)	-	-
Addition from acquisition of business	<i>5</i>	-	-	238,138
Dividend income from associates and joint ventures	<i>6</i>	(6,221)	(16,405)	(16,849)
Reversal of (allowance for) impairment loss		(4,189)	(465)	(5,695)
Effect of foreign currency exchange differences		(2,284)	2,401	7,523
At 30 September		<u>249,576</u>	<u>245,665</u>	<u>240,017</u>

As of 30 September 2020, management has reassessed the recoverability of the investments in associates and believes there is a possibility that the investments and receivables relating to certain associates may not be recoverable. Therefore, the Group has provided an allowance for impairment for the full amount of the said receivables and investments in associates. The impairment in associates recognised was SGD 4.22 million and impairment in other receivables was SGD 16.52 million.

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Investments in associates and joint ventures as at 30 September 2020, 2019 and 2018, and dividend income from those investments for the years then ended, were as follows:

	Ownership interest			Paid-up capital			Cost method			Equity method			Dividend income		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
	(%)									<i>(in thousand SGD)</i>					
<i>Associates</i>															
Thanh Nam Consultant Investment - Engineering And Technology Transfer Joint Stock Company	15.31	15.31	7.50	VND 1,400 million	VND 1,400 million	VND 1,400 million	25	25	25	20	20	20	-	-	-
Mechanical and Industrial Construction Joint Stock Company	13.93	13.93	6.83	VND 35,999 million	VND 35,999 million	VND 35,999 million	2,060	2,079	2,063	1,914	2,176	2,159	-	-	82
Saigon Tay Do Beer Beverage Joint Stock Company	14.80	14.80	7.25	VND 200,000 million	VND 200,000 million	VND 200,000 million	8,067	8,144	8,080	11,364	11,728	11,515	832	825	1,015
Saigon - Binh Tay Beer Joint Stock Company	11.68	11.68	5.72	VND 875,245 million	VND 875,245 million	VND 875,245 million	9,843	9,936	9,858	29,645	28,262	28,902	-	1,107	1,858
Saigon - Baclieu Beer Joint Stock Company	5.47	5.47	2.68	VND 120,120 million	VND 120,120 million	VND 120,120 million	2,101	2,121	2,104	3,909	3,998	4,013	143	352	280
Truong Sa Food - Food Business Joint Stock Company	20.69	20.69	10.14	VND 17,700 million	VND 17,700 million	VND 17,700 million	438	442	439	364	397	423	-	-	-
Saigon - Phutho Beer Joint Stock Company	16.53	16.53	8.10	VND 125,000 million	VND 125,000 million	VND 125,000 million	4,433	4,475	4,440	6,643	6,762	6,582	554	820	738

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	Ownership interest			Paid-up capital			Cost method			Equity method			Dividend income		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
	(%)									<i>(in thousand SGD)</i>					
Associates (continued)															
Sai Gon - Mien Trung Beer Joint Stock Company	17.36	17.36	8.51	VND 298,466 million	VND 298,466 million	VND 298,466 million	15,355	15,501	15,379	19,241	18,665	17,762	2,017	2,263	1,688
Tan Thanh Investment Trading Company Limited	15.54	15.54	7.62	VND 250,000 million	VND 250,000 million	VND 250,000 million	99	4,317	4,282	-	4,161	4,128	-	-	-
Sai Gon - Vinh Long Beer Joint Stock Company	10.72	10.72	5.25	VND 150,000 million	VND 150,000 million	VND 150,000 million	3,336	3,367	3,341	4,699	4,527	4,319	357	528	698
Sai Gon - Kien Giang Beer Joint Stock Company	10.72	10.72	5.25	VND 115,000 million	VND 115,000 million	VND 115,000 million	1,566	1,581	1,568	1,632	1,938	1,799	138	270	334
Sai Gon - Khanh Hoa Beer Joint Stock Company	13.93	13.93	6.83	VND 100,000 million	VND 100,000 million	VND 100,000 million	2,555	2,579	2,559	3,712	3,836	3,474	155	229	151
Saigon - Bentre Beer Joint Stock Company	10.72	10.72	5.25	VND 100,000 million	VND 100,000 million	VND 100,000 million	1,180	1,191	1,181	1,421	1,401	1,181	238	-	-
Saigon – Lamdong Beer Joint Stock Company ¹	-	10.72	5.25	VND 100,000 million	VND 100,000 million	VND 100,000 million	-	1,191	1,181	-	1,228	1,181	-	-	-
Joint ventures															
Me Linh Point Limited	21.43	18.75	9.19	VND 221,066 million	VND 221,066 million	VND 221,066 million	32,013	32,318	32,063	37,012	36,942	36,345	1,787	1,714	1,595
Crown Beverage Cans Saigon Company Limited	16.07	16.10	7.89	VND 519,590 million	VND 519,590 million	VND 519,590 million	79,130	79,883	79,253	92,775	86,346	85,286	-	7,819	8,410

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	Ownership interest			Paid-up capital			Cost method			Equity method			Dividend income		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
	(%)			(in thousand SGD)											
Joint ventures (continued)															
Malaya - Vietnam Glass Limited Company	16.07	16.07	7.88	VND 322,209 million	VND 322,209 million	VND 322,209 million	16,059	16,212	16,084	27,104	25,306	22,825	-	-	-
San Miguel Yamamura Phu Tho Packaging Company Limited	18.75	18.75	9.19	VND 51,883 million	VND 51,883 million	VND 51,883 million	4,892	4,938	4,899	6,943	6,782	6,923	-	478	-
Vietnam Spirits and Wine Ltd.	24.11	24.11	11.82	VND 65,462 million	VND 65,462 million	VND 65,462 million	1,481	3,073	3,049	1,178	1,190	1,180	-	-	-
Total							184,633	193,373	191,848	249,576	245,665	240,017	6,221	16,405	16,849

¹ On 1 October 2019, Saigon Beer - Alcohol - Beverage Corporation (“SABECO”), the Group’s indirect subsidiary completed a business acquisition by making a capital increase to Saigon-Lamdong Beer Joint Stock Company (“Lamdong Beer JSC”), which was previously an associate of the Group (refer to note 5).

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Associates and Joint ventures

The following table summarises the financial information of the associates and joint ventures as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies.

For the year ended 30 September Statement of comprehensive income	Material associates						Material joint ventures					
	Saigon - Binh Tay Beer Joint Stock Company			Sai Gon - Mien Trung Beer Joint Stock Company			Crown Beverage Cans Saigon Company Limited			Me Linh Point Limited		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
	<i>(in thousand SGD)</i>											
Revenue	243,722	289,075	216,290	129,688	165,376	109,344	216,844	233,484	165,715	10,282	9,857	6,824
Profit from continuing operations	7,123	1,713	8,338	7,541	9,837	5,370	24,169	25,370	18,486	5,715	5,760	3,940
Total comprehensive income (100%)	7,123	1,713	8,338	7,541	9,837	5,370	24,169	25,370	18,486	5,715	5,760	3,940
As at 30 September Statement of financial position												
Current assets	57,288	48,810	52,033	22,343	16,510	17,403	65,074	67,644	52,201	9,211	12,929	10,544
Non-current assets	208,134	219,341	195,977	28,582	31,445	31,642	26,606	31,973	32,683	21,564	17,256	17,677
Current liabilities	(63,063)	(58,312)	(54,240)	(17,003)	(14,410)	(16,552)	(16,474)	(48,067)	(35,005)	(2,631)	(1,640)	(1,449)
Non-current liabilities	(23,791)	(32,645)	(43,626)	(1,457)	(2,088)	(4,139)	-	-	-	(1,599)	(2,357)	(1,661)
Net assets (100%)	178,568	177,194	150,144	32,465	31,457	28,354	75,206	51,550	49,879	26,545	26,188	25,111

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	Material associates						Material joint ventures					
	Saigon - Binh Tay Beer Joint Stock Company			Sai Gon - Mien Trung Beer Joint Stock Company			Crown Beverage Cans Saigon Company Limited			Me Linh Point Limited		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
<i>Carrying amount of interest in associates and joint ventures</i>	<i>(in thousand SGD)</i>											
Group's interest in net assets of investee as at 1 October	28,262	28,902	-	18,665	17,762	-	86,346	85,286	-	36,942	36,345	-
Reclassification from other long-term investment	-	-	9,154	-	-	-	-	-	-	-	-	-
Addition from acquisition of business	-	-	19,061	-	-	17,168	-	-	85,468	-	-	35,439
Total comprehensive income attributable to the Group	1,667	398	1,809	2,776	3,014	1,738	7,221	7,611	5,546	2,209	2,017	1,384
Dividends received during the year	-	(1,107)	(1,858)	(2,017)	(2,263)	(1,688)	-	(7,819)	(8,410)	(1,787)	(1,714)	(1,595)
Allowance for impairment losses	-	-	(9)	-	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	(284)	69	745	(183)	152	544	(792)	1,268	2,682	(352)	294	1,117
Carrying amount of interest in investee as at 30 September	<u>29,645</u>	<u>28,262</u>	<u>28,902</u>	<u>19,241</u>	<u>18,665</u>	<u>17,762</u>	<u>92,775</u>	<u>86,346</u>	<u>85,286</u>	<u>37,012</u>	<u>36,942</u>	<u>36,345</u>

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Immaterial associates and joint ventures

The following summarises the financial information of the Group's interest in immaterial associates and joint ventures based on the amounts reported in the combined financial statements:

	Immaterial associates			Immaterial joint ventures		
	2020	2019	2018	2020	2019	2018
Carrying amount of interests in immaterial associates and joint ventures						
Group's share of:						
- Profit for the year	1,706	4,062	3,058	2,254	3,015	2,044
- Total comprehensive income	<u>1,706</u>	<u>4,062</u>	<u>3,058</u>	<u>2,254</u>	<u>3,015</u>	<u>2,044</u>

13 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	30 September 2020				
	Chang Beer Group	SABECO	Others	Intra-group eliminations	Total
	<i>(in thousand SGD)</i>				
Non-controlling interest percentage	26.01%	46.42%			
Current assets	173,499	1,180,984			
Non-current assets	511,271	1,895,640			
Current liabilities	(250,416)	(360,744)			
Non-current liabilities	(40,692)	(147,564)			
Net assets	<u>393,662</u>	<u>2,568,317</u>			
Non-controlling interest in subsidiaries' financial statements	-	91,074			
Carrying amount of non-controlling interest	<u>102,391</u>	<u>1,240,919</u>	776	(91,140)	1,252,946
Revenue	2,518,968	2,197,001			
Profit	117,162	240,958			
Other comprehensive income	(1,026)	88,774			
Total comprehensive income	<u>116,316</u>	<u>329,732</u>			
Profit allocated to non-controlling interest	<u>30,474</u>	<u>111,844</u>	4	6,635	148,957
Other comprehensive income allocated to non-controlling interest	<u>(267)</u>	<u>41,205</u>	-	1	40,939

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	30 September 2020				
	Chang Beer Group	SABECO	Others	Intra-group eliminations	Total
Cash flows from operating activities	18,465	282,391			
Cash flows from (used in) investing activities	522,589	(149,479)			
Cash flows used in financing activities	(538,053)	(157,555)			
Net increase (decrease) in cash and cash equivalents	3,001	(24,643)			
	30 September 2019				
	Chang Beer Group	SABECO	Others	Intra-group eliminations	Total
		<i>(in thousand SGD)</i>			
Non-controlling interest percentage	26.01%	46.42%			
Current assets	254,081	1,048,426			
Non-current assets	1,012,463	1,851,176			
Current liabilities	(295,794)	(332,668)			
Non-current liabilities	(69,119)	(80,808)			
Net assets	901,631	2,486,126			
Non-controlling interest in subsidiaries' financial statements	-	80,813			
Carrying amount of non-controlling interest	234,514	1,197,271	806	(131,952)	1,300,639
Revenue	2,452,837	2,703,126			
(Loss) profit	(23,477)	253,512			
Other comprehensive income	(3,032)	(143,848)			
Total comprehensive income	(26,509)	109,664			
(Loss) profit allocated to non-controlling interest	(6,106)	117,671	(34,507)	16,769	93,827
Other comprehensive income allocated to non-controlling interest	(789)	(66,769)	-	(569)	(68,127)
Cash flows from operating activities	114,294	334,865			
Cash flows used in investing activities	(118,907)	(163,053)			
Cash flows from (used in) financing activities	4,239	(209,435)			
Net decrease in cash and cash equivalents	(374)	(37,623)			

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	30 September 2018				
	Chang Beer Group	SABECO	Vietnam F&B Alliance Investment Joint Company and Veitnam Beverage Company Limited	Intra-group eliminations	Total
			<i>(in thousand SGD)</i>		
Non-controlling interest percentage	26.01%	73.74%	51.00%		
Current assets	284,476	898,616	22,567		
Non-current assets	803,462	1,892,229	6,620,536		
Current liabilities	(307,333)	(299,654)	(157,455)		
Non-current liabilities	(23,138)	(80,348)	(6,374,021)		
Net assets	<u>757,467</u>	<u>2,410,843</u>	<u>111,627</u>		
Non-controlling interest in subsidiaries' financial statements	-	81,015	-		
Carrying amount of non-controlling interest	<u>197,017</u>	<u>1,799,086</u>	<u>56,930</u>	(764,601)	1,288,432
Revenue	2,176,000	1,774,297	-		
Profit (Loss)	5,011	169,171	(110,386)		
Other comprehensive income	(722)	1,174	-		
Total comprehensive income	<u>4,289</u>	<u>170,345</u>	<u>(110,386)</u>		
Profit (Loss) allocated to non-controlling interest	<u>1,303</u>	<u>124,751</u>	<u>(56,297)</u>	(34,583)	35,174
Other comprehensive income allocated to non-controlling interest	<u>(188)</u>	<u>866</u>	<u>-</u>	-	678
Cash flows from (used in) operating activities	50,221	155,495	(10,772)		
Cash flows from (used in) investing activities	54,442	(61,058)	(6,285,045)		
Cash flows (used in) from financing activities	(103,073)	(96,774)	6,318,197		
Net increase (decrease) in cash and cash equivalents	<u>1,590</u>	<u>(2,337)</u>	<u>22,380</u>		

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14 Investment properties

	<i>Note</i>	2020	2019	2018
		<i>(in thousand SGD)</i>		
<i>Cost</i>				
At 1 October		21,147	18,677	9,975
Addition from acquisition of business	5	-	-	8,787
Transfer from (to) property, plant and equipment	15	5,304	1,685	(714)
Effect of foreign currency exchange		(697)	785	629
At 30 September		<u>25,754</u>	<u>21,147</u>	<u>18,677</u>
<i>Accumulated depreciation</i>				
At 1 October		776	315	127
Depreciation charge for the year		195	274	202
Transfer from (to) property, plant and equipment	15	(60)	236	(21)
Effect of foreign currency exchange		26	(49)	7
At 30 September		<u>937</u>	<u>776</u>	<u>315</u>
<i>Net book value</i>				
At 1 October		<u>20,371</u>	<u>18,362</u>	<u>9,848</u>
At 30 September		<u>24,817</u>	<u>20,371</u>	<u>18,362</u>

For disclosure purpose, the fair value of the Group's investment properties was determined by independent property valuers, which considered valuation using the market comparison approach and cost approach. As at 30 September 2020, the appraised value of investment properties was SGD 25.68 million (2019: SGD 21.02 million; 2018: SGD 18.75 million).

Investment properties comprise of a number of commercial land that are leased to third parties, unused land and buildings and constructions.

Measurement of fair value

Fair value hierarchy

The fair value of investment properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The independent valuers provide the fair value of the Group's investment property portfolio on an annual basis.

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

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Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Land		
- Market comparison approach	Price per square metre for recent sales of comparable lands	The estimated fair value increase (decrease) if the transacted market price are higher (lower).
Buildings and constructions		
- Cost approach	Current replacement cost	The estimated fair value increase (decrease) if the replacement cost increase (decrease).

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15 Property, plant and equipment

	Note	Land	Land improvement	Building, buildings and leasehold improvements	Machinery and equipment <i>(in thousand SGD)</i>	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
Cost/ revaluation									
At 1 October 2017		141,632	43,417	244,840	806,841	9,483	27,409	20,348	1,293,970
Acquisition of business	5	-	-	110,458	277,466	5,879	7,935	6,359	408,097
Additions		-	-	1,199	15,524	1,854	375	16,772	35,724
Transfer from investment properties	14	-	-	714	-	-	-	-	714
Transfers		-	478	2,072	27,075	547	278	(30,450)	-
Disposals		-	-	(86)	(10,449)	(509)	(4,921)	(2)	(15,967)
Effect of foreign currency exchange differences		5,146	1,585	12,446	38,583	560	1,179	725	60,224
At 30 September 2018 / 1 October 2018		146,778	45,480	371,643	1,155,040	17,814	32,255	13,752	1,782,762
Additions		-	-	756	12,333	1,162	458	15,126	29,835
Transfer to investment properties	14	(1,134)	-	(551)	-	-	-	-	(1,685)
Transfers		-	324	1,925	6,833	26	101	(9,209)	-
Disposals		-	-	(1,380)	(11,045)	(542)	(1,301)	(130)	(14,398)
Effect of foreign currency exchange differences		10,259	3,210	13,954	47,811	755	1,330	593	77,912
At 30 September 2019 / 1 October 2019		155,903	49,014	386,347	1,210,972	19,215	32,843	20,132	1,874,426
Acquisition of business	5	-	-	11,454	23,689	-	225	19	35,387
Additions		-	-	262	12,373	1,841	322	35,536	50,334
Transfer to investment properties	14	(4,512)	-	(792)	-	-	-	-	(5,304)
Transfers		-	39	9,262	39,284	444	166	(49,195)	-
Disposals		-	-	(187)	(15,311)	(477)	(1,896)	-	(17,871)
Effect of foreign currency exchange differences		(6,615)	(2,117)	(9,639)	(34,887)	(562)	(890)	(270)	(54,980)
At 30 September 2020		144,776	46,936	396,707	1,236,120	20,461	30,770	6,222	1,881,992

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	Note	Land	Land improvement	Building, buildings and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<i>(in thousand SGD)</i>									
Accumulated depreciation and impairment losses									
At 1 October 2017		-	24,911	148,043	669,615	6,810	26,522	-	875,901
Depreciation charge for the year		-	1,717	14,568	61,475	3,331	1,381	-	82,472
Transfer from investment properties	14	-	-	21	-	-	-	-	21
Transfers		-	-	-	(147)	147	-	-	-
Disposals		-	-	(23)	(5,886)	(448)	(4,912)	-	(11,269)
Effect of foreign currency exchange differences		-	932	5,608	25,201	296	908	-	32,945
At 30 September 2018 /									
1 October 2018		-	27,560	168,217	750,258	10,136	23,899	-	980,070
Depreciation charge for the year		-	1,795	19,140	73,129	2,215	1,724	-	98,003
Impairment losses		-	-	-	1,021	-	-	-	1,021
Transfer to investment properties	14	-	-	(236)	-	-	-	-	(236)
Transfers		-	-	-	2	(2)	-	-	-
Disposals		-	-	(976)	(5,952)	(452)	(1,246)	-	(8,626)
Effect of foreign currency exchange differences		-	2,020	7,005	37,341	547	1,241	-	48,154
At 30 September 2019 /									
1 October 2019		-	31,375	193,150	855,799	12,444	25,618	-	1,118,386
Depreciation charge for the year		-	1,854	20,409	65,317	2,334	1,859	-	91,773
Impairment losses		-	-	-	(602)	-	-	-	(602)
Transfer to investment properties	14	-	-	60	-	-	-	-	60
Transfers		-	-	(305)	297	111	(103)	-	-
Disposals		-	-	(156)	(12,729)	(436)	(1,847)	-	(15,168)
Effect of foreign currency exchange differences		-	(1,403)	(4,946)	(26,893)	(416)	(809)	-	(34,467)
At 30 September 2020		-	31,826	208,212	881,189	14,037	24,718	-	1,159,982

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	Land	Land improvement	Building, buildings and leasehold improvements	Machinery and equipment <i>(in thousand SGD)</i>	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<i>Net book value</i>								
At 1 October 2017	<u>141,632</u>	<u>18,506</u>	<u>96,797</u>	<u>137,226</u>	<u>2,673</u>	<u>887</u>	<u>20,348</u>	<u>418,069</u>
At 30 September 2018	<u>146,778</u>	<u>17,920</u>	<u>203,426</u>	<u>404,782</u>	<u>7,678</u>	<u>8,356</u>	<u>13,752</u>	<u>802,692</u>
At 30 September 2019	<u>155,903</u>	<u>17,639</u>	<u>193,197</u>	<u>355,173</u>	<u>6,771</u>	<u>7,225</u>	<u>20,132</u>	<u>756,040</u>
At 30 September 2020	<u>144,776</u>	<u>15,110</u>	<u>188,495</u>	<u>354,931</u>	<u>6,424</u>	<u>6,052</u>	<u>6,222</u>	<u>722,010</u>

At each reporting date, the Group reviewed the impairment indicators of property, plant and equipment in accordance with SFRS(I) 1-36 and found that there were no impairment indicators.

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 30 September 2020 amounted to SGD 669.81 million (2019: SGD 602.45 million; 2018: SGD 560.27 million).

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Measurement of fair value

Fair value hierarchy

The fair value of land was determined by external independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

As at 30 September 2020, the fair value measurement for land of SGD 144.78 million (2019: SGD 155.90 million; 2018: SGD 146.78 million) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair value.

	2020	2019 <i>(in thousand SGD)</i>	2018
Balance as at 1 October	155,903	146,778	141,632
Transfer to investment properties	(4,512)	(1,134)	-
Effect of foreign currency exchange differences	(6,615)	10,259	5,146
Balance as at 30 September	<u>144,776</u>	<u>155,903</u>	<u>146,778</u>

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of land, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market comparison technique	Price per square metre for recent sales of comparable lands	The estimated fair value increases (decreases) if the transacted market price are higher (lower).

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16 Leases

As a lessee

The Group leases many assets including land and buildings, vehicles and machinery. The weighted-average incremental borrowing rate applied at 30 September 2020 is 7.87%. Information about leases for which the Group is a lessee is presented as below.

Right-of-use assets

	Land	Building	Machinery	Vehicles	Total
	<i>(in thousand SGD)</i>				
Balance as at 1 October 2019	119,291	51,600	460	22,885	194,236
Addition	-	2,220	28	1,603	3,851
Leases modification	(300)	(1,005)	(296)	3	(1,598)
Depreciation charge for the period	(7,416)	(10,828)	(134)	(8,491)	(26,869)
Effect of foreign currency exchange differences	(1,384)	(541)	(9)	(802)	(2,736)
Balance as at 30 September 2020	<u>110,191</u>	<u>41,446</u>	<u>49</u>	<u>15,198</u>	<u>166,884</u>

Lease liabilities

	30 September 2020 <i>(in thousand SGD)</i>
Maturity analysis – contractual undiscounted cash flows	
Less than one year	20,418
One to five years	44,339
More than five years	30,560
Total undiscounted lease liabilities	<u>95,317</u>

Lease liabilities included in the statement of financial position

- Current	21,660
- Non-current	54,701

For the year ended 30 September

2020
(in thousand SGD)

The following amounts were recognised in the statement of profit or loss:

Interest on lease liabilities	6,256
Variable lease payments not included in the measurement of lease liabilities	2,285
Expenses relating to short-term leases	327
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	590

The following amounts were recognised in the statement of cash flows:

Total cash outflow for leases	25,058
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As a lessor

Lease income from operating lease contracts in which the Group acts as a lessor for the year ended 30 September 2020 was SGD 2.49 million (2019: SGD 2.39 million). The Group had no sub-lease income during the years ended 30 September 2020, 2019 and 2018.

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17 Goodwill

	Note	2020	2019	2018
			<i>(in thousand SGD)</i>	
At 1 October		5,306,252	5,264,408	-
Acquisition of business	5	-	-	5,344,056
Effect of foreign currency exchange differences		(50,019)	41,844	(79,648)
At 30 September		<u>5,256,233</u>	<u>5,306,252</u>	<u>5,264,408</u>

Goodwill as at 30 September 2020, 2019 and 2018 related to acquisition of SABECO.

Impairment test

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

In 2020, 2019 and 2018, the Group reviewed the recoverable amount of goodwill and found that the recoverable amount of goodwill exceeded its carrying amount. Goodwill is allocated for impairment testing purpose to the individual cash-generated unit (“CGU”).

The recoverable amount of the CGU was based on value-in-use. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering 5-year period. The cash flow projections include management’s consideration of impacts from COVID-19 and related responses.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management’s assessment of future trends in the relevant industries and are based on the data from both external and internal sources.

	2020	2019	2018
		(%)	
Discount rate	8.33	9.89	11.73
Terminal value growth rate	5.00	8.00	8.00
Average budgeted EBITDA growth rate	13.71	12.43	15.38
Average revenue growth rate	11.24	7.30	9.40

The discount rate applied to the cash flow projections reflect management’s estimates of the risks specific to the respective cash generating units at the date of the assessment.

The terminal growth rate used does not exceed the long term average growth rate of the respective industry of the CGU.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past 5 years and the estimated sales volume and price growth for the next 5 years.

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18 Other intangible assets

	Note	Trademarks	Land use rights (in thousand SGD)	Customer relationship	Other intangible assets	Total
<i>Cost</i>						
At 1 October 2017		885	82	-	1,538	2,505
Additions		-	-	-	225	225
Acquisition of business	5	833,108	91,799	256,758	537	1,182,202
Disposals		-	-	-	(50)	(50)
Effect of foreign currency exchange differences		26,323	2,902	8,109	76	37,410
At 30 September 2018 / 1 October 2018		860,316	94,783	264,867	2,326	1,222,292
Additions		-	-	-	56	56
Disposals		-	-	-	(19)	(19)
Transfer to other current assets		-	-	-	(13)	(13)
Effect of foreign currency exchange differences		6,854	759	2,106	(83)	9,636
At 30 September 2019 / 1 October 2019		867,170	95,542	266,973	2,267	1,231,952
Impact from adoption of SFRS(I) 16		-	(95,542)	-	-	(95,542)
At 1 October 2019 (restated)		867,170	-	266,973	2,267	1,136,410
Additions		12	-	-	486	498
Disposals		-	-	-	(8)	(8)
Reclassification		(9)	-	-	9	-
Effect of foreign currency exchange differences		(8,180)	-	(2,517)	31	(10,666)
At 30 September 2020		858,993	-	264,456	2,785	1,126,234
<i>Accumulated amortisation and impairment losses</i>						
At 1 October 2017		862	82	-	557	1,501
Amortisation for the year		3	1,181	9,778	511	11,473
Disposals		-	-	-	(8)	(8)
Effect of foreign currency exchange differences		11	22	154	28	215
At 30 September 2018 / 1 October 2018		876	1,285	9,932	1,088	13,181
Amortisation for the year		3	1,479	13,151	487	15,120
Disposals		-	-	-	(8)	(8)
Effect of foreign currency exchange differences		24	81	277	(133)	249
At 30 September 2019 / 1 October 2019		903	2,845	23,360	1,434	28,542
Impact from adoption of SFRS(I) 16		-	(2,845)	-	-	(2,845)
At 1 October 2019 (restated)		903	-	23,360	1,434	25,697
Amortisation for the year		1	-	13,357	357	13,715
Disposals		-	-	-	(3)	(3)
Reclassification		(9)	-	-	9	-
Effect of foreign currency exchange differences		(14)	-	(356)	62	(308)
At 30 September 2020		881	-	36,361	1,859	39,101

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	<i>Note</i>	Trademarks	Land use rights <i>(in thousand SGD)</i>	Customer relationship	Other intangible assets	Total
<i>Net book value</i>						
At 1 October 2017		23	-	-	981	1,004
At 30 September 2018		<u>859,440</u>	<u>93,498</u>	<u>254,935</u>	<u>1,238</u>	<u>1,209,111</u>
At 30 September 2019		<u>866,267</u>	<u>92,697</u>	<u>243,613</u>	<u>833</u>	<u>1,203,410</u>
At 30 September 2020		<u>858,112</u>	<u>-</u>	<u>228,095</u>	<u>926</u>	<u>1,087,133</u>

As at 30 September 2020, trademarks included trademarks with an indefinite useful life of SGD 858 million (2019: SGD 866 million and 2018: SGD 859 million).

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19 Deferred tax

Deferred tax assets and liabilities as at 30 September 2020, 2019 and 2018 were as follows:

	Assets			Liabilities		
	2020	2019	2018	2020	2019	2018
	<i>(in thousand SGD)</i>					
Total	16,845	16,787	9,798	(67,351)	(69,510)	(69,087)
Set off of tax	<u>(13,351)</u>	<u>(14,019)</u>	<u>(7,998)</u>	<u>13,351</u>	<u>14,019</u>	<u>7,998</u>
Net deferred tax assets (liabilities)	<u>3,494</u>	<u>2,768</u>	<u>1,800</u>	<u>(54,000)</u>	<u>(55,491)</u>	<u>(61,089)</u>

Movements in total deferred tax assets and liabilities during the year were as follows:

	<u>(Charged) / Credited to:</u>				
	At 1 October 2019	Profit or loss (Note 33)	Other comprehensive income <i>(in thousand SGD)</i>	Effect of foreign currency exchange differences	At 30 September 2020
<i>Deferred tax assets</i>					
Allowance for inventories decline in value	6,713	(1,015)	-	(264)	5,434
Property, plant and equipment	214	(106)	-	(7)	101
Fair value adjustment - Long-term investments	3,531	291	-	(160)	3,662
Provisions	35	(94)	-	1	(58)
Employee benefit obligations	5,837	(197)	270	(253)	5,657
Lease liabilities	-	591	-	(15)	576
Others	457	1,063	-	(47)	1,473
Total	<u>16,787</u>	<u>533</u>	<u>270</u>	<u>(745)</u>	<u>16,845</u>
<i>Deferred tax liabilities</i>					
Property, plant and equipment	(42,947)	817	-	1,833	(40,297)
Others	(31,084)	1,069	-	1,315	(28,700)
investments	4,521	(2,749)	-	(125)	1,646
Total	<u>(69,510)</u>	<u>(863)</u>	<u>-</u>	<u>3,023</u>	<u>(67,351)</u>
Net	<u>(52,723)</u>	<u>(330)</u>	<u>270</u>	<u>2,278</u>	<u>(50,506)</u>
	<u>(Charged) / Credited to:</u>				
	At 1 October 2018	Profit or loss (Note 33)	Other comprehensive income <i>(in thousand SGD)</i>	Effect of foreign currency exchange differences	At 30 September 2019
<i>Deferred tax assets</i>					
Allowance for inventories decline in value	4,995	1,090	-	628	6,713

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	(Charged) / Credited to:			Effect of foreign currency exchange differences	At 30 September 2019
	At 1 October 2018	Profit or loss (Note 33)	Other comprehensive income		
Property, plant and equipment	-	204	-	10	214
Fair value adjustment - Long-term investments	1,329	1,718	-	484	3,531
Provisions	-	29	-	6	35
Employee benefit obligations	2,855	1,912	765	305	5,837
Others	619	303	-	(465)	457
Total	9,798	5,256	765	968	16,787
<i>Deferred tax liabilities</i>					
Property, plant and equipment	(40,221)	3,058	-	(5,784)	(42,947)
Other long-term investments	(29,079)	127	-	(2,132)	(31,084)
Others	213	1,047	-	3,261	4,521
Total	(69,087)	4,232	-	(4,655)	(69,510)
Net	(59,289)	9,488	765	(3,687)	(52,723)

	(Charged) / Credited to:				Effect of foreign currency exchange differences	At 30 September 2018
	At 1 October 2017	Profit or loss (Note 33)	Other comprehensive income <i>(in thousand SGD)</i>	Addition from acquisition of business (Note 5)		
<i>Deferred tax assets</i>						
Allowance for inventories decline in value	880	(1,633)	-	5,566	182	4,995
Fair value adjustment - Long-term investments	-	47	-	1,242	40	1,329
Employee benefit Obligations	1,549	54	487	680	85	2,855
Loss carry forward	1	(1)	-	-	-	-
Others	362	(111)	-	346	22	619
Total	2,792	(1,644)	487	7,834	329	9,798
<i>Deferred tax liabilities</i>						
Property, plant and equipment	(4,605)	4,666	-	(38,958)	(1,324)	(40,221)
Others long-term investments	-	(722)	-	(27,478)	(879)	(29,079)
Others	-	16	-	191	6	213
Total	(4,605)	3,960	-	(66,245)	(2,197)	(69,087)
Net	(1,813)	2,316	487	(58,411)	(1,868)	(59,289)

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Tax losses carried forward

There is no tax losses carried forward as at 30 September 2020. As at 30 September 2019, tax losses of SGD 15 million expire in year 2021 – 2025. As at 30 September 2018, tax losses of SGD 1 million expire in year 2021 – 2023. The remaining tax losses and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

20 Other non-current assets

	2020	2019	2018
	<i>(in thousand SGD)</i>		
Prepaid expense	4,713	8,944	8,702
Deposits	1,764	1,821	1,806
Income tax receivable	4	3	1
Others	1,740	1,939	1,095
Total	8,221	12,707	11,604

21 Interest-bearing liabilities

	Note	2020	2019	2018
		<i>(in thousand SGD)</i>		
Current				
Short-term promissory notes				
Secured		23,720	24,641	35,078
Unsecured		9,117	5,644	4,930
		<u>32,837</u>	<u>30,285</u>	<u>40,008</u>
Current portion of long-term loans from financial institutions				
Secured		565	-	592
Short-term loans from related parties				
Unsecured	6	7,385	-	138,609
Total current		40,787	30,285	179,209
Non-current				
Long-term loans from related parties				
Unsecured	6	-	37,416	-
Long-term loans from financial institutions				
Secured		24,180	-	1,007
Total non-current		24,180	37,416	1,007
Grand total		64,967	67,701	180,216

The periods to maturity of interest-bearing liabilities as at 30 September 2020, 2019 and 2018 were as follows:

	2020	2019	2018
	<i>(in thousand SGD)</i>		
Within one year	40,787	30,285	179,209
After one year but within five years	24,180	37,416	1,007
Total	64,967	67,701	180,216

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The principal features and details of the borrowings were as follows:

	2020	2019	2018
	<i>(in thousand SGD)</i>		
Short-term loans			
Short-term promissory notes ¹	32,837	30,285	40,008
Short-term loans from related parties	7,385	-	138,609
	<u>40,222</u>	<u>30,285</u>	<u>178,617</u>
Long-term loans (including current portion)			
Long-term loans from related parties	-	37,416	-
Long-term loans from financial institutions			
1) The principal of VND 15,000 million repayable in one lump sum amount in December 2018	-		16
2) The principal of VND 32,000 million repayable in one lump sum amount in July 2021	-	-	1,583
3) The principal of VND 625,800 million is repayable in every three months from January 2020 to April 2027 ²	23,591	-	-
4) The principal of VND 19,795 million is repayable in every three months from March 2020 to Sep 2022 ³	934	-	-
5) The principal of VND 24,905 million is repayable in every three months from October 2019 to October 2022 ⁴	220	-	-
Total long-term loans	<u>24,745</u>	<u>37,416</u>	<u>1,599</u>
Total interest-bearing liabilities	<u>64,967</u>	<u>67,701</u>	<u>180,216</u>

¹ An overseas indirect subsidiary had partial short-term promissory notes in the credit facilities totalling VND 713,900 million with inventory, trade receivables and property, plant and equipment totalling VND 1,611,124 million (SGD 95.02 million) pledged as security.

² An overseas subsidiary of indirect subsidiary had long-term loans from financial institutions in the credit facilities totalling VND 625,800 million, with property, plant and equipment totalling VND 414,005 million (SGD 24.42 million) pledged as security.

³ An overseas subsidiary of indirect subsidiary had long-term loans from financial institutions in the credit facilities totalling VND 19,795 million, with inventories and equipment totalling VND 25,708 million (SGD 1.52 million) pledged as security.

⁴ An overseas subsidiary of indirect subsidiary had long-term loans from financial institutions in the credit facilities totalling VND 24,905 million, with machinery and equipment totalling VND 14,673 million (SGD 0.87 million) pledged as security.

As at 30 September 2020, the interest rates of short-term promissory notes are at the rate of 2.10% to 5.10% per annum (2019: 5.50% to 6.50% per annum; 2018: 3.00% to 5.50% per annum).

As at 30 September 2020, the interest rates of long-term loans from financial institutions are at the rate of 7.80% to 8.44% per annum. (2019: nil; 2018: 7.20% to 8.00% per annum).

As at 30 September 2020, the Group had unutilised credit facilities from the financial institutions totalling SGD 416.18 million (2019: SGD 541.78 million; 2018: SGD 513.75 million).

As at 30 September 2020, the interest rates of loans from related parties are at the rate of 5% per annum

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(2019: 5% per annum; 2018: 5% per annum).

Movements during the year ended 30 September of short-term promissory notes and long-term loans from financial institutions were as follows:

	2020	2019	2018
	<i>(in thousand SGD)</i>		
Short-term promissory notes			
At 1 October	30,285	40,008	-
Drawdown	186,059	178,615	144,451
Addition from acquisition of business	3,207	-	41,392
Repayment	(186,403)	(188,507)	(147,101)
Difference from currency transaction	(311)	169	1,266
At 30 September	32,837	30,285	40,008
Long-term loans from financial institutions			
At 1 October	-	1,599	-
Drawdown	2,818	-	2,626,672
Addition from acquisition of business	29,920	-	111
Repayment	(7,761)	(1,587)	(2,625,211)
Difference from currency transaction	(232)	(12)	27
At 30 September	24,745	-	1,599

22 Trade payables

	Note	2020	2019	2018
		<i>(in thousand SGD)</i>		
Related parties	6	44,835	44,966	58,974
Other parties		74,405	100,079	96,611
Total		119,240	145,045	155,585

23 Other payables

	2020	2019	2018
	<i>(in thousand SGD)</i>		
Excise tax payable	162,828	169,469	57,145
Accrued expenses	73,846	86,202	37,496
Accounts payable for purchase of assets	53,901	47,917	46,596
Advanced payments from customers for purchase of goods ¹	27,167	3,985	7,761
Accrued promotion expenses	26,226	34,808	23,355
Other payables	8,278	12,714	3,699
Others	3,801	3,735	3,839
Total	356,047	358,830	179,891

¹ Advanced payments from customers for purchase of goods represent cash received upfront from customers before the Group delivers the products. They are recognised as revenue when the related performance obligations, the delivery of goods, are satisfied. The expected duration of the remaining performance obligations at 30 September 2020, 2019 and 2018 is less than one year.

As at 30 September 2020, some customers had paid cash in advance but delivery could not be completed before 30 September 2020 due to travel restrictions. This resulted in the increase of advanced payments from customers for purchase of goods as at 30 September 2020.

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The amount of SGD 3.99 million included as advanced payments from customers for purchase of goods at 30 September 2019 was recognised as revenue in 2020 (2019: SGD 7.76 million; 2018: SGD 51.82 million).

24 Other current liabilities

	2020	2019	2018
	<i>(in thousand SGD)</i>		
Value added tax payable	23,564	15,122	13,768
Deposits and retention	9,059	11,649	11,453
Withholding tax payable	549	2,422	9,316
Others	8,719	5,973	1,834
Total	41,891	35,166	36,371

25 Employee benefit obligations

	2020	2019	2018
	<i>(in thousand SGD)</i>		
Combined statements of financial position			
Obligations for:			
Post-employment benefits			
- compensation plan based on the Labour law of each country	33,356	28,672	22,430
Past service cost for employee benefits from the amendment of Thai Labour Protection Act	-	4,451	-
Total	33,356	33,123	22,430

Compensation plan based on the Labour law of each country

The Group operates a defined benefit plan based on the Labour law requirements of each country to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plan exposes the Group to actuarial risks such as longevity risk, interest rate risk and market (investment) risk.

Movement in the present value of the defined benefit obligations are as follows:

	Note	2020	2019	2018
		<i>(in thousand SGD)</i>		
Defined benefit obligations as at 1 October		33,123	22,430	11,588
Recognised in combined statements of profit or loss:	<i>30</i>			
Current service cost		1,727	6,044	1,085
Interest on obligation		392	520	295
Actuarial gains		211	(5,382)	(73)
Past service cost for employee benefits from the amendment of Thai Labour Protection Act		-	4,451	-
		2,330	5,633	1,307
Recognised in combined statements of other comprehensive income:				
Actuarial losses		1,296	3,797	1,208
		1,296	3,797	1,208

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	<i>Note</i>	2020	2019	2018
Other				
Benefit paid		(2,009)	(718)	(738)
Defined benefit obligation assumed upon acquisition of business		-	-	8,352
Effect of foreign currency exchange		(1,384)	1,981	713
		<u>(3,393)</u>	<u>1,263</u>	<u>8,327</u>
Defined benefit obligations at 30 September		<u>33,356</u>	<u>33,123</u>	<u>22,430</u>

Actuarial losses recognised in other comprehensive income arising from:

	2020	2019	2018
	<i>(in thousand SGD)</i>		
Demographic assumptions	-	-	297
Financial assumptions	300	2,277	285
Experience adjustment	996	1,520	626
Total	<u>1,296</u>	<u>3,797</u>	<u>1,208</u>

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2020	2019	2018
	<i>(% per year)</i>		
Discount rate	1.5	1.6	2.8
Future salary growth	5.5	5.5	5.5

Assumptions regarding future mortality were based on the published statistics and mortality tables.

At 30 September 2020, the weighted-average duration of the defined benefit obligation was 10 years (2019: 10 years; 2018: 9 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	<i>(in thousand SGD)</i>	
	Increase	Decrease
Defined benefit obligations at 30 September 2020		
Discount rate (0.5% movement)	(1,361)	1,476
Future salary growth (0.5% movement)	1,413	(1,319)
Defined benefit obligations at 30 September 2019		
Discount rate (0.5% movement)	(1,325)	1,437
Future salary growth (0.5% movement)	1,375	(1,284)
Defined benefit obligations at 30 September 2018		
Discount rate (0.5% movement)	(740)	801
Future salary growth (0.5% movement)	776	(725)

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Although the analysis does not take into account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Past service cost for employee benefits from amendment of Thai Labor Protection Act

On 5 April 2019, Thai Labor Protection Act was amended to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its employee retirement plan in accordance with the changes in Thai Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as at 30 September 2019 as well as past service cost recognised during the year increased by SGD 4.45 million.

In the combined statement of profit or loss, the past service cost of SGD 4.45 million is presented separately. For analysis of expenses by function, the amount would be allocated to distribution costs amounting to SGD 1.52 million and administrative expenses amounting to SGD 2.93 million.

26 Share-based payments - Long-term incentive plan

Information regarding the Long-term incentive plan

On 28 April 2016, the General Meeting of the Shareholders approved the ThaiBev Long-term incentive plan which will offer newly issued ordinary shares of the Company in addition to the existing benefit to its qualified employees in accordance with the plan criteria.

1. LTIP 2016

Items	Description
Award date	31 January 2017
Participant's qualification	Thai Beverage Public Company Limited and its subsidiaries' employee level 12 and above who meet the conditions specified by the ThaiBev LTIP Committee.
Preliminary award	A preliminary number of awarded shares will be notified in the award letter. This number shall be subject to Group performance and individual participant's performance during the relevant period.
Final award	The final award to be released to the employee, depends on : <ol style="list-style-type: none"> 1. Personal performance rating (KPI) from 1 October 2016 to 30 September 2017. 2. Group performance levels from 1 October 2016 to 30 September 2017 with 2 performance conditions: <ol style="list-style-type: none"> 1) Net profit less non-controlling interest (75% weightage) 2) Dow Jones Sustainability Indices (DJSI) score (25% weightage)
Vesting and releasing schedule of final award	Shares will be vested and released to the participants subject to a 3 year multiple vesting period.
Award-date fair value	The volume-weighted average market price of the ThaiBev's share on the Singapore Exchange Securities Trading Limited (SGX-ST) over the 3 days prior to the award-date.

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2. LTIP 2017/2018

Items	Description
Award date	27 February 2018
Participant's qualification	Thai Beverage Public Company Limited and its subsidiaries's employee level 12 and above who meet the conditions specified by the ThaiBev LTIP Committee.
Preliminary award	A preliminary number of awarded shares will be notified in the award letter. This number shall be subject to Group performance and individual participant's performance during the relevant period.
Final award	The final award to be released to the employee, depends on : 1. Personal performance rating (KPI) from 1 October 2017 to 30 September 2018. 2. Group performance levels from 1 October 2017 to 30 September 2018 with 2 performance conditions: 1) Net profit less non-controlling interest (75% weightage) 2) Dow Jones Sustainability Indices (DJSI) score (25% weightage)
Vesting and releasing schedule of final award	Shares will be vested and released to the participants subject to a 3 year multiple vesting period.
Award-date fair value	The volume-weighted average market price of the ThaiBev's share on the Singapore Exchange Securities Trading Limited (SGX-ST) over the 3 days prior to the award-date.

3. LTIP 2019/2020

Items	Description
Award date	31 January 2020
Participant's qualification	Thai Beverage Public Company Limited and its subsidiaries's employee level 12 and above who meet the conditions specified by the ThaiBev LTIP Committee.
Preliminary award	A preliminary number of awarded shares will be notified in the award letter. This number shall be subject to Group performance and individual participant's performance during the relevant period.
Final award	The final award to be released to the employee, depends on : 1. Personal performance rating (KPI) from 1 October 2019 to 30 September 2020. 2. Group performance levels from 1 October 2019 to 30 September 2020 with 2 performance conditions: 1) Net profit less non-controlling interest (75% weightage) 2) Dow Jones Sustainability Indices (DJSI) score (25% weightage)

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Items	Description
Vesting and releasing schedule of final award	Shares will be vested and released to the participants subject to a 3 year multiple vesting period.
The award-date fair value	The volume-weighted average market price of the ThaiBev's share on the Singapore Exchange Securities Trading Limited (SGX-ST) over the 3 days prior to the award-date.

For the year ended 30 September 2020, the Group recorded expenses in relation to long-term incentive plan of SGD 0.24 million (*2019: SGD 0.18 million; 2018: SGD 0.32 million*).

27 Operating segments and revenue

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

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

In preparing segmental information, those liabilities and related interest expense that are not specifically attributable to a particular segment are allocated on a percentage of net assets basis. Management believes this to be a fair indication of the actual use of the liabilities.

Business segments

The Group operates its business through two geographical regions: Thailand and Vietnam. Portions of product produced from Thailand are exported directly or indirectly through related parties to external customers.

Revenue is based on the geographical location of customers. Assets and liabilities are based on the geographical location of the assets.

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Geographical segment results

<i>Years ended 30 September</i>	Thailand			Socialist Republic of Vietnam			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
	<i>(in thousand SGD)</i>								
Revenue from sale to external customers	2,519,037	2,452,843	2,171,368	2,197,001	2,697,829	1,774,297	4,716,038	5,150,672	3,945,665
Interest income	8,576	14,074	16,843	60,024	45,462	25,598	68,600	59,536	42,441
Dividend income	-	-	-	65	467	777	65	467	777
Net gain (loss) on foreign exchange	77	1,032	873	1,467	(844)	118	1,544	188	991
Other income	16,870	19,566	22,114	5,648	3,624	4,091	22,518	23,190	26,205
Total allocated income	2,544,560	2,487,515	2,211,198	2,264,205	2,746,538	1,804,881	4,808,765	5,234,053	4,016,079
Cost of sale of goods	2,052,658	2,006,164	1,781,343	1,694,610	2,110,293	1,388,932	3,747,268	4,116,457	3,170,275
Distribution cost	268,236	286,413	283,996	192,854	243,490	175,980	461,090	529,903	459,976
Administrative expenses	46,667	45,863	42,300	77,920	98,185	51,987	124,587	144,048	94,287
Management fees	29,103	170,108	93,613	-	-	-	29,103	170,108	93,613
Past service cost for employee benefits from amendment of Thai Labor Protection Act	-	4,451	-	-	-	-	-	4,451	-
Finance costs	3,102	7,734	4,444	9,555	1,615	58,409	12,657	9,349	62,853
Total allocated expenses	2,399,766	2,520,733	2,205,696	1,974,939	2,453,583	1,675,308	4,374,705	4,974,316	3,881,004
Share of profit of investment in associates and joint ventures	-	-	-	17,833	20,117	15,579	17,833	20,117	15,579
Profit (loss) before income tax expense	144,794	(33,218)	5,502	307,099	313,072	145,152	451,893	279,854	150,654
Income tax (expense) benefit	(27,988)	7,491	(45)	(67,446)	(69,484)	(40,246)	(95,434)	(61,993)	(40,291)
Allocated profit (loss) for the year	116,806	(25,727)	5,457	239,653	243,588	104,906	356,459	217,861	110,363
Cost relating to business acquisition							-	-	(91,262)
Other cost related to beer business reorganisation ¹							(8,725)	-	-
Profit for the year							347,734	217,861	19,101
Attributable profit:									
Allocated profit (loss) attributable to owner of the Company	86,656	(19,099)	4,025	120,846	143,133	71,164	207,502	124,034	75,189
Other cost related to beer business reorganisation							(8,725)	-	(91,262)
Profit (loss) attributable to owner of the Company							198,777	124,034	(16,073)

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Geographical segment financial position

<i>As of 30 September</i>	Thailand			Socialist Republic of Vietnam			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
	<i>(in thousand SGD)</i>								
Inventories	118,953	152,906	132,901	98,209	109,104	134,167	217,162	262,010	267,068
Property, plant and equipment	360,829	406,204	408,762	361,181	349,836	393,930	722,010	756,040	802,692
Goodwill	-	-	-	5,256,233	5,306,252	5,264,408	5,256,233	5,306,252	5,264,408
Other assets	247,151	693,619	536,039	2,668,101	2,474,800	2,285,427	2,915,252	3,168,419	2,821,466
Total assets	726,933	1,252,729	1,077,702	8,383,724	8,239,992	8,077,932	9,110,657	9,492,721	9,155,634
Interest-bearing liabilities	7,385	37,416	138,609	57,582	30,285	41,607	64,967	67,701	180,216
Other liabilities	302,201	316,198	186,252	477,970	389,379	363,379	780,171	705,577	549,631
Total liabilities	309,586	353,614	324,861	535,552	419,664	404,986	845,138	773,278	729,847

¹ Other cost related to beer business reorganisation includes costs incurred by the Group to effect the reorganisation exercise as explained in Note 1(c). Examples include professional and consulting fees, administrative costs and the costs of registering and issuing securities, such as stamp duties.

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Capital expenditure, depreciation, amortisation and gain (loss) on disposal of assets for the years ended 30 September 2020, 2019 and 2018 were as follows:

<i>Years ended 30 September</i>	Thailand			Socialist Republic of Vietnam			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
	<i>(in thousand SGD)</i>								
Capital expenditure	16,387	11,135	15,650	34,445	18,756	20,299	50,832	29,891	35,949
Depreciation	49,024	37,013	35,071	69,813	61,264	47,603	118,837	98,277	82,674
Amortisation	206	199	195	13,509	14,921	11,278	13,715	15,120	11,473
Gain (loss) on disposal of assets	524	986	2,083	(118)	(2,452)	77	406	(1,466)	2,160
Capital expenditure were as follows:									
Property, plant and equipment	16,267	11,103	15,588	34,067	18,732	20,136	50,334	29,835	35,724
Intangible assets	120	32	62	378	24	163	498	56	225

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Revenue from sale of goods

The following tables provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Nature of goods	The Group manufactures branded beer products that are sold to retailers for the mass market. There are no long-standing contracts with these retailers and orders for the branded beer products are received on an ad-hoc basis.
When revenue is recognised	Revenue is recognised at a point in time when goods are delivered to the customer and all criteria for acceptance have been satisfied.
Significant payment terms	Payment is due between 7 days and 60 days after the goods are delivered to the customers.

28 Distribution costs

	2020	2019	2018
	<i>(in thousand SGD)</i>		
Marketing and advertising expenses	189,160	205,780	182,176
Transportation expenses	103,159	141,995	124,766
Employee benefit expenses	86,371	87,133	69,445
Depreciation and amortisation	43,890	35,509	29,614
Hire and service fees	15,230	16,955	13,763
Travelling expenses	6,310	7,110	6,641
Office supplies expenses	5,590	4,707	3,778
Rental fee	1,743	18,136	11,383
Utilities expenses	1,709	1,499	825
Entertainment expenses	1,660	2,096	2,070
Others	6,268	8,983	15,515
Total	461,090	529,903	459,976

29 Administrative expenses

	<i>Note</i>	2020	2019	2018
		<i>(in thousand SGD)</i>		
Employee benefit expenses		54,497	81,253	43,975
Allowance for doubtful debt of other receivables from related parties	6,12	16,516	-	-
Depreciation and amortisation		9,101	4,539	4,451
Consultant and professional fee		7,835	8,225	1,638
Donation		6,954	3,893	3,930
Hire and service fees		4,410	1,847	4,322
Office supplies expenses		4,260	4,029	4,695
Idle capacity		2,917	3,244	4,020
Rental fee		2,438	4,607	2,497
Travelling expenses		1,653	2,827	2,193
Utilities expenses		1,461	1,505	1,068
Other tax and fee		1,100	4,302	8,838
Research and development		230	1,834	85
Others		11,215	21,943	12,575
Total		124,587	144,048	94,287

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30 Employee benefit expenses

	<i>Note</i>	2020	2019	2018
		<i>(in thousand SGD)</i>		
<i>Management</i>				
Short-term employee benefits		42	40	2
		42	40	2
<i>Other employees</i>				
Salaries and wages		136,287	135,708	103,301
Bonus		10,728	14,211	10,349
Social insurance		12,443	12,796	8,078
Commission		8,595	8,796	7,691
Overtime and per diem allowance		5,645	5,669	4,617
Pension costs - defined benefit plans	25	2,330	5,633	1,307
Pension costs - defined contribution plans		2,062	1,922	1,796
Expenses in relation to long-term incentive plan		245	157	271
Others		16,173	42,031	19,243
		194,508	226,923	156,653
Total employee benefit expenses		194,550	226,963	156,655

The management's employee benefit expenses for 2018 to 2020 were borne by ThaiBev.

Defined benefit plans

Details of the defined benefit plans are disclosed in Note 25.

Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 5% of their basic salaries and by the Group at rates ranging from 2% to 5% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance of Thailand as juristic entities and are managed by a licensed fund manager.

31 Expenses by nature

The combined statements of profit or loss include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various SFRS(I)s were as follows:

	2020	2019	2018
	<i>(in thousand SGD)</i>		
<i>Included in cost of sales of goods:</i>			
Changes in inventories of finished goods and work in progress	15,901	21,658	36,371
Finished goods purchased, raw materials, consumables and excise tax used	2,723,853	2,717,337	2,179,829
Employee benefit expenses	53,682	54,126	43,235
Depreciation and amortisation	79,561	73,349	60,082
<i>Included in distribution costs:</i>			
Advertising and public relations	22,465	30,976	37,011
Employee benefit expenses	86,371	87,133	69,445
Marketing and sales promotion expenses	166,695	174,804	145,165

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	2020	2019	2018
	<i>(in thousand SGD)</i>		
<i>Included in administrative expenses:</i>			
Employee benefit expenses	54,497	81,253	43,975
Depreciation and amortisation	9,101	4,539	4,451
Rental fee	2,438	4,607	2,497

32 Finance costs

	Note	2020	2019	2018
		<i>(in thousand SGD)</i>		
<i>Interest expense:</i>				
Related parties	6	2,530	7,733	6,364
Financial institutions		10,127	1,616	56,489
Total interest expense		12,657	9,349	62,853

33 Income tax expense

Income tax recognised in profit or loss

	Note	2020	2019	2018
		<i>(in thousand SGD)</i>		
Current tax expense				
Current year		94,893	71,506	42,730
Adjustment for prior year		211	(25)	(123)
		<u>95,104</u>	<u>71,481</u>	<u>42,607</u>
Deferred tax expense				
Origination and reversal of temporary differences	19	330	(9,488)	(2,316)
		<u>330</u>	<u>(9,488)</u>	<u>(2,316)</u>
Total income tax expense		95,434	61,993	40,291

International Business Centre

On 28 September 2020, Chang Beer Co., Ltd., the Company's indirect subsidiary, has been granted privileges by the Thai Revenue Department under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674) B.E. 2561 relating to its status as International Business Centre. The privileges granted include a reduction of corporate income tax rate from 20% to 3% for certain transactions for a period of fifteen years commencing from 1 October 2020, provided that certain conditions are met. As a promoted company, Chang Beer Co., Ltd. must comply with certain conditions applicable to International Business Centre.

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Income tax recognised in other comprehensive income

	Before tax	2020 Tax benefit	Net of tax	Before tax	2019 Tax benefit	Net of tax	Before tax	2018 Tax benefit	Net of Tax
<i>(in thousand SGD)</i>									
Items that will not be reclassified to profit or loss									
Equity investments at FVOCI – net change in fair value	1,902	-	1,902	880	-	880	-	-	-
Defined benefit plan actuarial losses	(1,296)	270	(1,026)	(3,797)	765	(3,032)	(1,208)	487	(721)
	<u>606</u>	<u>270</u>	<u>876</u>	<u>(2,917)</u>	<u>765</u>	<u>(2,152)</u>	<u>(1,208)</u>	<u>487</u>	<u>(721)</u>
Items that are or may be reclassified subsequently to profit or loss									
Gains on remeasurements of available-for-sale investments	-	-	-	-	-	-	1,146	-	1,146
Foreign currency translation differences for foreign operations	(110,799)	-	(110,799)	123,518	-	123,518	9,440	-	9,440
	<u>(110,799)</u>	<u>-</u>	<u>(110,799)</u>	<u>123,518</u>	<u>-</u>	<u>123,518</u>	<u>10,586</u>	<u>-</u>	<u>10,586</u>
	-	-	-	-	-	-	-	-	-
Total	<u>(110,193)</u>	<u>270</u>	<u>(109,923)</u>	<u>120,601</u>	<u>765</u>	<u>121,366</u>	<u>9,378</u>	<u>487</u>	<u>9,865</u>

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Reconciliation of effective tax rate

	2020		2019		2018	
	<i>Rate</i> <i>(%)</i>	<i>(in</i> <i>thousand</i> <i>SGD)</i>	<i>Rate</i> <i>(%)</i>	<i>(in</i> <i>thousand</i> <i>SGD)</i>	<i>Rate</i> <i>(%)</i>	<i>(in</i> <i>thousand</i> <i>SGD)</i>
Profit before income tax expense		<u>443,168</u>		<u>279,854</u>		<u>59,392</u>
Income tax using the Thailand and Vietnam corporation tax rate	20.00	88,634	20.00	55,971	20.00	11,878
Effect of different tax rates in foreign jurisdictions		165		(1,969)		3,173
Income not subject to tax		(5,233)		(16,807)		(2,482)
Expenses not deductible for tax purposes and additional deductible expense - net		12,140		11,515		27,683
Current year losses for which no deferred tax asset was recognised		103		13,471		301
Recognition of previously unrecognised tax losses		(605)		(163)		(123)
Others		230		(25)		(139)
Total		<u>95,434</u>		<u>61,993</u>		<u>40,291</u>

34 Financial instruments

a) Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (see Note 21). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

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At the reporting date, the interest rate profit of interest-bearing financial instruments was as follows:

	2020	Nominal amount 2019 (in thousand SGD)	2018
Fixed rate instruments			
Financial assets	955,433	1,288,853	921,903
Financial liabilities	57,581	67,701	180,216
	<u>1,013,014</u>	<u>1,356,554</u>	<u>1,102,119</u>

As of 30 September 2020, 2019 and 2018, none of the Group's interest-bearing financial liabilities, excluding lease liabilities, bears variable interest rate. The Group estimated that the reasonably possible change of the market interest rates would have an immaterial impact on the Group's profit or loss.

Foreign currency risk

The Group is exposed to foreign currency risk when contracts are denominated in a currency other than the functional currency of the entity. This includes sales and purchases.

The Group's foreign currency risk is primarily related to purchases of goods. The Group primarily utilizes forward exchange contracts to hedge operating transactions which are reasonably expected to occur. The forward exchange contracts entered into at the reporting date relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

At 30 September, the Group were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	2020	2019	2018
	(in thousand SGD)		
Singapore Dollars			
Loans from and other payables to related parties	(156)	(112)	(5)
Other payables	(37)	(308)	(16)
Net combined statement of financial position exposure	<u>(193)</u>	<u>(420)</u>	<u>(21)</u>
Forward contracts	-	-	(1)
Net exposure	<u>(193)</u>	<u>(420)</u>	<u>(22)</u>
United States Dollars			
Cash and cash equivalents	4,136	34,608	2,026
Trade receivables	1,714	860	518
Other receivable	75	-	-
Trade payables	(321)	(5,305)	(2,445)
Interest-bearing liabilities	(4,072)	-	(549)
Other payables to related parties	-	-	(1)
Other payables	(704)	(1,135)	(35)
Net combined statement of financial position exposure	<u>828</u>	<u>29,028</u>	<u>(486)</u>
Forecast purchase of goods	(7,054)	(24,398)	(5,339)
Forecast purchase of assets	-	-	(616)
Forecast other liabilities	(1,062)	(1,080)	(774)
	<u>(7,288)</u>	<u>3,550</u>	<u>(7,215)</u>
Forward contracts	78	6,149	90
Net exposure	<u>(7,210)</u>	<u>9,699</u>	<u>(7,125)</u>

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	2020	2019	2018
	<i>(in thousand SGD)</i>		
<i>Euro</i>			
Cash and cash equivalents	7	23	27
Other receivable	1,912	7	-
Trade payables	(12,050)	(13,421)	(12,607)
Other payables	(517)	(112)	(569)
Net combined statement of financial position exposure	(10,648)	(13,503)	(13,149)
Forecast purchase of goods	(85,898)	(67,636)	(47,586)
Forecast purchase of assets	(794)	-	-
Forecast other liabilities	(1,521)	(2,689)	(174)
	(98,861)	(83,828)	(60,909)
Forward contracts	6,530	8,428	3,906
Net exposure	(92,331)	(75,400)	(57,003)
<i>Pound Sterling</i>			
Trade receivables	85	-	-
Other receivables	35	-	-
Trade payables	-	(333)	-
Other payables	-	(4)	-
Net combined statement of financial position exposure	120	(337)	-
Forecast purchase of goods	(83)	(81)	(85)
Forecast payment for advertising	-	(8,831)	(14,558)
Forecast other liabilities	(4,071)	-	-
	(4,034)	(9,249)	(14,643)
Forward contracts	-	33	-
Net exposure	(4,034)	(9,216)	(14,643)
<i>Australian Dollars</i>			
Trade payables	(6,255)	-	(3,826)
Net combined statement of financial position exposure	(6,255)	-	(3,826)
Forecast purchase of goods	-	(27)	(8,280)
	(6,255)	(27)	(12,106)
Forward contracts	-	-	2,535
Net exposure	(6,255)	(27)	(9,571)
<i>Hong Kong Dollars</i>			
Cash and cash equivalents	88	-	-
Trade receivables	2,324	-	-
Other receivables	43	-	-
Loans from and other payables to related parties	(6,744)	-	-
Other payables	-	(31)	(19)
Net combined statement of financial position exposure	(4,289)	(31)	(19)
<i>Other foreign currencies</i>			
Trade payables	-	(29)	-
Other payables	(1)	(179)	-
Net exposure	(1)	(208)	-

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Exposure to foreign risk

The following significant exchange rates have been applied.

	Average Rate			Year Spot Rate		
	2020	2019	2018	2020	2019	2018
THB	0.0443	0.0431	0.0415	0.0432	0.0452	0.0422
USD	1.3835	1.3669	1.3438	1.3678	1.3814	1.3673
EUR	1.5486	1.5419	1.5985	1.6053	1.5094	1.5915
GBP	1.7632	1.7456	1.8073	1.7580	1.6978	1.7883
AUD	0.9373	0.9616	1.0217	0.9747	0.9328	0.9856
HKD	0.1781	0.1745	0.1716	0.1766	0.1763	0.1749
VND (100 VND)	0.0060	0.0054	0.0058	0.0059	0.0060	0.0059

Sensitivity analysis

A reasonable possible strengthening (weakening) of the SGD, as indicated below, against the USD, EUR, GBP, AUD and HKD at 30 September would have increase (decrease) equity and profit or loss by the amounts show below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

	2020	2019	2018
	<i>(in thousand SGD)</i>		
USD (10% strengthening)	(721)	(970)	(713)
EUR (10% strengthening)	(9,233)	(7,540)	(5,700)
GBP (10% strengthening)	(403)	(922)	(1,464)
AUD (10% strengthening)	(626)	(3)	(957)
HKD (10% strengthening)	(429)	(3)	(2)
USD (10% weakening)	721	970	713
EUR (10% weakening)	9,233	7,540	5,700
GBP (10% weakening)	403	922	1,464
AUD (10% weakening)	626	3	957
HKD (10% weakening)	429	3	2

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to a financial instrument to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a 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. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the combined statements of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

Impairment losses on trade receivables were SGD 2.09 thousand for the year ended 30 September 2020 (2019: SGD 0.3 million; 2018: nil). No impairment losses on debt investments during the Track Record Period.

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Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has a 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. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the combined statements of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

Exposure to credit risk

The exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

	2020	Carrying amount 2019 <i>(in thousand SGD)</i>	2018
Thailand	23,118	26,969	29,891
Vietnam	5,072	4,744	5,663
	28,190	31,713	35,554

The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience in different segments based on the shared common credit risk characteristics.

As of 30 September 2020 and 2019, the ECLs for trade receivables was insignificant.

Debt investments

The Group monitors changes in credit risk related to debt investments (current investments) regularly. The exposure to credit risk for debt investments is limited to Vietnam.

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default ("a lifetime ECL").

As of 30 September 2020 and 2019, the ECLs for debt investments was insignificant.

Other financial assets

For cash and cash equivalents, amounts due from related parties, current investments and other receivables, the Group assessed ECLs based on qualitative and quantitative factors that are indicative of the risk of default. As of 30 September 2020 and 2019, the ECLs for these financial assets were insignificant.

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Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The Group believes that cash flows from operating activities, available cash and cash equivalents as well as access to borrowing facilities, will be sufficient to fund capital expenditures, debt servicing, dividend payments and other cash requirements going forward.

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Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

30 September 2020

	Carrying amount	Contractual cash flows <i>(in thousand SGD)</i>	Within 1 year	2 - 5 years
Non-derivative financial liabilities				
Secured bank loans	48,465	(48,465)	(24,285)	(24,180)
Unsecured bank loans	9,117	(9,117)	(9,117)	-
Trade and other payables	475,287	(475,287)	(475,287)	-
Short-term loans from and other payables to related parties	61,492	(61,492)	(61,492)	-
Long-term loans from and other payables to related parties	258	(258)	-	(258)
	<u>594,619</u>	<u>(594,619)</u>	<u>(570,181)</u>	<u>(24,438)</u>
Derivative financial instruments				
Other forward exchange contracts (gross-settled):	(23)	-	-	-
- Outflow		(10,281)	(10,281)	-
- Inflow		10,304	10,304	-
	<u>(23)</u>	<u>23</u>	<u>23</u>	<u>-</u>
	<u>594,596</u>	<u>(594,596)</u>	<u>(570,158)</u>	<u>(24,438)</u>

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30 September 2019

	Carrying amount	Contractual cash flows		
		(in thousand SGD)	Within 1 year	2 - 5 years
Non-derivative financial liabilities				
Secured bank loans	24,641	(25,132)	(25,132)	-
Unsecured bank loans	5,644	(5,673)	(5,673)	-
Trade and other payables	503,875	(503,875)	(503,875)	-
Short-term loans from and other payables to related parties	33,256	(33,256)	(33,256)	-
Long-term loans from and other payables to related parties	37,667	(41,414)	-	(41,414)
	<u>605,083</u>	<u>(609,350)</u>	<u>(567,936)</u>	<u>(41,414)</u>
Derivative financial instruments				
Other forward exchange contracts (gross-settled):	(143)	-	-	-
- Outflow		(17,781)	(17,781)	-
- Inflow		17,924	17,924	-
	<u>(143)</u>	<u>143</u>	<u>143</u>	<u>-</u>
	<u>604,940</u>	<u>(609,207)</u>	<u>(567,793)</u>	<u>(41,414)</u>

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30 September 2018

	Carrying amount	Contractual cash flows		2 - 5 years
		Within 1 year		
		<i>(in thousand SGD)</i>		
Non-derivative financial liabilities				
Secured bank loans	36,677	(37,366)	(36,226)	(1,140)
Unsecured bank loans	4,930	(4,972)	(4,972)	-
Trade and other payables	335,476	(335,476)	(335,476)	-
Short-term loans from and other payables to related parties	188,756	(188,756)	(188,756)	-
Long-term loans from and other payables to related parties	164	(164)	-	(164)
	<u>566,003</u>	<u>(566,734)</u>	<u>(565,430)</u>	<u>(1,304)</u>
Derivative financial instruments				
Other forward exchange contracts (gross-settled):	(75)	-	-	-
- Outflow		(7,400)	(7,400)	-
- Inflow		7,475	7,475	-
	<u>(75)</u>	<u>75</u>	<u>75</u>	<u>-</u>
	<u>565,928</u>	<u>(566,659)</u>	<u>(565,355)</u>	<u>(1,304)</u>

b) Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

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c) Fair value measurements

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The fair value of current financial assets and current financial liabilities is taken to approximate the carrying value due to the relatively short-term maturity.

	Carrying amount				Fair value				
	Mandatorily at FVTPL - Others	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<i>(in thousand SGD)</i>									
30 September 2020									
<i>Financial assets measured at fair value</i>									
Derivative assets	22	-	-	-	22	-	22	-	22
Other long-term investments - equity instruments ¹	-	22,706	-	-	22,706	17,032	-	5,674	22,706
<i>Financial liabilities measured at fair value</i>									
Derivative liabilities	45	-	-	-	45	-	45	-	45
<i>Financial liabilities not measured at fair value</i>									
Long-term loans from financial institutions	-	-	-	24,745	24,745	-	-	26,528	26,528
30 September 2019									
<i>Financial assets measured at fair value</i>									
Derivative assets	6	-	-	-	6	-	6	-	6
Other long-term investments - equity instruments ¹	-	21,119	-	-	21,119	15,401	-	5,718	21,119
<i>Financial liabilities measured at fair value</i>									
Derivative liabilities	148	-	-	-	148	-	148	-	148

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	Carrying amount					Fair value			
	Mandatorily at FVTPL - Others	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<i>(in thousand SGD)</i>									
<i>Financial assets not measured at fair value</i>									
Long-term loans from related parties	-	-	590,123	-	590,123	-	-	597,012	597,012
<i>Financial liabilities not measured at fair value</i>									
Long-term loans to related parties	-	-	-	37,416	37,416	-	-	39,687	39,687
30 September 2018									
<i>Financial assets measured at fair value</i>									
Other long-term investments - equity Instruments ¹	-	24,265	-	-	24,265	16,273	-	7,992	24,265
<i>Financial assets not measured at fair value</i>									
Long-term loans from related parties	-	-	379,928	-	379,928	-	-	381,251	381,251
<i>Financial liabilities not measured at fair value</i>									
Long-term loans from financial institutions	-	-	-	1,599	1,599	-	-	1,620	1,620

¹ the amount comprised of equity instruments in Vietnam held by SABECO.

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Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values as at 30 September 2020, 2019 and 2018 for financial instruments measured at fair value in the combined statements of financial position, as well as the significant unobservable inputs used. Related valuation processes are described in note 2 (d).

Financial instruments measured at fair value

Type	Valuation technique
Foreign currency forward contracts	<i>Forward pricing:</i> The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.
Other long-term investments - equity instruments	<i>Market comparison technique:</i> The valuation model is based on adjusted market multiples derived from comparable quoted prices of companies comparable to the investee, the expected EBITDA of the investee. The estimate is adjusted for the net debt of the investee.

Financial instruments not measured at fair value

Type	Valuation technique
Loans	Discounted cash flows, whereby the projected cash flows are discounted using a risk adjusted rate.

Other long-term investments

Other long-term investments comprised of equity instruments in Vietnam held by SABECO, measured at fair value to other comprehensive income.

Details of material investments are disclosed below:

	2020	2019	2018
	<i>(in thousand SGD)</i>		
Orient Commercial Joint Stock Bank	16,176	13,970	12,877
Sai Gon Packaging Group Joint Stock Company	2,949	2,977	-
Saigon Beer Transportation Joint Stock Company	1,568	1,583	-
Dai Viet Securities Joint Stock Company	-	107	2,012
Sabeco Song Lam Packaging Joint Stock Company	-	-	2,953
Saigon Beer Delivery and Transportation Joint Stock Company	-	-	1,571
Vietnam Investment Fund	-	-	1,406
Others	2,013	2,482	3,446
Total	22,706	21,119	24,265

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35 Commitments with non-related parties

	2020	2019	2018
	<i>(in thousand SGD)</i>		
<i>Capital commitments</i>			
<i>Contracted but not provided for:</i>			
Machinery and equipment	12,736	1,597	828
Buildings and other constructions	12,292	3,386	4,200
Computer software and others	14	17	4
Land	-	-	54
Total	<u>25,042</u>	<u>5,000</u>	<u>5,086</u>
<i>Future minimum lease payments under non-cancellable operating lease</i>			
Within one year	68	12,237	10,328
After one year but within five years	89	32,862	31,368
After five years	6	29,703	38,252
Total	<u>163</u>	<u>74,802</u>	<u>79,948</u>
<i>Other commitments</i>			
Purchases of goods and raw materials agreements	287,956	194,509	256,982
Advertising servicer and sponsorship agreements	36,960	49,955	71,146
Service agreements	9,623	1,102	13,959
Bank guarantees	1,844	1,854	1,837
Letters of credit for goods and supplies	121	-	790
Total	<u>336,504</u>	<u>247,420</u>	<u>344,714</u>

Other significant commitments

Sponsorship agreement

In 2017, a subsidiary of the Company has entered into a sponsorship agreement with Football Association of Thailand under the royal patronage, for a period of 10 years from 1 January 2017 to 31 December 2026 in order to promote the products by specified privileges in the agreement. Under the conditions as stipulated in the agreements, the subsidiary of the Company will subsidise with cash and others at total amount of Baht 100 million per annum.

In 2017, a subsidiary of the Company has entered into an agreement with a company in the United Kingdom for a period of three years from 1 June 2017 to 31 May 2020 to receive rights as specified in the agreement. The subsidiary of the Company is obliged to pay a minimum amount of GBP 0.15 million per year at the condition specified in the agreement.

In 2018, a subsidiary of the Company has entered into a sponsorship agreement with a company in the United Kingdom for a period of three years from 1 August 2018 to 31 July 2021 to receive rights as specified in the agreement. The subsidiary of the Company is obliged to pay a minimum amount of GBP 2.75 million per year at the condition specified in the agreement.

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36 Earnings per share

The calculation of earnings per share for the years ended 30 September 2018, 2019 and 2020 was based on the profit attributable to owners of the Company for the respective years, divided by the Company's number of issued shares as at 30 September 2020, because the Listing Business had not historically formed a separate legal group and had no shares issued as at 30 September 2018 and 2019.

Diluted earnings per share are the same as basic earnings per share as there were no potential dilutive shares existing during the Track Record Period.

	2020	2019	2018
	<i>(in thousand SGD)</i>		
Profit (loss) attributable to owners of the Company	198,777	124,034	(16,073)

The Company was incorporated on 17 December 2019 and the number of shares issued and outstanding for each respective years are shown below. There were no shares outstanding as at 30 September 2018 and 2019 as the Company had no historical capital structure before 17 December 2019.

	2020	2019	2018
	<i>(in thousand shares)</i>		
Number of shares issued as at 30 September	7,863,652	-	-
Basic and diluted earnings per share (cents)	2.53	1.58	(0.20)

37 Events after the reporting period

SABECO

At the Board of Directors' meeting of SABECO, held on 12 November 2020, the Board of Directors of SABECO agreed to propose a dividend payment of VND 2,000 per share, totalling VND 1,283 billion (equivalent to SGD 74.62 million) which will be payable on 18 December 2020.

BeerCo Limited and its subsidiaries
Notes to combined financial statements
For the years ended 30 September 2018, 2019 and 2020

38 Singapore Financial Reporting Standard (International) (SFRS(I)) not yet adopted

New and revised SFRS(I)s, which are relevant to the Group's operations, expected to have no material impact on the consolidated financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

- Amendments to SFRS(I) 3 *Definition of a Business*
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*
- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associate or Joint venture – Sale or contribution of assets between an investor and its associate or joint venture*
- Revised Conceptual Framework
- Amendments to References to the Conceptual Framework in SFRS(I) Standards, illustrative examples, implementation guidance and SFRS(I) practice statements

39 Impact of COVID-19 outbreak

Management continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate. The outbreak of the COVID-19 pandemic and the measures adopted by the government in Thailand and Vietnam to mitigate its spread have impacted the Group. These measures required the Group to shut down some of its manufacturing plants for a period between one to two months during the year ended 30 September 2020. This has some negative impact to the Group's financial performance during the year.

For the year ended 30 September 2020, the Group recognised a net profit of SGD 347.73 million. The Group's net current assets as at 30 September 2020 were SGD 790.32 million. The Group has SGD 1,560.08 million of resources comprising cash and cash equivalents, current investments and unutilised credit facilities available as at 30 September 2020.

There is still uncertainty over how the future development of the outbreak will impact the Group's business. As at 30 September 2020, the Group has total interest-bearing liabilities of SGD 64.97 million, of which, SGD 40.79 million is due within one year. In the tightest test scenario of management's forecasts, the Group will still be able to continue in operation in the next 12 months. As at 30 September 2020, the Group has goodwill of SGD 5,256.23 million which recoverable amount was based on value-in-use using discounted cash flows. The Group had sufficient headroom as at 30 September 2020 and any reasonably possible changes in key assumptions would not result in an impairment.

Also, to respond to a severe downside scenario, management has the ability to take the following mitigating actions to reduce costs, optimise the Group's cash flow and preserve liquidity:

- reduce non-essential capital expenditure and deferring discretionary spend;
- defer non-essential recruitment; and
- reduce non-core business spendings.

Based on these factors, management has a reasonable expectation that the Group has adequate resources and sufficient loan facility headroom.

APPENDIX D1
THE FINANCIAL PERFORMANCE OF THE THAIBEV GROUP AND THE BEERCO GROUP
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2019
AND THE THREE MONTHS ENDED 30 SEPTEMBER 2020

In the following section, we discuss the ThaiBev Group's and the BeerCo Group's financial performance for the three months ended 30 September 2019 ("Q42019") and the three months ended 30 September 2020 ("Q42020") (set out in Appendix D2 and Appendix D3, respectively).

During the fourth quarter of FY2020, there was a loosening of governmental restrictions in various countries in which the ThaiBev Group, including the BeerCo Group, operates, and a gradual resumption of business activities, although business activities have not entirely resumed to pre-Covid-19 pandemic levels. In particular, the BeerCo Group's results of operations for the fourth quarter of FY2020 reflected resilience amid the Covid-19 pandemic. There was no material impact on brewery operations in 2020 with its diversified brewery network hedging against any risk of lockdown in specific locations and its large exposure to off-trade channels positioned it favourably among peers.

ThaiBev Group – Overview of Financial Performance

For the three months ended 30 September 2020 ("Q42020"), total sales revenue of the ThaiBev Group was Baht 63,382 million, an increase of 2.1%, from Baht 62,080 million in the same period of the prior year ("Q42019"). This was due to an increase in sales of the spirits business of 11.3%, although there was a decrease in sales of beer, non-alcoholic beverages and food business (for the reasons set out below under BeerCo Group).

Gross profit increased 7.2% from Baht 17,748 million in Q42019 to Baht 19,022 million in Q42020 due to an increase in gross profit of spirits business of 13.7% and beer business of 5.8%, although there was a decrease in gross profit of non-alcoholic beverages and food business.

Earnings before interest, tax, depreciation and amortization ("EBITDA") from normal operation was Baht 11,873 million in Q42020, an increase of 34.4% from Baht 8,831 million in Q42019. This was due to an increase in EBITDA of spirits business of 24.2%, beer business of 46.7%, non-alcoholic beverages business of 100.0%, and F&N/FPL of 617.0%, although there was a decrease in EBITDA of food business. In Q42020, there were other non-recurring costs related to beer business restructuring of Baht 447 million. EBITDA included costs related to beer business restructuring was Baht 11,426 million, an increase of 29.4% from Baht 8,831 million in Q42019.

Net profit from normal operation increased 69.6% from Baht 4,188 million in Q42019 to Baht 7,103 million in Q42020. This was due to an increase in net profit of spirits business of 28.1%, beer business of 185.3%, and a change in net loss of non-alcoholic beverages business to net profit which resulted in an increase of 111.8%, and a change in net loss of F&N/FPL to net profit which resulted in an increase of 1,450.0%, although there was a decrease in net profit of food business. Net profit included costs and deferred tax utilization related to beer business restructuring was Baht 6,114 million in Q42020, an increase of 46.0%, from Baht 4,188 million in Q42019.

BeerCo Group – Overview of Financial Performance

The BeerCo Group's overall revenue from sale of goods decreased by only 3.8% from S\$1,247.6 million in Q42019 to S\$1,200.6 million in Q42020, with revenues in Thailand increasing by 7.3%. This smaller decrease was the result of a partial recovery in the markets from the Covid-19 pandemic and of BeerCo's efforts to manage the effects of the Covid-19 pandemic and Decree 100 throughout FY2020. The BeerCo Group also continued to manage its costs tightly during this period, resulting in an overall increase of 121.1% in profit after tax for Q42020 as compared to Q42019. If the pandemic is contained and restrictive measures continue to be loosened, beer consumption is expected to increase again, with a concomitant positive effect on the overall beer markets in Thailand and Vietnam.

Revenue from sale of goods

In Q42020, BeerCo's revenue from sale of goods in Thailand increased by 7.3%, from S\$561.5 million in Q42019 to S\$602.5 million. In Q42020, the decline in revenue in Vietnam slowed. As a result, BeerCo's revenue from sale of goods in Vietnam decreased by only 12.8% from S\$686.0 million in Q42019 to S\$598.1 million.

Cost of sale of goods

In Q42020, BeerCo's cost of sale of goods decreased by 6.6% from S\$1,007.5 million in Q42019 to S\$940.9 million, a larger decrease than the decrease in its revenue from sale of goods. BeerCo's cost of sale of goods in Thailand increased by 4.2% from S\$467.1 million in Q42019 to S\$486.7 million in Q42020 as revenue from sale of goods also increased in Thailand during the period. BeerCo's cost of sale of goods in Vietnam decreased by 16.0% from S\$540.4 million in Q42019 to S\$454.2 million in Q42020 in large part due to cost savings efforts, in particular with regard to cans and bottles.

Distribution costs

BeerCo's overall distribution costs decreased by 12.3% from S\$120.2 million in Q42019 to S\$105.4 million in Q42020. The primary reasons for these movements were the following:

- marketing and advertising expenses decreased by 8.6% from S\$44.2 million in Q42019 to S\$40.4 million in Q42020 due to continuing restrictions on events and activities partially offset by launch expenses for SABECO's new product, "Saigon Chill";
- transportation expenses decreased by 16.5% from S\$27.6 million in Q42019 to S\$23.0 million in Q42020 primarily as a result of transportation cost saving initiatives in Vietnam; and
- rental fee decreased by 87.7% from S\$4.5 million in Q42019 to S\$0.6 million in Q42020 primarily as a result of the change in accounting policy.

Distribution costs in Thailand decreased by 11.3% from S\$64.7 million in Q42019 to S\$57.4 million in Q42020 and distribution costs in Vietnam decreased by 13.7% from S\$55.6 million in Q42019 to S\$48.0 million in Q42020.

Administrative expenses

The decrease in administrative expenses was even more marked in Q42020, as these expenses decreased by 29.6% from S\$38.2 million in Q42019 to S\$26.9 million in Q42020 primarily as a result of the following:

- employee benefit expenses decreased by 34.7% from S\$22.5 million in Q42019 to S\$14.7 million in Q42020 primarily as a result of the reversal of accrued bonus provisions in Vietnam; and
- other administrative expenses decreased by 73.1% from S\$8.2 million in Q42019 to S\$2.2 million in Q42020 primarily as a result of items such as reversal of provision of water bottle, a decrease in idle capacity, write-offs for deteriorated inventory, provisions relating to old logos and losses due to a decrease in assets in the Vietnam business relating to disposed assets, which was less for the recent period.

The decrease was partially offset by increases in (i) hire and service fees from S\$0.7 million in Q42019 to S\$1.7 million in Q42020 primarily as a result of service fees made in Thailand for the administrative support provided to modern trade customers, (ii) depreciation and amortisation from S\$1.2 million in Q42019 to S\$2.4 million in Q42020 and (iii) consultant and professional fees from S\$1.9 million in Q42019 to S\$3.0 million in Q42020 primarily for a number of projects being implemented in Vietnam such as SABECO 4.0 and services being engaged for the Vietnam business.

Administrative expenses in Thailand remained relatively stable at S\$15.1 million in Q42020 compared to S\$15.3 million in Q42019, while administrative expenses in Vietnam decreased by 48.6% from S\$22.9 million in Q42019 to S\$11.8 million in Q42020, primarily due to the reversal of accrued bonuses.

Interest income

Interest income decreased by 12.3% from S\$17.8 million in Q42019 to S\$15.6 million in Q42020 primarily as BeerCo no longer extended a loan to ThaiBev and extended a loan to a subsidiary instead of ThaiBev and lower interest rates in Vietnam.

Selected Income Statement Information

The following table sets forth selected income statement data for the ThaiBev Group and the BeerCo Group for Q42019 and Q42020:

	ThaiBev Group⁽¹⁾		BeerCo Group	
	Three Months Ended 30 September		Three Months Ended 30 September	
	2019	2020	2019	2020
	<i>(S\$ in millions)</i>	<i>(S\$ in millions)</i>	<i>(S\$ in millions)</i>	<i>(S\$ in millions)</i>
Revenue	2,776	2,771	1,248	1,201
Gross profit	794	832	240	260
EBITDA ⁽²⁾	398	499	99	182
Profit after tax	191	267	52	114

⁽¹⁾ ThaiBev Group's financial information has been converted to SGD for this calculation at a THBSGD rate of 0.0447 and 0.0437 for Q42019 and Q42020, respectively.

⁽²⁾ EBITDA for both ThaiBev Group and BeerCo Group include interest income.

APPENDIX D2
THE THAIBEV GROUP'S UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2019
AND THE THREE MONTHS ENDED 30 SEPTEMBER 2020

ThaiBev Group's Consolidated Financial Statements		
For the three-month period ended 30 September		
	2020	2019
<i>(in thousand Baht)</i>		
Income		
Revenue from sale of goods	63,381,863	62,079,898
Dividend income	1,468	1,216
Interest income	346,725	335,052
Net gain on foreign exchange	-	38,183
Other income	236,497	155,451
Total income	63,966,553	62,609,800
Expenses		
Cost of sale of goods	44,359,853	44,332,366
Distribution costs	5,864,457	7,077,888
Administrative expenses	3,961,717	4,292,280
Net loss on foreign exchange	22,880	-
Finance costs	1,767,674	1,770,203
Total expenses	55,976,581	57,472,737
Share of profit of investment in associates and joint ventures, net of tax	494,354	223,001
Profit before income tax expense and non-operating item	8,484,326	5,360,064
Non-operating item:		
Other costs related to beer business restructuring	(447,680)	-
Profit before income tax expense	8,036,646	5,360,064
Income tax expense	(1,922,708)	(1,171,659)
- Income tax expense from normal operation	(1,380,706)	(1,171,659)
- Income tax expense related to beer business restructuring	(542,002)	-
Profit for the period	6,113,938	4,188,405
Profit attributable to:		
Owners of the Company	5,012,185	3,413,817
Non-controlling interests	1,101,753	774,588
Profit for the period	6,113,938	4,188,405
Earnings per share (Baht)		
Basic earnings per share	0.20	0.14
Diluted earnings per share	0.20	0.14

ThaiBev Group's Consolidated Financial Statements		
For the three-month period ended 30 September		
	2020	2019
	<i>(in thousand Baht)</i>	
Profit for the period	6,113,938	4,188,405
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Gains on revaluation of land	-	870,420
Losses on remeasurements of defined benefit plan	(53,375)	(479,241)
Income tax relating to items that will not be reclassified	9,366	(82,806)
	(44,009)	308,373
<i>Items that will be reclassified subsequently to profit or loss</i>		
Cash flow hedges-effective portion of changes in fair value	(29,281)	(295,797)
Share of other comprehensive income of		
investment in associates and joint ventures	1,058,753	(72,200)
Exchange differences on translating foreign operations	9,927,696	(1,800,635)
Gains on remeasurements of available-for-sale investments	103,544	50,627
Income tax relating to items that will be reclassified	5,010	59,635
	11,065,722	(2,058,370)
Other comprehensive income for the period, net of income tax	11,021,713	(1,749,997)
Total comprehensive income for the period	17,135,651	2,438,408
Total comprehensive income attributable to:		
Owners of the Company	15,059,192	1,352,173
Non-controlling interests	2,076,459	1,086,235
Total comprehensive income for the period	17,135,651	2,438,408

APPENDIX D3
THE BEERCO GROUP'S UNAUDITED COMBINED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2019
AND THE THREE MONTHS ENDED 30 SEPTEMBER 2020

BeerCo Group's Combined Financial Statements		
For the three-month period ended 30 September		
	2020	2019
	<i>(in thousand SGD)</i>	
Revenue from sales of goods	1,200,602	1,247,553
Cost of sales of goods	(940,880)	(1,007,508)
Gross profit	259,722	240,045
Dividend income	65	58
Net (loss) gain on foreign exchange	(340)	(327)
Other income	4,859	7,174
Distribution costs	(105,396)	(120,237)
Administrative expenses	(26,890)	(38,214)
Management fees	(393)	(41,450)
Past service cost for employee benefits from the amendment of Thai Labor Protection Act	-	(55)
Results from operating activities	131,627	46,994
Interest income	15,612	17,811
Finance costs	(2,635)	(2,417)
Net finance income	12,977	15,394
Share of profit of investment in associates and joint ventures, net of tax	4,655	5,236
Profit before income tax expense	149,259	67,624
Non-operating items:		
Other cost related to beer business reorganisation	(6,736)	-
Profit before income tax expense	142,523	67,624
Income tax expense	(28,370)	(15,990)
Profit for the period	114,153	51,634
Profit attributable to:		
Owners of the Company	63,693	22,139
Non-controlling interests	50,460	29,495
Profit for the period	114,153	51,634
Basic and diluted earnings per share attributable to owners of the Company (cents)⁽¹⁾	0.81	0.28

⁽¹⁾ For comparative purposes, the earnings per share have been computed based on the profit for the respective periods and the Company's issued shares of 7,863,652,000 as at 30 September 2020.

BeerCo Group's Combined Financial Statements		
For the three-month period ended 30 September		
	2020	2019
	<i>(in thousand SGD)</i>	
Profit for the period	114,153	51,634
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Defined benefit plan actuarial losses	(1,296)	(3,797)
Equity investments at FVOCI - net change in fair value	4,412	2,269
Income tax relating to items that will not be reclassified	270	765
	3,386	(763)
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	(299,897)	(268,620)
	(299,897)	(268,620)
Other comprehensive income for the period, net of tax	(296,511)	(269,383)
Total comprehensive income for the period	(182,358)	(217,749)
Total comprehensive income attributable to:		
Owners of the Company	(264,110)	(251,271)
Non-controlling interests	81,752	33,522
Total comprehensive income for the period	(182,358)	(217,749)

APPENDIX E

BOARD OF DIRECTORS AND KEY MANAGEMENT OF BEERCO

Directors

Mr. Koh Poh Tiong (Chairman and Non-Executive Director and Non-Independent Director)
Mr. Thapana Sirivadhanabhakdi (Vice Chairman and Non-Executive Director and Non-Independent Director)
Mr. Lau Hwai Keong Michael (Independent Director)
Mr. Mak Ming Ying Charles (Independent Director)
Mr. Nobuyoshi Ehara (Independent Director)
Ms. Wiboonlasana Ruamraksa (Independent Director)
Mr. Kalin Sarasin (Independent Director)
Ms. Suong Dao Nguyen (Independent Director)
Mr. Sithichai Chaikriangkrai (Non-Executive Director and Non-Independent Director)
Dr. Pisanu Vichiensanth (Non-Executive Director and Non-Independent Director)
Mr. Michael Chye Hin Fah (Executive Director and Chief Executive Officer)
Mr. Kosit Suksingha (Alternate Director to Mr. Thapana Sirivadhanabhakdi)
Mr. Prapakon Thongtheppairot (Alternate Director to Mr. Sithichai Chaikriangkrai)

Key Management

Mr. Michael Chye Hin Fah (Executive Director and Chief Executive Officer)
Mr. Vivek Chhabra (Chief Financial Officer and Company Secretary)
Mr. Neo Gim Siong, Bennett (Chief Beer Business – Vietnam)
Mr. Tan Teck Chuan Lester (Chief Beer Business – Thailand)