

G·A·B^U
GUINNESS
ANCHOR
BERHAD

an icon brewing...

Annual Report **2008**



We've grown from strength to strength, reaffirmed our position as the clear leader of Malaysia's malt liquor market and made waves globally. Our unwavering focus on People, Brands and Performance is revolutionising our business and accelerating us forward in our quest to become an icon in business.

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Guinness League of Excellence Award

2nd year running for brewing the best Guinness outside of Ireland

Tiger Quality Award

Best for beer freshness, packaging quality and serving standard



Total Productive Management

Practising world class processes and technologies. Ranked 19th among Heineken breweries worldwide



The inception of GAB Foundation

Bringing our CR activities to a new level



Record results

Reaffirmed our position as the market leader



brand portfolio

ICONIC BRANDS, BREWING SUCCESS

Our world-renowned portfolio of iconic brands continues to give us the winning edge. Brewed to perfection and espousing the traditions of quality, excellence and consistency, our brands cater for different moments for different consumers. From classic brews to contemporary favourites, GAB's brands continue to refresh consumers and deliver on their respective brand promises. As global icons, they set us apart from the competition and propel us forward on our journey to becoming a truly great company.



OUR RECIPE FOR SUCCESS

Tiger Beer

Since 1932, this distinctively Asian and unmistakably world-class lager has been winning ardent admirers around the globe. The many accolades it has won include the prestigious 2008 New Zealand International Beer Award. Today, with the same clean and crisp taste and an invigorating look, Tiger Beer continues to delight discerning drinkers who seek perfection in a lager.



Guinness

Black, bold and distinctive, this iconic 249-year old brand boasts a rich heritage of brewing perfection and unerring dedication to quality. In our continuous quest to meet the needs of our loyal supporters, we recently improved the timeless look, taste and feel of Guinness Foreign Extra Stout, drawing more aficionados. What's more, with GAB's win of the coveted global Guinness League of Excellence Award for the second consecutive year, our consumers are assured of enjoying a premium Irish brew that's at the top of its league.



Heineken

Heineken is the perfect expression of taste in over 170 countries around the world. With its instantly recognisable green-hued bottle and distinct label added to its crisp, refreshing and smooth taste, Heineken is the World's No.1 international premium beer. Made with the famous Heineken A-yeast that gives the beer its characteristic taste, this iconic brew continues to up the ante with innovations such as the perfectly chilled Heineken served extra cold.



Anchor Smooth

Originally known as Anchor Beer, this long-established pilsner is one of Malaysia's pioneer beer brands and truly a local favourite. Boasting a new and contemporary look, a refreshing taste and vigour, and a smoother flavour, this all-time favourite continues to make its mark as the perfect accompaniment for local, mouth-watering dishes and relaxed occasions.



Anchor Strong Beer

For those who demand a quality beer that is fuller and stronger in taste, the Anchor brand has a stronger variant with slightly higher alcohol content. Brewed longer and undergoing a cold filtration process to remove all excess yeast, Anchor Strong Beer makes the most of its renowned brewing process to present its drinkers with a stronger alternative.



Kilkenny

This premium Irish ale continues to be crowned the undisputed "Cream of Beers". Recognised by its distinguishing velvety-smooth amber shade under a creamier head, the ever-smooth Kilkenny is fast becoming a favourite with beer lovers. Named after Kilkenny, its hometown, Ireland's prized premium draught is available on tap at selected outlets.



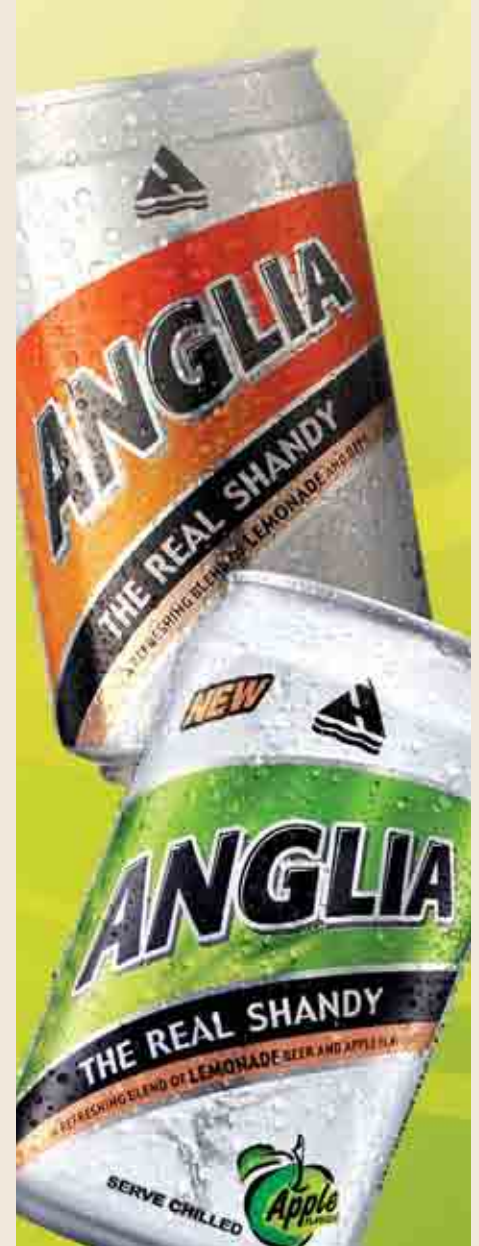
Malta

The nation's leading malt beverage continues to solidify its position with its natural goodness and vibrant look. This non-alcoholic wholesome drink is the perfect beverage for on-the-go individuals to boost energy levels with its hearty helping of Vitamins B1, B3 and B6.



Malta Quench

Malta's new thirst-quenching variant, Malta Quench, carries on the brand's fine tradition of refreshing active individuals. This great tasting sports drink with an added fizz, comes fortified with essential nutrients, especially vitamin B1, for those who want to achieve more throughout the day.



Anglia

Malaysia's No.1 shandy since 1978, Anglia Shandy offers drinkers a unique and refreshing drinking experience with its distinct blend of fizzy lemonade and beer. With the recent introduction of the Anglia Apple variant, the brand has added a fresh new twist and taste to its role as the perfect accompaniment for any occasion.

our vision

GAB is an icon in business. Respected the world over for delivering exceptional growth in People, Brands and Performance.



We have a passion for winning

We are winners, driven by a passion to be the best in everything we do.

We value and respect each other

Our people and society are diverse and different, and we value and celebrate all our differences. We respect our environment and are committed to protect it. We value the community in which we operate and strive to enrich it. We aim for our people to have balance in their work and their personal lives.

We show integrity in all that we do

We are responsible, trustworthy and honest in everything we say and do and in the way we manage our business.

We provide enjoyment

We create an environment where our people enjoy their work, our partners enjoy working with us and our consumers enjoy our products.

our values



passion

Passion drives all that we do and makes us excel in all that we undertake. Passion keeps GAB excited and on the leading edge time and time again.

GAB[®]
GUINNESS
ANCHOR
BERKAD



diversity

Our diverse brands, people and perspectives enrich us. In valuing, respecting and celebrating such diversity, GAB grows from strength to strength.



trust

KANDUNGAN
BERSIH:
660ml
BEST BEFORE:

2009-06
8239458L





A steadfast commitment to integrity guides all our actions, our businesses and our brands, affirming our focus on delivering exceptional value.



cheer

We believe in celebrating our achievements with all our stakeholders, be they employees, partners, customers or shareholders.



Financial

10 YEARS FINANCIAL TRACK RECORD

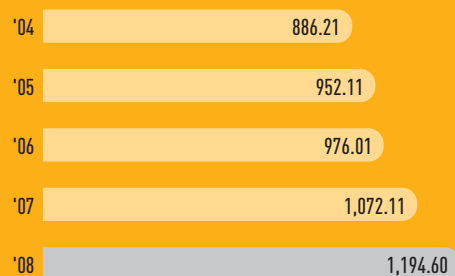
	18 months ended 30.6.1999 RM'000	Year ended 30.6.2000 RM'000	Year ended 30.6.2001 RM'000	Year ended 30.6.2002 RM'000	Year ended 30.6.2003 RM'000	Year ended 30.6.2004 RM'000	Year ended 30.6.2005 RM'000	Year ended 30.6.2006 RM'000	Year ended 30.6.2007 RM'000	Year ended 30.6.2008 RM'000
Revenue	1,042,440	682,441	777,198	788,060	796,595	886,208	952,113	976,013	1,072,112	1,194,602
Profit before taxation	182,407	67,352	78,448	93,718	107,363	129,254	140,519	142,211	152,159	168,898
Taxation	40,594	6,399	19,767	21,317	29,357	30,835	32,551	14,014	39,598	43,041
Profit after taxation	141,813	60,953	58,681	72,401	78,006	98,419	107,968	128,197	112,561	125,857
Dividends	150,082*	54,377	82,653*	82,655*	84,831*	91,837*	90,871	91,354	99,239	109,873
Net Dividend per 50 sen stock unit (sen)	49.7*	18.0	27.4*	27.4*	28.1*	30.4*	30.1	30.2	32.8	36.4
Earnings per 50 sen stock unit (sen)	46.9	20.2	19.4	24.0	25.8	32.6	35.7	42.4	37.3	41.7
Reserves	127,509	134,085	166,665	124,748	146,200	159,064	176,403	213,246	234,060	260,285
Shareholders' funds	278,558	285,134	317,714	275,797	297,249	310,113	327,452	364,295	385,109	411,334
Net tangible assets per 50 sen stock unit (sen)	92.2	94.4	105.2	91.3	98.4	103.0	108.0	121.0	127.5	136.2

* Includes special dividends

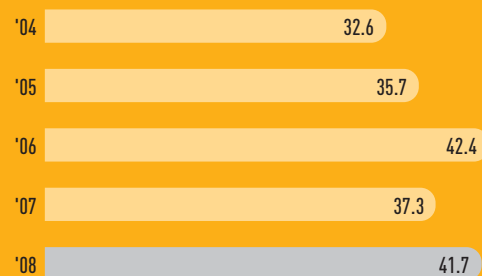
Highlights

FINANCIAL YEAR ENDED 30 JUNE

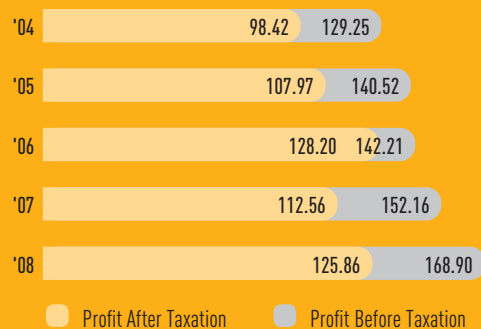
Revenue (RM Million)



Earnings Per 50 Sen Stock Unit (Sen)



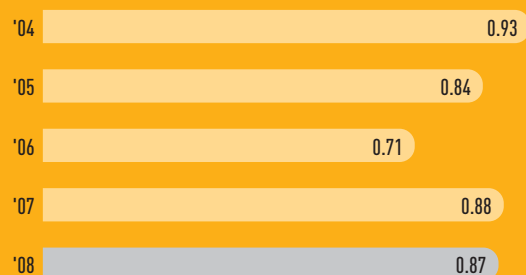
Profit Before Taxation & Profit After Taxation (RM Million)



Share Price as at 30 June & Gross Dividend (RM)



Net Dividend/ Profit After Taxation (Ratio)

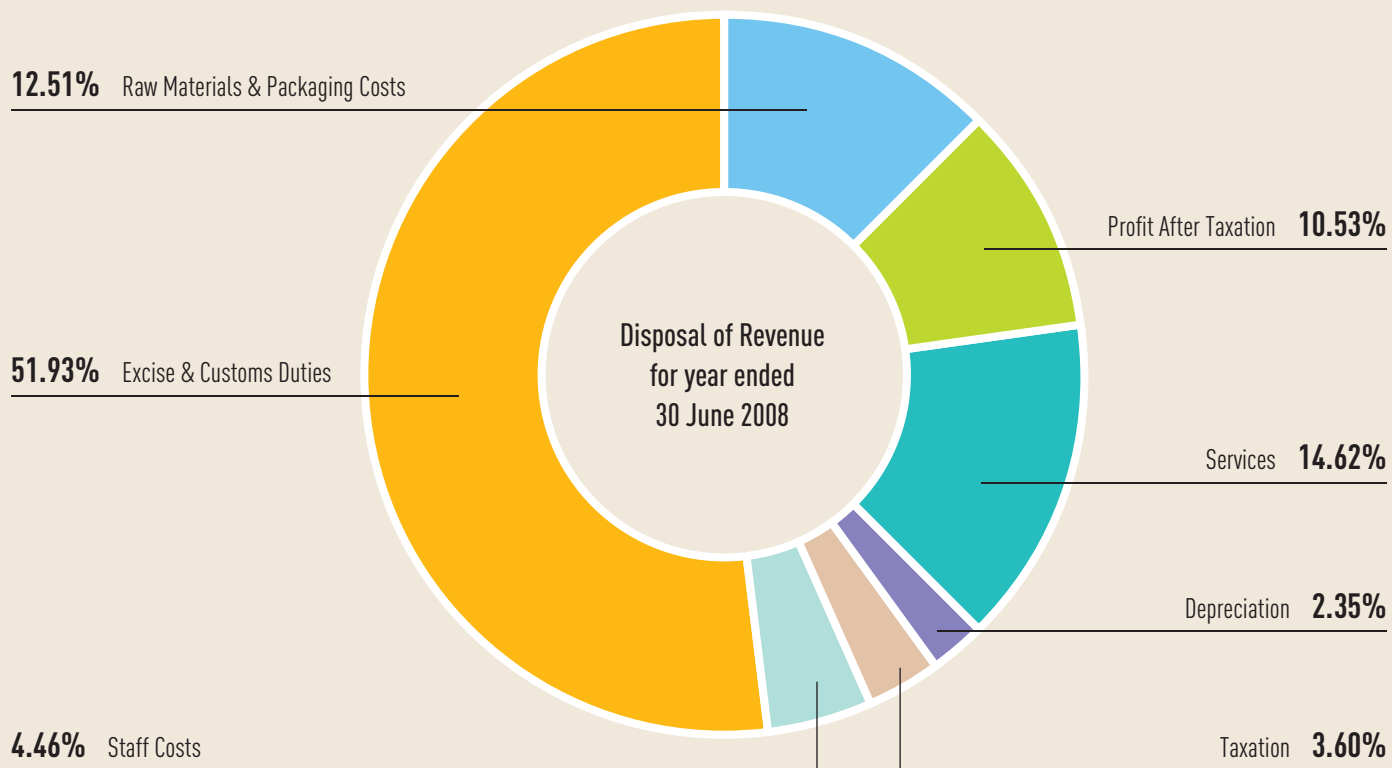


Financial Highlights

FINANCIAL ANALYSIS

	Year ended 30.6.2008 RM'000	Year ended 30.6.2007 RM'000	Change %
Profit Statement			
Revenue	1,194,602	1,072,112	11.4
Profit before interest & taxation (PBIT)	165,222	149,679	10.4
Profit before taxation (PBT)	168,898	152,159	11.0
Profit after taxation (PAT)	125,857	112,561	11.8
Balance Sheet			
Shareholders' funds	411,334	385,109	6.8
Net total assets	441,600	416,432	6.0
Market capitalisation at 30 June 2008	1,586,015	1,782,378	-11.0
Financial Ratio			
	%	%	
Return on shareholders' funds			
- PBIT	40.2	38.9	1.3
- PBT	41.1	39.5	1.6
PBIT/Revenue	13.8	14.0	-0.2
PBT/Revenue	14.1	14.2	-0.1
PAT/Revenue	10.5	10.5	0.0
Per 50 Sen Stock Unit			
	Sen	Sen	
PBT	55.9	50.4	11.0
PAT	41.7	37.3	11.8
Net tangible assets	136.2	127.5	6.8
Dividend - gross	44.0	45.0	-2.2
- net	36.4	32.8	11.0

Financial Highlights



Letter from Chairman

Dear Shareholders,

I am delighted to report that Guinness Anchor Berhad (GAB) has again made strong strides on the financial and operational fronts for this financial year.

We grew our revenue and group pre-tax profit by a healthy 11.4% and 11% respectively to achieve RM1.19 billion in revenue and RM168.9 million in pre-tax profit.



Letter from Chairman

We reaffirmed our position as Malaysia's clear market leader and further enhanced our reputation within our brand owners' global network of breweries. This reflects very well on the performance of the quality standard of Malaysian manufacturing. Our steadfast focus on our people, brands and performance has provided us the impetus we need to drive our business and move towards becoming an icon in business.

In line with our results, your Board of Directors is recommending final dividends of 14 sen per 50 sen stock unit tax exempt, and 17 sen gross per 50 sen stock unit less Malaysian income tax at 25%. Together with an interim dividend of 13 sen gross per 50 sen stock unit less Malaysian income tax at 26% declared on 22 February 2008, this will bring the total net dividend for the financial year to 36.4 sen per 50 sen stock unit, which represents a 3.5 sen increase from the preceding year.

CONTINUED GROWTH DESPITE MARKET VOLATILITY

The malt liquor market (MLM) in which GAB operates continued to face many challenges over the period under review. These took the form of rising costs from record high commodity prices, increased competition, security ink issues and high excise duties. However, unlike the years 2004, 2005 and 2006, the industry was spared a further increase in excise duties in the year under review.

Thankfully, after three years of decline, the market experienced a modest growth this year. We were able to take advantage of this to continue improving our profitability as well as increasing our market share lead by more than 2%. I am happy to announce that GAB continues to lead the domestic market in Malaysia with over 56% share and up to 60% share of the total industry profit.

DRIVEN BY PEOPLE, BRANDS AND PERFORMANCE

We owe these results and the ability to weather the challenges of the marketplace to our unwavering focus on our three pillars of People, Brands and Performance. The many initiatives we have implemented in these areas have enabled us to enhance our organisational effectiveness, operational efficiencies and outperform the market. A continued focus on these strategic areas will be core to our success going forward.

As a fitting testament to our achievements, GAB has, for the second consecutive year, won the Guinness League of Excellence Award for the best quality Guinness brewed outside of Ireland. On top of this, for the first time ever, we won the coveted international Tiger Quality Award for delivering outstanding quality standards of Tiger beer. We were also a close runner-up in Asia Pacific for the Diageo Market of the Year Award. My sincere appreciation goes to the GAB team for these convincing wins and for the outstanding international recognition.

ENRICHING COMMUNITIES

We take our commitment to enriching the communities we operate in very seriously. During the period under review, we took our Corporate Responsibility (CR) initiatives up several notches with the formation of the GAB Foundation. Formed on 5 July 2007, the GAB Foundation spearheads our CR activities and continues GAB's efforts to enrich communities in the areas of environmental conservation, education and community projects.

On the environmental conservation front, the year saw us initiating the Water 4 Life water conservation programme. Water 4 Life involves storytelling programmes to children advocating the responsible use of water and a community river rehabilitation programme with Global Environment Centre, a non-government organisation. In the area of education, more than 1,000 Tamil school students received aid.

We raised more than RM12 million via the Tiger-Sin Chew Chinese Education Charity Concert and the Guinness Torch Fund initiatives. Also as a result of overwhelming response to our Dragon Mission campaign held in conjunction with Chinese New Year, we raised RM2 million in just six weeks.

These and our other CR initiatives are highlighted in detail within GAB's Corporate Responsibility Report.

THE WAY FORWARD

We anticipate that the coming financial year ending 30 June 2009 may be a tougher year as a result of a volatile global economy. The brewing industry will not be spared as raw material and operating costs have gone up dramatically. On our part, rest assured that your Board and Management remain committed to managing our business diligently to deliver optimum returns for shareholders amidst these market challenges. We will focus on consolidating our leadership position as well as meeting shareholders' expectations through managing costs and maintaining focus on People, Brands and Performance to continue to ensure profitability.

Given that excise duty on beer and stout in Malaysia is already the second highest in the world, we welcome the Government's decision to not apply a further increase in the 2009 Budget. Collectively, the beer and stout industry employs 60,000 to 70,000 people directly and indirectly. We are pleased that this decision goes towards safeguarding and enhancing this large workforce.

We will continue investing in growing and empowering our people, building our brand equity, and driving our performance, thereby ensuring business sustainability in the tough business environment. By making continued investments in these areas, we are confident of sustaining our growth, extending our market leadership and delivering satisfactory results for the forthcoming financial year.

IN APPRECIATION

This year, we are sad to bid farewell to two of our fellow Directors namely YBhg Tan Sri Dato' Alwi Jantan and Mr. Chin Yoong Chong who have served the Board for 14 and 13 years respectively. YBhg Tan Sri Dato' Alwi and Mr. Chin will be retiring from the Board on 26 November 2008 as they are not seeking re-election. On behalf of the Board and myself, I would like to record our appreciation to both of them for their invaluable contributions and wise counsel during their tenure of office.

It is my pleasant duty to welcome Mr. Sreesanthan Eliathamby and Mr. Martin Manen who joined the Board on 1 March 2008 and 29 August 2008 respectively. They bring with them considerable legal and financial expertise and experience and we look forward to their active participation and contributions.

The Board wishes to thank our staff and management team under the leadership of Managing Director, Mr Charles Ireland, for delivering strong results despite the challenges we faced. We thank them for their dedication, commitment and hard work and for holding true to the Vision and Values that will make GAB an icon in business.

Our sincere appreciation goes to all our distributors, suppliers and retailers for placing their unwavering faith in our Company especially amidst the challenges of the marketplace. Last but not least, my utmost thanks to you, our shareholders and stakeholders, for your unrelenting commitment to GAB. We look forward to your continuing support as together we brew greater success for GAB.

Thank you.



Tan Sri Saw Huat Lye
Chairman

19 September 2008





Managing Director's Review

In financial year ended 30 June 2008, GAB maintained its growth momentum and outperformed the competition to retain its position as the clear leader of the malt liquor market. As at the end of June 2008, GAB had a market share of over 56% and enjoyed a 60% share of the industry profit pool. Our ability to outperform the market and further extend our leadership is due to significant investments made in the areas of People, Brands and Performance. We also have a long-term company vision and are accelerating towards our goals of becoming both a world-class business and a world-class employer.

Managing Director's Review

OUR VISION

In the last year, we were guided in our day-to-day actions by our vision:

GAB is an icon in business. Respected the world over for delivering exceptional growth in people, brands and performance.

It is our belief that this highly ambitious vision will inspire everyone in GAB to move to the next level of delivery and help transform GAB into a truly great company.

UPDATED VALUES

In tandem with our vision we have updated our company values to more closely reflect the GAB style of working. These are as follows:

- We have a passion for winning
- We value and respect each other
- We show integrity in all that we do
- We provide enjoyment

These values are shared beliefs upon which GAB and its employees act. They guide us in how we should behave as a business and individuals in pursuit of our quest to become an icon in business. They have been well received by our employees and this is no real surprise as many of our people already operate at a high level of consistency with them.

Armed with our vision, values and our key enablers of Focus, Delivery, Improvement and Teamwork, we are gathering more momentum on our journey to become a world-class business and employer.

STRENGTHENED BRANDS

We have been growing our market share consistently as a result of the strength of our portfolio of premium international brands, which include Tiger, Guinness, Heineken and Anchor. Another contributor to our success is the consistent investment we have made in brand building. During the year we increased our investment levels to strengthen their position with consumers. We worked hard to ensure our brands

have distinct positioning for different drinking occasions and appeal to different consumer groups. This helped ensure that our brands worked in harmony driving overall business growth. Through a disciplined approach to review and evaluation we also increased the efficiency and effectiveness of our commercial spend.

Innovation and development work bore fruit during the year. New, improved packaging for Guinness Foreign Extra Stout was introduced and Heineken 'extra cold' was launched. We added two other new variants to our portfolio – thirst-quenching Malta Quench and refreshing Anglia Apple.

Our investment in promotions, over the Deepavali, Christmas and Chinese New Year festive periods, did much to grow our market share and drive shareholder value. The Chinese New Year programme included improved festive packs and a first-of-its-kind fund raising initiative. The 'Dragon Mission' fund raising campaign involved our four pillar brands and the support of coffee shops, supermarkets and hypermarkets. This was a bold new initiative and it delivered exceptional results. Our initial target of RM1 million for Chinese education was exceeded, thanks to the overwhelming response from both consumers and the trade, resulting in an incredible RM2 million being raised over the six-week promotional period.

As a consequence of our efforts throughout the year, all of our brands grew. We saw double-digit growth for Tiger, Heineken and Kilkenny and healthy single-digit growth for Anglia and Guinness. GAB is now No. 1 in the beer segment and we have, as mentioned earlier, further extended our overall market share lead.

PERFORMANCE IMPROVING INNOVATIONS

During the year we also planned and executed our biggest ever transformation in the way we work, through the launch of an initiative that has significantly enhanced our operational efficiency and has given us a significant competitive advantage. The initiative changed the way we price our products to our customers and eliminated 80% of the administration required of our sales team and trade partners. As a result, some 20,000 man-hours a month have been freed-up, our sales team now have more time to serve our customers and GAB products now reach customer outlets faster and fresher.

Retailers also benefit through improved cash flow. The trade's response to this initiative has been universally positive and we expect it will help even more outlets decide to choose GAB as a business partner. We expect this new system will further accelerate our growth and strengthen our current market leadership position.

Towards the end of the year we also introduced a new, transparent pricing system for our customers. This provides further incentives for growth. We expect this initiative will simplify administration even further and enable us to respond to customer needs even faster.

FURTHER IMPROVEMENTS IN PRODUCTION

Financial year ended 30 June 2008 marked the third year of implementation of our Total Productive Management (TPM) zero loss programme. In this area we further improved our standing in relation to other breweries around the world. In addition, we made capital investments of close to RM30 million to ensure we enhanced our standard as a world-class brewery.

The quality of GAB's products was recognised internationally during the year. We received a number of international awards and as a result now, within our brand owners' global networks, rank amongst the best breweries in the world. GAB was yet again the proud recipient of the coveted Guinness League of Excellence Award for the best quality Guinness brewed outside of Ireland. This award was made after reviewing quality benchmarks across a number of measures at 47 breweries around the world. GAB was also awarded the highest scores in the Asia Pacific Region and the Rest of World categories. We also won, for the first time ever, the international Tiger Quality Award. This award recognised overall performance against a number of criteria including beer freshness, packaging quality and serving standard.

PEOPLE POWER

We are making good progress in our efforts towards becoming the Malaysian Employer of Choice. We introduced flexi-hours to help our people achieve a better work-life balance. Renovations to our headquarters and the Supply Chain department have

led to the dismantling of all personal offices and now all employees, regardless of seniority work in an open-plan environment. The benefits of this move include more face-to-face communication, less hierarchical approach and faster decision-making. This open plan approach will be implemented in our regional offices over the next two years.

In financial year ended 30 June 2008, we increased our training and development budget by 20% as part of our commitment to skill and competency development and employee empowerment. This bigger budget was fully utilised.

ADDRESSING MARKET CHALLENGES

Over the course of the financial year, GAB was impacted by several major challenges. The biggest challenge we faced was the dramatic increase in global commodity prices. In the past two years, commodity prices around the world have soared and unfortunately the raw materials for our products have not been spared. Malt prices on the world spot market increased by a staggering 150% and the price of hops on the same market has increased by an unprecedented 800%! Similarly packaging materials have seen double digit cost increases. We were able to mitigate the impact of some of these increases through entering into forward contracts and further increasing production efficiency.

MOVING FORWARD

Moving forward into financial year ending 30 June 2009, we have braced ourselves for more tough times. We face the continued challenge of increasing prices of raw materials, utilities, transport and fuel. We also anticipate that rising consumer prices will shrink disposable income and may further aggravate the already difficult market conditions.

Despite such challenging times, we will continue to focus on our winning blend of People, Brands and Performance and we believe this will brew success.

Management Review - Brand Highlights

In our drive to become an icon in business, we continue to leverage on the promise and diversity of our brand portfolio to capture consumer mindshare and gain new ground. In the year under review, the GAB team activated many programmes and launched several innovative ones. The result - our market share was driven higher and we further enhanced the appeal of our iconic brands.

TIGER

CELEBRATING BEING 75 YEARS YOUNG

Tiger has always been positioned as being at the forefront of modern culture. So when the brand turned 75 years young in 2007, we celebrated in a big way, "painting the town blue". The 75th anniversary celebrations commemorated the achievements of yesteryear as well as the hope and optimism of a forward looking brand.

Tiger's 75th anniversary campaign got off to a roaring start in June 2007 with a selection of edgy and contemporary press advertisements depicting Tiger as a current, modern and bold brand. We ran a nationwide promotion rewarding Tiger's loyal consumers with commemorative Tiger Beer glassware and a series of limited-edition miniature bottles designed by up-and-coming international artists. These promotional items were snapped up by drinkers and collectors alike all across the country, bearing testament to Tiger's cool international factor and trend-setting credentials.





EST.

Pilsener Beer
LAGER BEER

1963

Management Review - Brand Highlights

RADICAL STYLE BEFITTING TIGER

To commemorate Tiger turning 75 years young, and as an expression of the brand's avant-garde packaging design, we introduced two stylish 75th Anniversary Limited Edition Designer Bottles at an exclusive party. Named "Pulse" and "Graffiti", the two designer bottles were introduced through a fascinating animated video that brought to life their distinctive nature and reinforced Tiger's positioning as "the beer that is going places". Each bottle's design conveyed individual, radical elements, blending perfectly with a stimulating shade of Tiger blue. To highlight these bold new looks, we ran an online and press advertising campaign during the period when the bottles were available in the market.

TIGER FC: ALL THAT IS BEAUTIFUL IN THE BEAUTIFUL GAME

Now into its fourth year, our award winning Tiger FC programme continues to engage fans of the beautiful game all across Malaysia. Boasting unforgettable viewing parties, rewarding contests and challenging games for football fans, Tiger FC is a football community phenomenon that is unrivalled in its commitment to giving fans the best that the beautiful game can offer.

A Roaring Start to the Tiger FC Season

The Tiger FC Season Kick-off got off to a roaring start as multitudes of football fans came together

simultaneously at over 60 nationwide viewing parties to savour the first big clashes of the 07/08 season – the Manchester derby as well as Liverpool vs Chelsea. Tiger FC ensured that it stayed king of the viewing party experience with all-new and improved experiences for veteran members and newcomers alike including Tiger FC's very own Fantasy League online game and guest emcees.

The Trademark Tiger FC Viewing Experience

Throughout the season, Tiger FC gave Malaysian fans top notch venues to catch their football with viewing parties nationwide. Lucky football fans also got the chance to win priceless football memorabilia by predicting the final score-line for both matches.

Paying Homage to a Great Season

After nine months of bringing the best football experiences to fans across the nation, Tiger FC bid adieu to the year's football season in style by hosting the much-anticipated Tiger FC Away Game for the season decider between Chelsea and Manchester United. With over 80 viewing parties held simultaneously nationwide, Tiger FC certainly gave football fans a memorable season's send-off.

Shooting Straight into the Heart of Fans

As one of Tiger FC's many initiatives to engage football fans, Tiger FC introduced the Tiger FC Straight Shooter online game, giving Tiger FC members even more

reason to check out its already burgeoning online presence. By logging on to www.tigerfc.com.my, members could play an online game that tested their skill, speed and strategy within the allocated time.

MAKING POSSIBLE THE ULTIMATE FOOTBALL EXPERIENCE

Tiger FC gave fans the ultimate in football experiences with the Tiger FC Recruitment promotion held from February till mid-April 2008. Football fans who signed up as new Tiger FC members and completed a simple slogan stood a once-in-a-lifetime chance of winning an all-expenses paid trip to London to watch Arsenal play Everton live at the Emirates Stadium. At the end of April, three lucky winners were whisked away to England to catch the highly anticipated match. On top of this, they had some exclusive football experiences including a visit to the Arsenal training ground and a guided tour of the Arsenal museum by legendary player Charlie George.

TOUCHING COMMUNITIES ACROSS THE NATION

Tiger has been supporting Chinese education in Malaysia since 1994 via the Tiger Sin Chew Chinese Education Charity Concerts (CECC) programme. Entailing charity concerts featuring talented local and foreign artistes in support of participating schools, the CECC initiative has to date raised over RM170 million



Management Review - Brand Highlights

for Chinese education and has been instrumental in improving the infrastructure of over 360 Chinese independent schools throughout Malaysia.

To kick-start Tiger Sin Chew CECC's 13th year, an exhibition featuring the programme's key milestones, and the CECC's impact on participating schools was organised at the Sungei Way Brewery. Graced by the then Minister of Housing and Local Government, Dato' Seri Ong Ka Ting, this celebration of Tiger CECC's history bore testament to the resounding impact it has had on the local community.

The first phase of the year's programme brought in a massive RM9.4 million for 47 Chinese schools through 10 charity concerts held nationwide in December 2007, while the second phase garnered RM2.38 million for five more schools. Throughout the year, Tiger also implemented a trade programme which built on the momentum of the Tiger Sin Chew CECC programme to supplement the funds going to participating schools. The encouragement from the trade partners and community members who have steadfastly lent their support to the CECC continues to pave a solid path for Chinese education in Malaysia.



GUINNESS

THE RICH TASTE OF ALL THINGS IRISH

March 2008 saw Guinness Draught hosting the popular St. Patrick's Day celebrations, another of Ireland's most well-loved "exports", for the second time running. The month-long celebration of all things Irish and Guinness kicked off with an exclusive media launch party at Pulse, Grand Millennium Hotel in Kuala Lumpur. Guests were feted to an evening of Irish cheer and merriment, great music, rousing performances and free-flowing Guinness Draught. With food being a major part of the festival, celebrity chef, Emmanuel Stroobant, better known as the Chef in Black after his eponymous TV programme, was present to demonstrate the remarkable versatility of Guinness not just as a beverage, but also as a key ingredient in a number of mouth-watering dishes.

Throughout March, 10 participating bars and pubs in the Klang Valley gave consumers the chance to enjoy Guinness Draught-infused cuisine along with their pints of smooth Guinness Draught and to redeem limited-edition Guinness St. Patrick's Day merchandise. The festivities came to a conclusion with the Guinness St. Patrick's Festival, an upbeat carnival-style celebration at Plaza Mont Kiara where top-class international acts from around the world, artistic performances, fun games and exciting activities, made the show.



Management Review - Brand Highlights



SHARING GUINNESS' GREATNESS

In celebration of Guinness' heritage as the World's No. 1 International Premium Black Beer, Guinness aficionados were given the opportunity to share in the brand's greatness by participating in the 10-week long Guinness 1759 Greatness Contest.

While the contest involved simple mechanics, the prizes were anything but simple! Some of the lifestyle-enhancing prizes included multiple 32" LCD TVs, home theatre systems, hand phones, digital cameras plus 100 prizes of RM1,759 cash each given away every fortnight. Winners of the fortnightly prizes were also given the chance to join in the final challenge where the grand prize winner drove away with a super-sleek Volvo S40.

THE EVOLUTION OF AN EXTRAORDINARY ICON

Guinness aficionados in Malaysia now have more reason to celebrate following the introduction of a new, distinctive taste for the iconic Guinness Foreign

Extra Stout (Guinness FES). Specially developed to satisfy drinkers in this modern era, the new, distinctive brew of Guinness FES offers a smoother texture, a fuller body and a revised alcohol volume of 6.8% ABV, whilst retaining the unmistakably Guinness aroma and roasted, bittersweet taste.

First launched in Ipoh in September 2007, the new Guinness FES received overwhelmingly positive feedback from drinkers and retailers alike with market research concluding that Guinness drinkers prefer the new distinctive taste as it is more balanced and rounded. As the new Guinness FES is established throughout Malaysia, Guinness drinkers have the assurance that the new brew will carry on the brand's rich heritage of unwavering dedication to quality and brewing perfection.

GUINNESS DRAUGHT HERALDS IN FESTIVE CHEER

December has traditionally been a time to take things down a notch, a time to wrap up the year's activities

and to celebrate its achievements. Amidst all this festive celebration and camaraderie, the unmistakable smoothness of the creamy Guinness Draught found a loyal following among young urban drinkers who have been won over by its chic black and white - the new colours of festive celebration.

In conjunction with 2007's year-end festive season, Guinness ran an Instant Reward Consumer Promotion with a black and white theme and a specially designed mini-site provided a host of interactive activities. Visitors to the site were able to send virtual gifts and personalised messages and receive gifts in return. The mini-site also hosted a party-planner feature for making hassle-free reservations at outlets.

ENRICHING THE COMMUNITY

In conjunction with the screening of local Indian movie "Yantra", Guinness hosted a series of promotion-cum-charity events together with the movie's producer to reiterate our commitment to enriching the Indian community.

Management Review - Brand Highlights

The activities commenced with the launch of the movie at a charity gala dinner in Dec 2007 with proceeds from drink sales going to selected Tamil schools. A Guinness-Yantra meet-the-fans road-show was then initiated in Klang Valley, Penang, Ipoh and Johore where fans met the movie's stars and redeemed exclusive movie merchandise. At the movie's DVD launch in January 2008, exclusive Guinness merchandise was auctioned to raise funds for Tamil schools.

POWERING GREAT RUGBY

Guinness has always had a strong kinship with great rugby, drawing upon all that is positive and powerful about the sport. In August 2007, the brand's sponsorship of outstanding rugby teams culminated in our sponsorship of the Guinness Jonah Jones Rugby Sevens 2007 tournament. Involving an electrifying atmosphere and adrenalin-charged matches between teams from Malaysia, Thailand, Hong Kong and Singapore vying for the coveted Champions trophy, Guinness certainly elevated the sport to a new level of appeal.

The appearance of New Zealander, Eric Rush, one of rugby's favourite sons, and a power-packed

performance by the Maori dancers "Kahurangi", was only topped by their joint rendition of the vigorous "Haka" routine which drove the crowds wild. All in all, the spirit of camaraderie and revelry was evident as fans came together to celebrate the perfect combination of great Guinness and powerful rugby.

GUINNESS 9-BALL TOUR AT GENTING & PENANG

In May 2008, the temperature at the Genting Highlands Resort must have risen a couple of notches as 24 of Asia's hottest pool players descended on this cool highlands resort to compete for the region's most prestigious pool tournament, the Guinness 9-Ball Tour. Playing host to the event for the second year running, Guinness threw players, the media and guests a thrilling welcome party at the exclusive Safari Club introducing them to all things Guinness and pool.

For three action-packed days, the reigning champion, top seeds and crowd favourites matched skills and wits to battle it out for attractive cash prizes and an automatic berth at the World Pool Association Championships. In the end, Taiwanese pool supremo, Chang Jung-Lin, the winner of the previous year's

Genting tournament, dominated the proceedings and walked out as the 2008 Guinness 9-Ball Tour Genting Champion.

Amplifying the Guinness 9-Ball Tour experience for consumers was the Guinness Black Challenge Finals which was also held during the Genting leg. This tournament sought to find the nation's best amateur pool players via a series of 112 events held at happening pool clubs across Malaysia. The top eight players then gathered to battle it out at the peak, with Stephen Foo Zing Shen of Penang emerging as the 2008 Guinness Black Challenge Champion.



HEINEKEN

THE PERFECT BREW, NOW PERFECTLY CHILLED

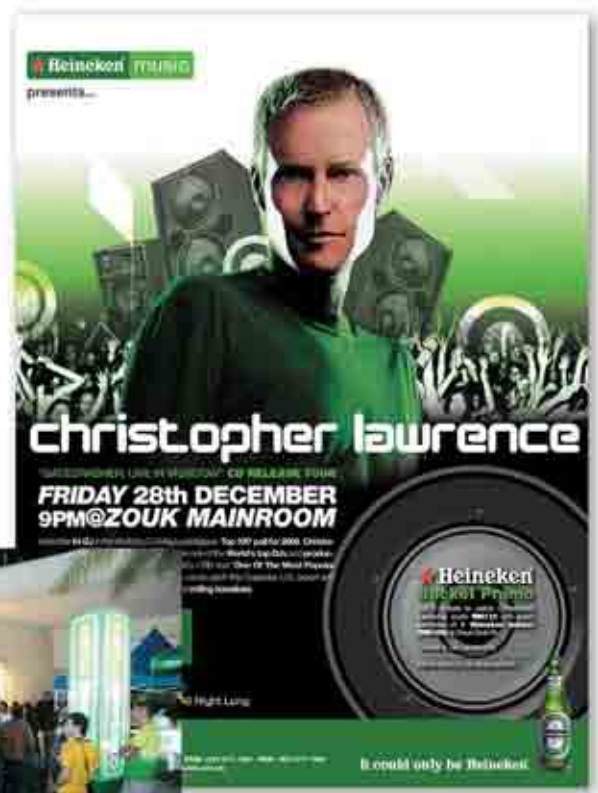
The World's No.1 international premium beer continues to up the ante with innovations such as Heineken served extra cold. Launched in November 2007 at an exclusive event of sub-zero proportions, Heineken served extra cold took the beer drinking experience to a refreshing, icy, new level. Using the revolutionary Heineken sub-zero coolers that chill Heineken's 325ml bottle to below sub-zero temperatures, Heineken beer can now be enjoyed at a temperature of between 0 - 3°C (as opposed to a serve at between 4 - 6°C). The result is a Heineken that is colder from the first sip to the last, providing drinkers with a smoother, less bitter and more intense drinking experience.





HEINEKEN COOLS DOWN BLAZING HOT TENNIS EVENT

Heineken served extra cold was the perfectly chilled accompaniment at the blazing hot "Clash of the Times" and "Clash of the Titans" matches during the Malaysia Independence Tennis Festival 2007 (MITF). The event featured star-studded tennis contenders Rafael Nadal and Richard Gasquet in the "Clash of the Titans" match, while spectators were wowed by tennis legend Pete Sampras and the then World's No. 1 Roger Federer in the "Clash of the Times" match.



As the official beer sponsor for the event, we gave away 60 exclusive tickets to the two "Clash matches" and the Malaysia Open ATP Challenger Series Final in our online "Swipe the extra cold Heineken bottle" competition. The competition saw online participants testing their skills in an exciting interactive game of skill whereby the "swipers" with the highest number of Heineken bottles stood a chance to win the grand prize of a Heineken mini sub-zero cooler.

GOING PLACES WITH HEINEKEN'S FESTIVE BEAT

Last Christmas, the Heineken World Gig Competition was launched, giving one lucky Malaysian a chance to celebrate in style at an international Heineken Music event of his or her choice. The selection of world gigs included Heineken Green Energy in Ireland, Jammin' Festival in Italy, FIB Heineken in Spain and Hua Hin Jazz Festival in Thailand.

As part of Heineken's Christmas promotion, our drinkers were rewarded with a limited edition Heineken bottle opener contained in a designer music bottle. The music bottle came in five different music themes and colour - Electro, Pop Punk, Chill Out, Crunk and Reggaeton. Our festive season's offering also included the 5 Litre limited edition Heineken DraughtKeg and the fully imported Heineken 1.5 Litre Magnum.

HEINEKEN MUSIC'S GROWING PLATFORMS

Our cutting edge Heineken Music programme continues to grow from strength to strength, providing new music experiences for consumers with a variety of new platforms. The 2007/2008 season saw Heineken Music present Impulse: A Junk Music Project. A marriage of leftfield music, art and cutting edge visuals, this platform highlighted the

enormous pool of creative talents in Southeast Asia. Through our quarterly Heineken Music International DJ events @ Zouk, we were able to bring the biggest international DJs and producers to Malaysia's shores. The success of artistes such as World's No.1 Paul Van Dyk, World's No. 2 Armin Van Buuren, and others like Remy and Christopher Lawrence, did much to inspire our audiences and promote a healthy, local creative music scene.



Management Review - Brand Highlights



The Heineken Music presents JUICE DJ Quest platform continues to get bigger and better every year. An excellent platform for discovering the best and brightest young DJs in the region, it has grown since 2002 and now covers Singapore, Indonesia, Hong Kong and Malaysia. Under the Heineken banner we celebrated diversity in FY08 by supporting international music events as varied as Revelation, 2 Days of Freedom, the Rainforest World Music Festival as well as jazz festivals in Miri, Penang and Genting. What unites all these Heineken Music events is their commitment to innovation and a shared experiences.

CHAMPIONING WORLD CLASS FOOTBALL

Heineken has always been passionate about bringing its consumers fresh, unexpected experiences. Our sponsorship of the UEFA Champions League (UCL) via the Heineken Champions Planet campaign (for the third time) underscored this commitment. As a proud sponsor of the most prestigious club football competition in the world, Heineken officially kicked off the 2007/08 Heineken Champions Planet campaign with

the launch of the Heineken Star Manager competition in March 2008. This competition saw consumers put their UCL proficiency to the test as they took on the role of a UCL club manager by creating their own dream team of 11 players. The three participants who created a team that most closely matched the highest-voted selection won an exhilarating all-expenses paid trip to watch the UCL Final live in Moscow.

In conjunction with the online component of the campaign, the Heineken Star Final competition was launched. This online game involved players vying against one another to see who could kick their virtual footballs in the fastest manner from Iceland to South Africa. Apart from keeping track of their Star Final standing, online participants had the chance to download a customisable Champions Planet widget and stay up-to-date with real-time UCL news. The winners, including two lucky ones from Malaysia, were brought together for a truly memorable safari experience in the South African desert, culminating with the live screening of the UEFA Champions League Final under the stars.

CELEBRATING WORLD MUSIC IN THE RAINFORESTS

Sarawak's lush rainforests once again played host to one Southeast Asia's most diverse and critically acclaimed music events, the Rainforest World Music Festival (RWMF). Now in its second decade of existence, the festival has developed from a local showcase of ethnic music and culture into one of the region's largest world music festivals. Heineken did its part to promote RWMF 2008 by working closely with its organiser, Sarawak Tourism to publicise the event to its target audience.

To distinguish RWMF 2008 from competing festivals, there was an increased focus on workshops conducted by the stars of the festival. These provided opportunities to catch some quality "face-time" with some of the world's most talented musicians. Heineken also played its part by running an online competition offering participants the chance to win a host of great prizes including an all-expenses paid trip for two to RWMF 2008.

Management Review - Brand Highlights

ANCHOR

GROWING SMOOTHLY, GROWING STRONGLY

The long-established Anchor Smooth continued to gain ground in the market with its new look, refreshing taste and smoother flavour, while the recently-launched Anchor Strong made good headway among consumers looking for slightly higher alcohol content. Both brands continued to carve niches in their respective market segments while helping grow GAB's overall consumer base.

To keep both Anchor Smooth and Anchor Strong top of mind with consumers, several promotional campaigns were run. These included Anchor Smooth's Credentials Campaign and a 50th Merdeka promotion, while Anchor Strong had a 1st Anniversary Celebration to commemorate the sale of over one million bottles of the stronger brew in its first year.



Management Review - Brand Highlights

KILKENNY

SPREADING CHEER THE IRISH WAY

This premium Irish ale has grown in popularity among young male and female urban drinkers, and is one of the fast rising stars in GAB's portfolio of premium brands. To thank loyal consumers, Kilkenny spread some Irish Christmas cheer via a year-end promotion that reflected how Kilkenny is savoured back in Ireland during the festive season – with friends and family, either at a favourite pub or at home.

Consumers who ordered three full pints of Kilkenny at their favourite entertainment outlet, received an additional half-pint in a collectible Kilkenny 2007 Christmas glass together with a special carry-case. For those who preferred to savour Kilkenny in the comfort of their own homes, imported limited-edition Kilkenny Draught cans were made available at selected stores throughout the Klang Valley.



MALTA

SERVING UP REFRESHING EXPERIENCES

Malta, the original malt beverage continues to reign as Malaysia's market leader. In line with the rising health awareness amongst consumers looking for more nutritional alternatives, a new, thirst-quenching variant called Malta Quench was launched. Advocating the concept "Refresh Your Moment", Malta Quench encourages active individuals looking to achieve more in their daily lives, to refresh themselves with this wholesome, non-alcoholic malt drink infused with hearty helpings of vitamins B1, B3 and B6.

To create market impact for Malta Quench, squads of Malta Attackers were commissioned to "refresh" consumers at high traffic areas around the Klang Valley. Garbed in striking outfits, groups of Malta Quench ninjas and cheerleaders literally stopped traffic with their bold moves, eye-popping theatrics and playful antics, all in a bid to "refresh consumers' moments".



Management Review - Brand Highlights

ANGLIA

ENGAGING AUDIENCES CREATIVELY

Anglia, Malaysia's No. 1 shandy, added a fresh new twist and taste to its role as the perfect accompaniment for any occasion with the new Anglia Apple. The new variant was unveiled at a vibrant, witty and engaging pop art exhibition which gave guests a peek into the fresh, fun and quirky world of Anglia Apple.

To showcase its brand personality and reward loyal consumers, Anglia ran the "Easy Win" contest which generated huge buzz amongst consumers for its list of cool prizes including an Apple Mac Book, iPod Hi-Fis, iPod Videos and blockbuster movie passes. Fans of Canto pop star and rising actor, Jay Chou, had the time of their lives when they partied with their heartthrob at an exclusive event thrown in conjunction with Jay's new movie and the Anglia "Kung Fu Dunk" contest. The contest concept revolved around consumers' creativity and originality at executing unique Kung Fu poses on Anglia Shandy's website. Anglia's Starlight Cinema festival went down well with consumers who were happy to redeem free tickets with their Anglia purchases.





Management Review - Supply Chain Highlights

ELEVATING PERFORMANCE VIA TPM

GAB has set its sights on becoming an icon in business and we are bringing into play world-class processes and technologies as well as a strong culture of excellence to ensure we accelerate towards our goal. Our Total Productive Management (TPM) programme, now into its fourth year of implementation, continues to be the best representation of our efforts to elevate our performance.

A Zero Loss Culture

Based on the global Heineken TPM programme and guided by regional Heineken TPM consultants, GAB's TPM programme has done much to inculcate a zero loss culture among our people. Our employees have grasped the importance of improving key performance indicators (KPIs), reducing overtime and other costs, while increasing production.

Those on the shop floor are responsible for their respective areas of work and for ensuring that every loss in time, productivity, material or product is

recovered for a better yield. They are quick to resolve problems and are focused on eliminating the root causes of problems to avoid future recurrences. As a result, our bottling, canning and kegging production lines all showed over 10% improvement in total efficiency over FY08.

A Way of Life

TPM has indeed become a way of life at GAB. Carefully structured TPM training ensures that the TPM mindset is continually cultivated throughout all areas of the work process. Our training modules encompassed the areas of discipline and basic maintenance, among others, as well as involved educational trips to other breweries and manufacturing facilities to understudy their TPM operations and integration efforts.

Our TPM efforts have delivered good results and in FY08 we improved our standing in relation to other breweries around the world. GAB received the highest scores in the region for the percentage of KPIs achieved.

DRIVING EFFICIENCY, ELIMINATING WASTAGE

Under the TPM programme, several effective initiatives have been brought into play to enhance workplace efficiency and eliminate wastage thereby lowering our overall costs.

Physical Enhancements

GAB's automated and integrated brewery is already doing much to significantly improve our overall efficiency and raise productivity. In order to maintain our position as a world-class facility, we made a capital investment of around RM30 million in our operations in FY08, which included an initiative to support increased market demand for our lager products. As such, three new fermentation and storage tanks were constructed to improve our fermentation capability. This initiative has helped improve the freshness of our beer and is ensuring that our beers reach consumers in perfect condition, especially when demand is at its peak during the festive seasons.



Management Review - Supply Chain Highlights

Past efforts to improve our facilities have included the relocation and refurbishment of our control room so that all our production managers, supervisors and operators are in one central location. This has gone a long way in improving communications, reducing time lags and increasing efficiency. The recent renovations to our headquarters and our Technical Block and the ensuing open-plan environment have also done much to encourage more face-to-face communication and foster faster decision making. We envisage that the open-plan approach will be rolled out across all offices in all sales regions over the next two years.

The 5S Programme

GAB's 5S programme which calls for all employees to "Sort, Set in order, Shine, Standardise and Sustain" advocates the elimination of waste through better organisation of the workplace. Its effective implementation has resulted in a more conducive working environment.

Precise Forecasting

Accurate demand forecasts for our products guide us in relation to the volume that we need to produce and deliver to each region so that we do not over-supply or under-supply our markets. Such information ensures that GAB's sales, brewing, packaging and supply planning departments utilise the precise amount of raw materials, resources and manpower to produce the right volume of beer in line with market needs.

Conservation Efforts

In line with our commitment to being an environmentally friendly company, we have reduced our dependence on fuel oil by connecting to the national natural gas pipeline. Our efforts in this area are beginning to pay off. From a cost perspective, we will make

savings in the long run as we lower our dependence on more expensive fuel oil. On the environmental protection front, the use of natural gas means that we are reducing the emission of carbon dioxide into the atmosphere.

In addition, we have systematically improved our operations as a whole by reducing our dependency on water and electricity, resulting in a double digit reduction in water and electricity consumption. Going forward, we will continue to focus on eliminating wastage and improving operational efficiency so that we produce more in less time, using fewer resources.

CONTINUING TO CULTIVATE EXCELLENCE

GAB's efforts at developing a culture of excellence throughout our organisation continue to bring us international recognition on the product front and we continue to be ranked among the best breweries within our brand owners' global network.

For the second consecutive year, GAB won the coveted Guinness League of Excellence Award for the best quality Guinness brewed outside of Ireland. Judging in this highly competitive annual competition among Guinness' breweries involves an elaborate and meticulous process all year round by an independent panel at the Guinness Brand Technical Centre in Dublin, Ireland. This award is only made after reviewing quality benchmarks across a number of measures at the 47 breweries around the world.

It entails the Centre's laboratory analysing unmarked samples from breweries around the world to evaluate their compliance with the original Dublin-brewed Guinness recipe. This is followed by the blind-taste

test in which the 25-member panel tastes the samples and ranks them for compliance. In the packaging evaluation, the Guinness bottles and cans are inspected in terms of looks, labels and packaging. All this is done every month for an entire year and the data is collated for statistical evaluation to determine the winners in each of the three regions in the Guinness brewing world. For 2007, GAB was awarded the highest scores in the Asia Pacific Region and the Rest of World categories.

GAB was also a first-time winner of the international Tiger Quality Award as well as the Tiger In-market Quality Award for 2008. The latter evaluated us on our product's freshness, packaging quality and serving standard. We were also a close runner-up in Asia Pacific for the Diageo Market of the Year Award. All these awards serve to show that GAB is on the right path towards achieving our vision of becoming an icon in business.

ENSURING UNINTERRUPTED OPERATIONS

Safety and security measures are of prime importance at GAB and we continue to introduce new safety and security measures at our premises, within the brewery and in the office areas. This is critical for ensuring a smooth, uninterrupted work flow that optimises our production process.

As part of our efforts to improve safety and security measures, we have built a separate car park for visitors and operations staff. This segregates traffic from our main corporate and technical buildings and improves traffic flow. It has also enhanced our logistics movements, whereby there is now a one-way route for all incoming and outgoing trucks to and from the brewery.



Management Review - Supply Chain Highlights

On the delivery and logistics fronts, our goal is to get our products to our distributors and onto the shelves as quickly and as cost-effectively as possible. We aim for a 100% success rate every time to ensure our products reach our customers at the specified time and date and in the exact quantity ordered. Our new-look trucks and better packaging are doing much to enhance our brand image as well as enhance our efficiency.

The year under review saw us once again receiving ISO 9001:2000 accreditation and the Ministry of Health's Hazard Analysis Critical Control Point (HACCP) certification. We were the first brewery in the country to receive these two internationally recognised standards for safety and quality in 2002 and have been successful in having them renewed every year.

All in all, our culture of excellence and TPM initiatives are taking us much closer towards tangibly achieving our vision of being an icon in business.





Finance Director's Review

OVERVIEW OF THE MALT LIQUOR MARKET

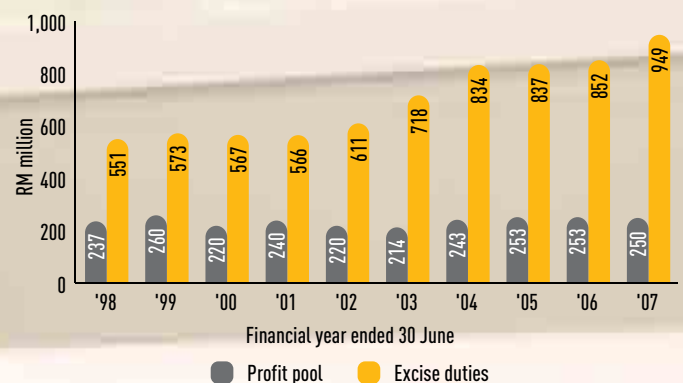
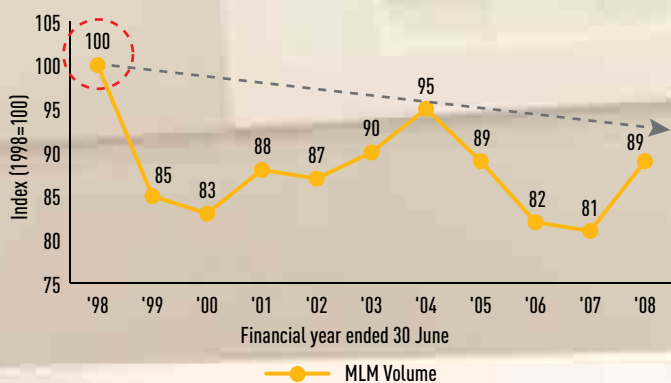
Sluggish Market Performance

The malt liquor market (MLM) in Malaysia has not grown during the last decade. Rather, it has undergone a period of consolidation posting a Compounded Average Growth Rate (CAGR) of -1.1%. The market's peak of 1.51 million hectolitres in 1997 (versus 1.35 million hectolitres in 2008) has never been exceeded. Although MLM volume registered a 10% growth in 2008, it has taken some five years (since 2004) to reverse the market's declining fortunes.

High Government Duties Vs Languishing Industry Profits

Malaysia has the second highest excise duty for beer and stout in the world after Norway. From the years 2004 to 2006, the consecutive increases in excise duty (amounting to 59%), exerted tremendous pressure on an already difficult and competitive environment. While excise duties from breweries peaked at approximately RM950 million in 2007, industry players have hardly increased their profit pool over the last 10 years. The Government's decision not to impose another excise duty increase in the coming year is welcome respite for the market.

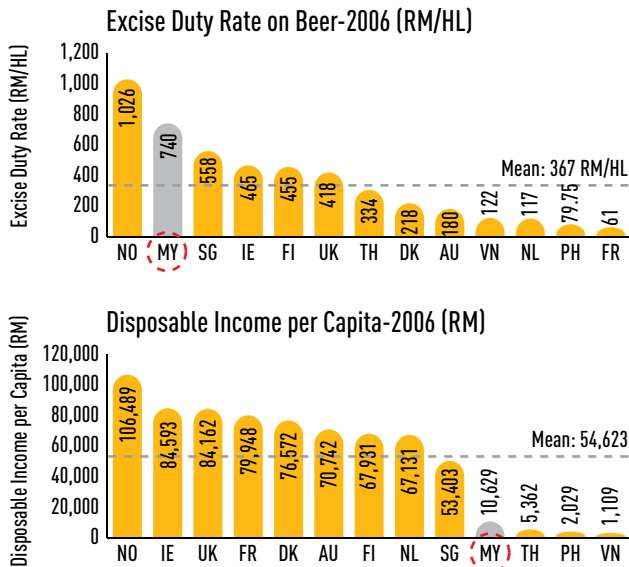
MLM Volume Index



Finance Director's Review

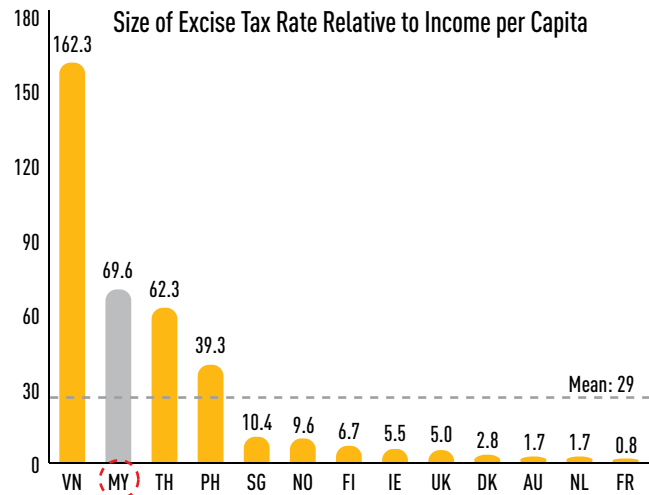
High Excise Tax Rate Vs Low Disposable Income

Taking into consideration Malaysia's significantly lower disposable income per capita (in comparison to other developing and developed countries), the price of beer and stout in Malaysia is rather expensive. The excise tax rate makes up in excess of 50% of the retail price of beer and stout.



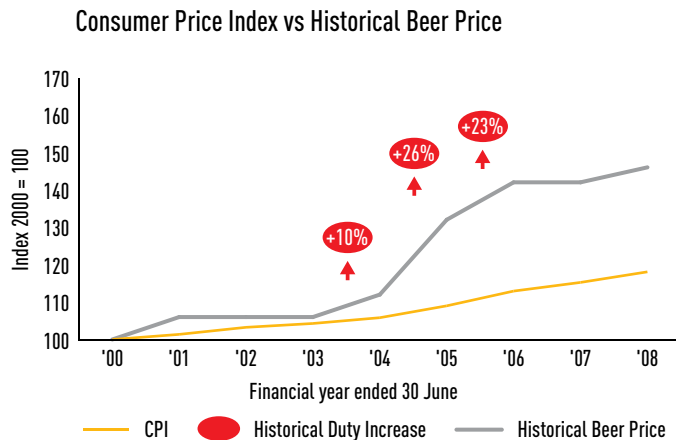
Source: EIU, World Drink Trends 2004, Deloitte Research

Rest of the World				Southeast Asia	
AU	Australia	IE	Ireland	MY	Malaysia
DK	Denmark	NL	Netherlands	PH	Philippines
FI	Finland	NO	Norway	SG	Singapore
FR	France	UK	United Kingdom	TH	Thailand
				VN	Vietnam



Pricier Beer Impacts the CPI

While the industry as a whole has not changed fundamentally, the consumer price of beer has been rising faster than inflation and this has made beer less affordable over time. As shown in the chart below, the consecutive excise duty increases from 2003 to 2005 were accompanied by steep inflationary spikes affecting the consumer beer price and ultimately the Consumer Price Index (CPI).

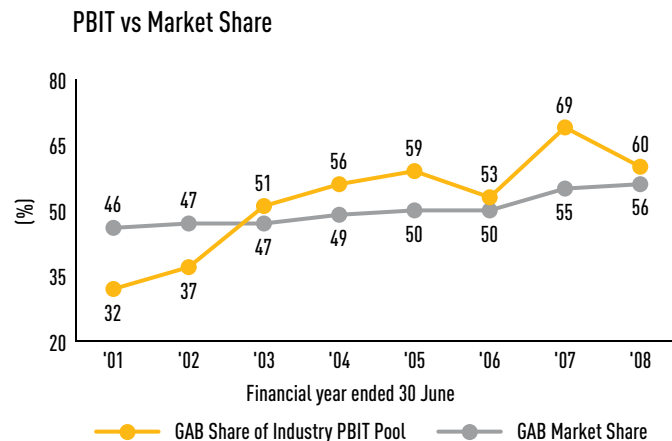


Source: Research International July 2007, Canadian Report - The Beer Service Annual Report 2007
 Cycle: Malaysia, Euromonitor International, EIU.

GAB'S LEADERSHIP POSITION

The Clear Market Leader

In the midst of this challenging operating environment, GAB has successfully reinvented itself in order to be relevant to changing market needs. In 2001, GAB's market share of the MLM was 46% and it had 32% of the industry profit pool. At the end of June 2008, GAB owned more than 56% market share and enjoyed 60% of the industry profit pool, establishing its position as the MLM's clear leader.



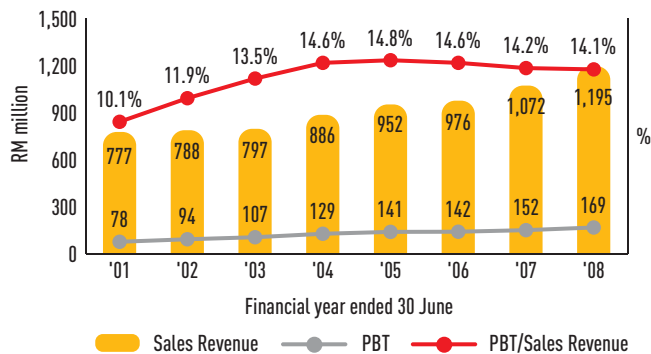
Source: GAB Internal Estimates

GAB's success in gaining market share year-on-year in a mature market and tough business landscape, is largely due to its steadfast focus and successful implementation of several key strategies. In the last few years this has involved an unwavering commitment to the areas of People, Brands and Performance. These initiatives have enabled GAB to build up a sustainable competitive advantage on the back of the collective strength of its brand portfolio.

Cost Efficiencies Help Drive Profitability

GAB's cost efficiency initiatives continue to contribute to its higher revenue and profit before tax (PBT). Despite escalating costs due to soaring global commodity prices and higher raw materials, utilities and fuel prices, GAB continues to maintain its profitability through driving its people, brands and performance.

Sales Revenue vs PBT

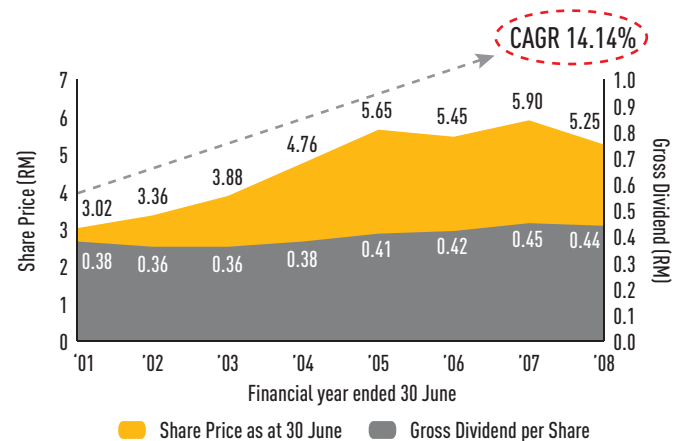
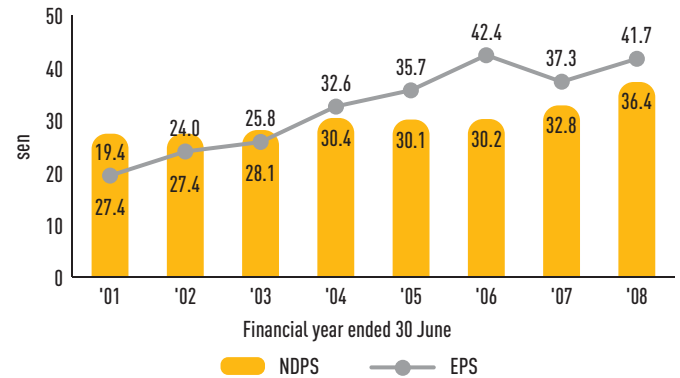


Source: Bursa Malaysia.

Shareholder Value Creation

GAB remains committed to returning a significant part of its earnings to its shareholders. In line with the company's strong performance, it has been posting CAGR of 14.1% in terms of returns on investment to its shareholders.

Earnings Per Share (EPS) & Net Dividend Per Share (NDPS)



Source: Bursa Malaysia.

GAB's commitment to delivering value to its shareholders was duly recognised when GAB was ranked 18th out of 100 companies in the KPMG/The Edge Shareholder Value Awards 2007. The Company also came in 4th in the Consumer Market Segment category. In December 2007, GAB was passed the Minority Shareholder Watchdog Group's Dividend Sustainability Screening of Top 500 Companies. The fact that GAB has substantial foreign shareholding further attests to the Company's financial attractiveness.

Corporate Information

DIRECTORS

Tan Sri Saw Huat Lye (Chairman)

Charles Henry Ireland (Managing Director)

Tan Sri Dato' Alwi Jantan

Chin Yoong Chong

Dato' Jaffar Indot

Low Teng Lum

David Neill Moore

David Heginbottom (Alternate Director to David Neill Moore)

Dr Leslie Buckley

Sreesanthan Eliathamby

Martin Giles Manen

SECRETARIES

Low Teng Lum (MAICSA 0728175)

Ng Sow Hoong (MAICSA 7027552)

AUDITORS

KPMG

REGISTERED OFFICE

Sungei Way Brewery

Lot 1135, Batu 9, Jalan Klang Lama

P.O. Box 144, 46710 Petaling Jaya

Selangor Darul Ehsan

Tel : 03-78614688

Fax : 03-78614602

SHARE REGISTRAR

Tenaga Koperat Sdn Bhd

Level 17, The Gardens North Tower

Mid Valley City, Lingkaran Syed Putra

59200 Kuala Lumpur

Tel : 03-22643883

Fax : 03-22821886

PRINCIPAL BANKERS

Standard Chartered Bank Malaysia Berhad

CIMB Bank Berhad

RHB Bank Berhad

Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

WEBSITE

www.gab.com.my





Board of



Martin Giles Manen



Tan Sri Dato' Alwi Jantan



David Neill Moore



Dato' Jaffar Indot



Tan Sri Saw Huat Lye
Chairman

Directors



Dr Leslie Buckley



Chin Yoong Chong



Sreesanathan Eliathamby



Low Teng Lum
Finance Director



Charles Henry Ireland
Managing Director

Directors' Profile

TAN SRI SAW HUAT LYE

Bachelor of Arts (Hons) Economics (University of Malaya), Advanced Management Programme (Harvard Business School)

Independent Non-Executive Director, Chairman of the Board of Directors, Executive Committee, Remuneration Committee and Nomination Committee and Member of the Audit Committee

Tan Sri Saw Huat Lye, Malaysian, aged 73, was appointed to the Board on 24 February 1987 and was elected Chairman of the Board on 8 September 1997.

Tan Sri Saw joined the Malaysian Home and Foreign Service in 1958 and served in various capacities including as Assistant State Secretary (Local Government) of Perak, Chairman of the Taiping Town Council, Assistant Federal Commissioner of Lands, Ministry of Rural Development and Deputy Secretary-General of the Ministry of Transport.

In 1971, Tan Sri Saw retired from the Civil Service to head a team to set up Malaysian Airline System following the break-up of MSA. Tan Sri Saw served as the Airline's first Chief Executive until his retirement in 1982.

Besides Guinness Anchor Berhad, Tan Sri Saw is also Chairman of GAB Foundation's Board of Trustees and sits on the Board of Edaran Otomobil Nasional Berhad. He is also a fellow of the Chartered Institute of Logistics and Transport since 1975.

CHARLES HENRY IRELAND

Executive Development Programme (Warwick Business School)

Managing Director and Member of the Executive Committee and Remuneration Committee

Charles Henry Ireland, British, aged 43, was appointed as Managing Director on 1 May 2007. He joined GAB on 8 May 2006 as the General Manager, Marketing and was appointed to the Board on 26 May 2006.

Charles started his career in 1985 as a financial consultant at Young, Claridge and Richmond Ltd, United Kingdom. In 1987, he joined the Nestle Rowntree Grocery Division. He was appointed National Account Manager of Nestle Petfood Division in 1990 and later became National Account Manager of Nestle Food Division and served in various capacities within the Group until 1997. Later in the same year, he started his career with Diageo Plc as Account Director - On Trade of Guinness GB and went on to become its Customer Marketing Director in 1999 before his promotion to Global Consumer Director of Diageo Ready to Drink Brands in 2001. Prior to joining GAB, Charles was Managing Director of Diageo Philippines from 2003 and was given additional responsibility as Commercial Director Asia in 2005.

He currently serves as Governing Council Member of the Confederation of Malaysian Brewers Berhad, Vice President of the Malaysian International Chamber of Commerce and Industry and Trustee of the GAB Foundation.

TAN SRI DATO' ALWI JANTAN

Bachelor of Arts (Hons) (University of Malaya), Advanced Management Programme (Harvard Business School), Honorary Diploma (Roma)

Senior Independent Non-Executive Director and Member of the Audit Committee and Nomination Committee

Tan Sri Dato' Alwi Jantan, Malaysian, aged 73, was appointed to the Board on 24 November 1994.

Tan Sri Alwi commenced employment as a Malayan Civil Service Officer attached to the Federal Establishment Office in 1958. In a career spanning 32 years, he held several senior positions including Director of National Archives, Malaysia (1966-1971) and Director General of National Archives and Library (1971-1972) which he helped establish; Selangor State Secretary (1972-1976); Secretary General, Ministry of Local Government and Federal Territory (1976); Secretary General, Ministry of Health (1977-1981); Deputy Secretary General, Prime Minister's Department (1981-1984); Secretary General, Ministry of Agriculture (1984-1987); and Director General of Public Service, Malaysia from 1987 until his retirement in 1990.

Tan Sri Alwi is currently the Executive Director of Resorts World Berhad. He is also on the Boards of Hiap Teck Venture Berhad, Genting Golf Course Bhd, Awana Vacation Resorts Development Berhad and Genting Highlands Berhad.

CHIN YOONG CHONG

Barrister-At-Law (Middle Temple)

Independent Non-Executive Director and Member of the Audit Committee

Chin Yoong Chong, a Malaysian, aged 75, was appointed to the Board on 20 February 1995. He has been practising as an Advocate and Solicitor from June 1959 and is currently a Senior Partner in Skrine.

He also serves on the Board of Malaysia Land Development Company Berhad.

DATO' JAFFAR INDOT DSNS SMS

International Senior Managers' Programme (Harvard)

Independent Non-Executive Director, Chairman of the Audit Committee and Member of the Remuneration Committee and Nomination Committee

Dato' Jaffar Indot, Malaysian, aged 74, has been a Director of the Company since 2 January 1999.

Dato' Jaffar began his career with the Rural Industrial Development Authority (RIDA) in 1953 before joining Shell Malaysia in 1956 and retiring in 1989 after 33 years of service. During this period, he worked for Shell in various capacities locally and overseas in Japan and the United Kingdom in marketing, public affairs, international oil trading and business development. On his return to Malaysia in 1980, he was appointed an Executive Director for Public Affairs. In 1983, he assumed the position of Managing Director Shell Downstream Companies in addition to being an Executive Director for Shell Companies in Malaysia until his retirement in August 1989. He was the Chairman of Shell Timur Sdn Bhd from August 1989 to December 1997.

Dato' Jaffar is a Director of the following public listed companies:-

- Shell Refining Company (Federation of Malaya) Berhad ("Shell Refining")
- FSBM Holdings Berhad ("FSBM")
- Sycal Ventures Berhad
- Melewar Industrial Group Berhad
- M3nergy Berhad

He is the Chairman of the Audit Committee of Shell Refining and FSBM and a member of the Audit, Nomination, Remuneration and Risk Management Committees in the other public listed companies.

He is also a Director of Cygal Berhad and F3 Strategies Berhad, both public companies.

LOW TENG LUM

FCCA, ACIS, CA (M), MCT, Master of Public Administration (Harvard)

Executive Director and Member of the Audit Committee

Low Teng Lum, Malaysian, aged 54, was appointed to the Board on 15 August 2001.

He was an Audit Senior with Arthur Young before he joined Guthrie Malaysia as Internal Audit Manager. He subsequently held the post of Group Internal Auditor in Palmco Holdings Berhad and General Corporation Berhad before his appointment as Finance Manager of Southern Steel Berhad. During his 14-year tenure with Southern Steel Berhad, he was successively promoted to General Manager (Commercial), Senior General Manager (Rod Division) and Chief Operating Officer (Steel Business Unit) before taking up his current position in Guinness Anchor Berhad.

Directors' Profile

DAVID NEILL MOORE

LL.B, Dip.L.P. (Edinburgh University), LL.M., M. Phil (Cambridge University), Solicitor, Member of the Law Societies of Scotland, England & Wales, and NSW, Australia.
Non-Independent Non-Executive Director and Member of the Executive Committee, Audit Committee, Remuneration Committee and Nomination Committee

David Moore, British, aged 38, was appointed to the Board on 10 November 2005.

He began his career as a commercial lawyer in the UK, based in Edinburgh, specialising in mergers and acquisitions and venture capital transactions, as well as inward investment for a range of Asian companies. In 2000, he relocated to Sydney, Australia to join a corporate law firm.

He joined Diageo in Australia in 2001 and was involved in a wide range of transactions in the industry, including restructuring of the Guinness businesses in Australia, China, Indonesia, Japan, Korea and New Zealand. As Regional Counsel, Asia, he was involved in the development of Diageo's partnerships, joint ventures and distribution relationships throughout the region. In 2004, David relocated to Diageo's regional headquarters in Singapore.

He is currently a member of Diageo Southeast Asia Regional Executive as Managing Director of Singapore, Malaysia and Indonesia.

DR. LESLIE BUCKLEY

Doctorate of Philosophy (Columbia University), Bachelor of Arts (Massey University)
Non-Independent Non-Executive Director and Member of the Executive Committee, Audit Committee, Remuneration Committee and Nomination Committee

Dr. Leslie Buckley, New Zealander, aged 47, was appointed to the Board on 4 January 2007.

Dr. Buckley has 20 years of working experience in Sales and Marketing of which 16 years was in the brewing industry in Asia and Australasia. Dr. Buckley is currently the Regional Director (S.E.A./Oceania) of Asia Pacific Breweries Limited.

SREESANTHAN ELIATHAMBY

LLB (Hons), University of Malaya, B.C.L., University of Oxford, United Kingdom
Independent Non-Executive Director and Member of the Audit Committee

Sreesanthan Eliathamby, Malaysian, aged 48, was appointed to the Board on 1 March 2008.

Sreesanthan is an Advocate & Solicitor and he is currently a Partner of Messrs Kadir, Andri & Partners. He was formerly a Legal Assistant and later a Partner of Messrs Zain & Co. Subsequent to that, he was a Partner of Messrs Zul Rafique & Partners.

Sreesanthan is a member of the Investment Committee of the Amanah Saham Wawasan 2020 Fund, Bursa Malaysia Listing Committee and a member of the Investigating Tribunal Panel of the Advocates and Solicitors' Disciplinary Board. He is also an accredited mediator of the Malaysian Mediation Centre.

Sreesanthan currently sits on the Boards of Chemical Company of Malaysia Berhad and Scomi Group Berhad.

MARTIN GILES MANEN

Chartered Accountant, Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants
Independent Non-Executive Director and Member of the Audit Committee

Martin Manen, Malaysian, aged 53, was appointed to the Board on 29 August 2008.

Martin is currently the Chief Executive Officer of Perception Management Sdn Bhd (PMSB), a public relations and communication consultancy company. Prior to joining PMSB, he served more than 21 years with Sime Darby Group, holding various senior positions including Group Tax Controller, Group Company Secretary, Group Finance Director and Divisional Director of the Allied Products & Services Division. He started his career at KPMG with whom he served 11 years in Malaysia and the United Kingdom, undertaking audit, tax and business advisory assignments.

Martin has served as a member of the Malaysian Accounting Standards Board, the Executive Committee of the International Fiscal Association (Malaysia Branch), the Task Force on the formation of an Audit Oversight Board chaired by the Securities Commission (SC) and the Accounting Technical Panel of the SC.

Martin also serves on the Board of Transmile Group Berhad.

DAVID HEGINBOTTOM

(Alternate Director to David Neill Moore),
Chartered Accountant (Institute of Chartered Accountants in England and Wales), Master of Arts (Oxford University)
Alternate Non-Independent and Non-Executive Director

David Heginbottom, British, aged 37, was appointed as the Alternate Director to David Neill Moore on 10 November 2005, having previously held the position of Alternate Director to John Irving since 10 May 2005.

He began his career with KPMG in the UK and later joined Diageo Plc in 1996. He spent four years working in Financial Controller roles in the European Burger King division, before moving through a number of senior finance roles in Diageo Corporate Headquarters and subsequently Diageo Ireland. He was appointed as Finance Director for Diageo Australasia in 2004 and promoted to Finance Director for Diageo Asia in 2005.

Management

Low Teng Lum

Renuka Indrarajah

Charles Henry Ireland

Mark Jenner



Executives



Michael Chin

Peter G Vogtlander

Sujitha Rajaratnam

Management Executives' Profile

CHARLES HENRY IRELAND

Executive Development Programme (Warwick Business School)
Managing Director

Charles Henry Ireland, British, was appointed as Managing Director on 1 May 2007. He joined GAB on 8 May 2006 as the General Manager, Marketing and was appointed to the Board on 26 May 2006.

Charles started his career in 1985 as a financial consultant at Young, Claridge and Richmond Ltd, United Kingdom. In 1987, he joined the Nestle Rowntree Grocery Division. He was appointed National Account Manager of Nestle Petfood Division in 1990 and later became National Account Manager of Nestle Food Division and served in various capacities within the Group until 1997. Later in the same year, he started his career with Diageo Plc as Account Director - On Trade of Guinness GB and went on to become its Customer Marketing Director in 1999 before his promotion to Global Consumer Director of Diageo Ready to Drink Brands in 2001. Prior to joining GAB, Charles was Managing Director of Diageo Philippines from 2003 and was given additional responsibility as Commercial Director Asia in 2005.

He currently serves as Governing Council Member of the Confederation of Malaysian Brewers Berhad, Vice President of the Malaysian International Chamber of Commerce and Industry and Trustee of the GAB Foundation.

LOW TENG LUM

FCCA, ACIS, CA (M), MCT, Master of Public Administration (Harvard)
Finance Director

Low Teng Lum, Malaysian, was appointed to the Board on 15 August 2001.

He was an Audit Senior with Arthur Young before he joined Guthrie Malaysia as Internal Audit Manager. He subsequently held the post of Group Internal Auditor in Palmco Holdings Berhad and General Corporation Berhad before his appointment as Finance Manager of Southern Steel Berhad. During his 14-year tenure with Southern Steel Berhad, he was successively promoted to General Manager (Commercial), Senior General Manager (Rod Division) and Chief Operating Officer (Steel Business Unit) before taking up his current position in Guinness Anchor Berhad.

RENUKA INDRARAJAH

Bachelor of Laws (University of Queensland),
Post Graduate Diploma in Legal Practice (QUT)
Solicitor of the Supreme Court of Queensland and
High Court of Australia
Corporate Relations & Legal Director

Renuka Indrarajah, Malaysian, formerly an Advocate and Solicitor, joined GAB in February 2002 as Legal Manager. She was promoted as the Head of Legal Affairs in 2004 and was promoted as the Corporate Relations & Legal Director in May 2007.

Renuka began her career as a solicitor in Queensland, Australia until 1993 when she returned to Malaysia. She continued her career in the Corporate Department of Skrine, a prominent firm of Advocates & Solicitors in Kuala Lumpur.

In December 1998, she joined Sema Group and was responsible for setting-up and managing the regional legal department, which entailed having all legal matters pertaining to the Southeast Asia region, Japan, China, Australia and India under her purview.

Renuka currently serves as Governing Council Member of the Confederation of Malaysian Brewers Berhad and as Director of the GAB Foundation Management Committee.

Management Executives' Profile

MARK JENNER

Bachelor of Management Studies (Hons) Waikato University
Marketing Director

Mark Jenner, New Zealander, joined GAB on 8 May 2007.

Mark started his career with Unilever in New Zealand in 1990 before moving to GlaxoSmithKline in London from 1993 to 1996.

He joined DB Breweries in New Zealand in 1997 where he held a number of marketing roles before moving to Heineken International in Amsterdam in 2004 as a Regional Marketing Manager. During his time in the Netherlands, he was involved as a management member of the project team that developed and launched Heineken's first new beer in 133 years – Heineken Premium Light. He was also a management member of the global Heineken brand team that was responsible for the development and communication of the global Heineken brand strategy.

MICHAEL CHIN

Bachelor of Marketing and Management (University of Oregon)
Sales Director

Michael Chin, Malaysian, rejoined GAB on 1 July 2006.

Michael started his career in the IT industry where he spent five years in channel management, product management and business development.

He spent the next five years at DHL Malaysia as its Commercial Manager, responsible for the Global Accounts & Logistics Group. Following that, he returned to the IT industry where he was involved in e-commerce consultancy.

Michael first joined GAB in 2002 and became Head of Sales Operations and was also Co-Project Manager of its Customer Relationship Management initiative which included the implementation of sales force automation and dealer IT system.

In 2004, he moved to Diageo Asia as Regional Sales Development Manager responsible for regional sales capability development for its beer and spirits business. Prior to rejoining GAB, Michael was Commercial Director of Asia Beer and played a pivotal role in the successful growth of Guinness in Indonesia.

PETER G VOGTLANDER

Master of Mining & Petroleum Engineering (Tu Delft)
Supply Chain Director

Peter G Vogtlander, Dutch, joined GAB in September 2005.

Prior to assuming his current role, Peter had served the Heineken Group in various capacities - Brewery Manager for Ghana Breweries (2000), Nigerian Breweries (2001) and Multi Bintang, Indonesia (2005).

Peter had four years of technical experience in Unilever before joining the Heineken Group.

SUJITHA RAJARATNAM

LLB (Hons), University of London
Human Resources Director

Sujitha Rajaratnam, Malaysian, joined GAB in February 2004.

Sujitha started her career in Human Resources with the Hong Leong Group. During her 7-year stint there, she had worked with different companies within the Group, dealing with matters related to Human Resources and Legal Affairs.

Prior to her current role, Sujitha was the Manager, Human Resources for GAB, handling Industrial Relations and Employee Relations.

Corporate Governance

The Board is pleased to disclose herein the Group's application of the underlying principles set out in the Malaysian Code on Corporate Governance (Revised 2007) (the Code) and the extent to which it has complied with the Code throughout the financial year ended 30 June 2008.

1. BOARD OF DIRECTORS

The Board

An effective Board leads and controls the Group, and has established terms of reference to assist it in the discharge of this responsibility. All Directors are from diverse professional backgrounds with a wide range of business and financial experience relevant to lead a fast moving consumer products company and, as such, are able to bring independent judgment on issues of strategy, performance, resources and standards of conduct. A brief profile of each Director is set out on pages 54 to 57 of the Annual Report.

Board Balance

The Board currently has ten members of whom two are Executive Directors and six out of the eight Non-Executive Directors (including the Chairman) are independent. There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Managing Director has the principal responsibility of reporting, clarifying and communicating matters to the Board.

Tan Sri Dato' Alwi Jantan is the Company's Senior Independent Non-Executive Director, to whom concerns may be conveyed.

There is an effective check and balance within the Board with the presence of a majority of the Board members being independent. Although all Directors have an equal responsibility for the Group's operations, the role of these Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined with due regard to risk management. The decisions are arrived at after taking into account the long term interests, not only of the Shareholders, but also of employees, customers, suppliers, and the many communities in which the Group conducts its business.

Board Meetings

The Board meets at least four times a year, with additional meetings convened when necessary. During the financial year ended 30 June 2008, four (4) Board meetings were held and the details of attendance of the Directors are as follows:-

Name of Director	No. of Board Meetings attended
Tan Sri Saw Huat Lye	4 out of 4 meetings
Charles Henry Ireland	4 out of 4 meetings
Tan Sri Dato' Alwi Jantan	4 out of 4 meetings
Chin Yoong Chong	4 out of 4 meetings
Dato' Jaffar Indot	4 out of 4 meetings
Low Teng Lum	4 out of 4 meetings
David Neill Moore	3 out of 4 meetings
Dr. Leslie Buckley	4 out of 4 meetings
Sreesanthan Eliathamby (Appointed on 1 March 2008)	1 out of 1 meeting held since his appointment

Note : Mr Martin Giles Manen was appointed a Director of the Company on 29 August 2008.

Supply of Information

Each Board member is supplied with information on a timely basis to enable them to effectively discharge their duties and responsibilities. The agenda together with Management reports or proposal papers are circulated on a timely manner prior to Board meetings to enable the Directors to review and consider matters to be deliberated at the Board meetings. The Management reports include, among others, the following details:

- major operational and financial issues
- product and service quality measures
- monthly performance report of the Group
- environmental performance
- significant developments on human resources
- market share and market responses to the Group's strategies

In addition, there is a schedule of matters reserved specifically for the Board's decision including the approval of quarterly financial statements, the annual operating plan, major acquisitions or disposal of a business or assets and changes to management and control structure of the Group, key policies, procedures and authority limits.

Where necessary, Senior Management will be invited to attend Board meetings to provide additional information and insights on the relevant agenda items tabled at Board meetings.

The Board has unrestricted and constant access to and interaction with the Senior Management. All Directors have access to the advice and services of the Company Secretaries.

The Board has also approved a procedure for Directors, whether as a full Board or in their individual capacity, to obtain independent professional advice at the Company's expense, where necessary, to enable them to discharge their responsibilities.

Board Committees

The Board has delegated specific responsibilities to Board Committees as well as various sub-committees to assist the Board in the running of the Group. The functions and terms of reference of the Board Committees as well as authority delegated by the Board to these Committees have been clearly defined by the Board. There are four Board Committees namely the Executive Committee, Audit Committee, Remuneration Committee and Nomination Committee and the details of their work are set out below. These Committees examine specific issues and report to the Board with their recommendations. The ultimate responsibility for decision-making lies with the Board.

Corporate Governance

Nomination Committee

The Code endorses as good practice, a formal procedure for appointments to the Board, with a Nomination Committee to make recommendations to the Board and assessing Directors on an on-going basis. The Code, however, states that this procedure may be performed by the Board as a whole, although as a matter of good practice, it recommends that this responsibility be delegated to a committee.

All Directors were previously involved in the process of assessing existing Directors and identifying, nominating, recruiting, appointing and orientating new Directors but the Board had reviewed this position and set up a Nomination Committee on 28 May 2001. The Nomination Committee comprises entirely of Non-Executive Directors with the majority being Independent, as follows:

- Tan Sri Saw Huat Lye (Chairman, Independent Non-Executive Director)
- Tan Sri Dato' Alwi Jantan (Senior Independent Non-Executive Director)
- Dato' Jaffar Indot (Independent Non-Executive Director)
- David Neill Moore (Non-Independent Non-Executive Director)
- Dr. Leslie Buckley (Non-Independent Non-Executive Director)

The Nomination Committee recommends to the Board suitable candidates for appointment as Directors and to fill the seats on committees of the Board. In addition, the Nomination Committee assesses the effectiveness of the Board, the Committees of the Board and the contribution of each individual Director.

The Board, through the Nomination Committee, reviews annually its required mix of skills, expertise, attributes and core competencies of its Directors and succession plans for members of the Board.

Meetings of the Nomination Committee are held as and when required, and at least once a year. During the financial year ended 30 June 2008, one (1) meeting was held and was attended by all members of the Nomination Committee.

Re-election of Directors

In accordance with Article 96 of the Company's Articles of Association (Articles), any new Director appointed by the Board shall hold office only until the next Annual General Meeting of the Company and shall be eligible for re-election.

Article 89 of the Articles provides that one-third of the Directors shall retire from office by rotation at each Annual General Meeting and all Directors, including the Managing Director, shall retire from office at least once every three years but shall be eligible for re-election.

Pursuant to Section 129 of the Companies Act, 1965, Directors who are of the age of 70 and above shall retire at every Annual General Meeting and may offer themselves for re-appointment to hold office until the next Annual General Meeting.

Tan Sri Dato' Alwi Jantan and Mr. Chin Yoong Chong, will retire pursuant to Section 129 of the Companies Act, 1965 at the 44th Annual General Meeting of the Company and do not seek re-election.

Upon the recommendation of the Nomination Committee, the following Directors shall retire at the 44th Annual General Meeting of the Company and have offered themselves for re-election:-

- Mr. David Neill Moore, retiring pursuant to Article 89 of the Company's Articles;
- Mr. Sreesanthan Eliathamby, retiring pursuant to Article 96 of the Company's Articles;
- Mr. Martin Giles Manen, retiring pursuant to Article 96 of the Company's Articles;
- Tan Sri Saw Huat Lye, retiring pursuant to Section 129 of the Companies Act, 1965; and
- Dato' Jaffar Indot, retiring pursuant to Section 129 of the Companies Act, 1965.

Directors' Training

As an integral element of the process of appointing new Directors, the Nomination Committee will ensure that there is an orientation and education programme for new Directors with respect to the business and management of the Group. Directors will also receive such further training that may be required from time to time to keep them abreast with relevant changes in laws and regulations, and the business environment.

All Directors have completed the Mandatory Accreditation Programme and fulfilled the Continuing Education Programme (CEP) requirements as prescribed by the Listing Requirements of Bursa Securities.

The Board has taken the onus to review, evaluate and determine the training needs of the Directors. During the financial year ended 30 June 2008, an in-house training programme which covered the following topics, was organised for the Directors of the Company:-

- Challenges to Board Governance under the revised Code of Corporate Governance
- Amendments to the Companies Act, 1965
- Corporate Fraud and Fraud Risk Management
- Economic Outlook – Domestic Poser Amid Headwinds
- Stock Market Outlook & Implications on Consumer Companies

Some of the Directors have also attended training programmes, seminars and conferences organised by various training providers during the said financial year, such as:-

- Leading Organisational Change
- SCQuARE Training
- Building Breakthrough Enterprise
- Diageo Leadership Performance Programme
- The Greatness Challenge
- The 7-Habits of Highly Effective People

The Board will on a continuous basis, evaluate and determine the training needs of the Directors.

Corporate Governance

2. DIRECTORS' REMUNERATION

Level and Make-up of Remuneration

The Group has adopted the objective as recommended by the Code to determine the remuneration of the Directors so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. The component parts of their remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

Procedure

The Remuneration Committee is responsible for recommending to the Board the policy framework on terms of employment of and on all elements of the remuneration of Executive Directors and members of the Senior Management of the Company. The Remuneration Committee is authorised to review and recommend the annual bonus and salary increment of the Executive Directors and members of the Senior Management of the Company. Remuneration of Non-Executive Directors is decided by the Board with the Director concerned abstaining from deliberations and voting accordingly.

The Remuneration Committee with the majority being Non-Executive Directors, comprises the following members:

- Tan Sri Saw Huat Lye (Chairman, Independent Non-Executive Director)
- Charles Henry Ireland (Non-Independent Executive Director)
- Dato' Jaffar Indot (Independent Non-Executive Director)
- David Neill Moore (Non-Independent Non-Executive Director)
- Dr. Leslie Buckley (Non-Independent Non-Executive Director)

Meetings of the Remuneration Committee are held as and when required, and at least once a year. During the financial year ended 30 June 2008, two (2) meetings were held and were attended by all members of the Remuneration Committee.

Remuneration Package

The remuneration package for Directors is as follows:

(a) Basic Salary

The Remuneration Committee recommends to the Board the basic salary for the Executive Directors after taking into account the performance of the Executive Directors, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies.

(b) Fees

The Board proposes an aggregate annual fee for Non-Executive Directors to be divided amongst the Non-Executive Directors as the Board may decide and such fee is tabled to the Shareholders of the Company for their approval. Attendance allowances for Board meetings and Board Committees meetings are paid to Non-Executive Directors.

(c) Bonus Scheme

The Group sets up a bonus scheme for all employees including the Executive Directors. The criteria for the scheme is the level of profit achieved from the Company's businesses against targets, together with an assessment of each individual's performance. Bonuses payable to Executive Directors are reviewed by the Remuneration Committee and approved by the Board.

(d) Benefits in Kind

Other customary benefits (such as motor vehicles, mobile phones and club memberships) are made available to Executive Directors as appropriate.

(e) Contribution to Employees Provident Fund

Contributions are made to the Employees Provident Fund in respect of all Malaysian Executive Directors.

(f) Notice Period

The notice period for termination of contract of service of Executive Directors by either the Company or the Executive Directors is three months written notice.

Directors' Remuneration

The details of the remuneration paid to Directors for the financial years ended 30 June 2007 and 2008 are as follows:

Remuneration	2008		2007	
	Executive Directors RM'000	Non-Executive Directors RM'000	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	-	270	-	259
Benefits in kind*	556	31	891	11
Salary & Other emoluments**	2,272	-	3,187	-
Total	2,828	301	4,078	270

Notes:

* Benefits in kind include rental payments, motor vehicles, club memberships and personal expenses.

** Other emoluments include bonuses, incentives, retirement benefits, provisions for leave and allowances.

The number of Directors of the Company whose total remuneration including benefits-in-kind for the financial year ended 30 June 2008 which fall within the required disclosure bands are as follows:-

Range of Remuneration	No. of Directors
Non – Executive Directors	
0 to RM50,000	6
RM100,001 to RM150,000	1
Executive Directors	
RM900,001 to RM950,000	1
RM1,850,001 to RM1,900,000	1

Corporate Governance

3. EXECUTIVE COMMITTEE (EXCO)

The responsibilities of the EXCO are to discuss matters in relation to the business, financial performance and strategy of the Group. They are to make recommendations and suggestions for approval by the Board where appropriate and to make decisions on behalf of the Board where permitted.

The EXCO with a majority being Non-Executive Directors comprises the following members:

- Tan Sri Saw Huat Lye (Chairman, Independent Non-Executive Director)
- Charles Henry Ireland (Non-Independent Executive Director)
- David Neill Moore (Non-Independent Non-Executive Director)
- Dr. Leslie Buckley (Non-Independent Non-Executive Director)

During the financial year ended 30 June 2008, four (4) EXCO meetings were held and were attended by all members of the EXCO.

4. SHAREHOLDERS' COMMUNICATION AND INVESTOR RELATIONS

The Group recognises the importance of being accountable to its investors and as such has maintained an active and constructive communication policy that enables the Board and Management to communicate effectively with its investors, stakeholders and the public generally.

Dialogue between the Company and Investors

The Managing Director and Finance Director hold discussions with analysts and Shareholders periodically. Presentations are made or roadshows undertaken, as appropriate, to explain the Group's strategy, performance and major developments of the Group's business activities. However, any information that may be regarded as undisclosed material information about the Group will not be provided to any single shareholder or shareholder group.

Annual General Meeting

The Board regards the Annual General Meeting as an opportunity to communicate directly with Shareholders. At each Annual General Meeting, the Board presents a comprehensive report on the progress and performance of the Group's business and encourages Shareholders to participate in the question and answer session. Executive Directors and, where appropriate, the Chairman of the Board, are available to respond to Shareholders' queries during the meeting. Where appropriate, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered on the spot.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution.

The Company's corporate website, www.gab.com.my, is another communication tool to provide the latest information of the Group to the Shareholders and investing public.

5. ACCOUNTABILITY AND AUDIT

Audit Committee

The Audit Committee of the Board comprises six Independent Non-Executive Directors, two Non-Independent Non-Executive Directors and one Executive Director. Two of the Directors in the Audit Committee are qualified accountants as prescribed by the Malaysian Institute of Accountants. The composition and the primary responsibilities of the Audit Committee are set out in the Report of the Audit Committee on pages 70 to 75 of the Annual Report.

To comply with the recent change in the Code, the Audit Committee will comprise only of Non-Executive Directors from November 2008 onwards.

The Audit Committee met five (5) times during the financial year ended 30 June 2008. The Chairman of the Audit Committee meets independently, at least twice a year, with the external auditors. The activities carried out by the Audit Committee during this period are set out in the said Report of the Audit Committee.

Financial Reporting

In presenting the quarterly and annual financial statements to Shareholders and investors, the Board aims to present a clear, balanced and understandable assessment of the Group's position and prospects. This also applies to other price-sensitive reports and reports to regulators. The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 86 of the Financial Statements section of the Annual Report.

Internal Control

The Board acknowledges its responsibilities for the Group's systems of internal control covering not only financial controls but also operational and compliance controls as well as risk management. The internal control system involves each business and key management from each business, including the Board, and is designed to meet the Group's particular needs and to manage the risks to which it is exposed. The systems can therefore only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Group's internal audit provides independent and objective reports on the Group's management, records, accounting policies and controls to the Audit Committee. The internal audits include evaluation of the processes by which risks are identified, assessed and managed and ensure that controls which are instituted are appropriate and can effectively address acceptable risk exposures. The Group's internal audit also ensures that recommendations to improve controls are followed through by Management.

Relationship with External Auditors

The Board through the Audit Committee has established a transparent and professional relationship with the Group's external auditors. The role of the Audit Committee in relation to the external auditors is stated on pages 70 to 75 of the Annual Report.

6. STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

As required by the Companies Act, 1965, the Directors are responsible for ensuring that the financial statements of the Group are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia, provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Securities, and give a true and fair view of the state of affairs of the Group at the end of the financial year.

The Directors are satisfied that in preparing the financial statements for the financial year ended 30 June 2008, the Group has :

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured that applicable accounting standards have been followed; and
- prepared the financial statements on a going concern basis.

Audit Committee Report

The Audit Committee comprises the following members:-

Dato' Jaffar Indot (Chairman)
Independent Non-Executive Director
(Re-designated as Chairman of the Audit Committee on 29 August 2008)

Tan Sri Saw Huat Lye
Independent Non-Executive Director

Tan Sri Dato' Alwi Jantan
Senior Independent Non-Executive Director

Chin Yoong Chong
Independent Non-Executive Director

Low Teng Lum
Executive Director

David Neill Moore
Non-Independent Non-Executive Director

Dr. Leslie Buckley
Non-Independent Non-Executive Director
(Appointed on 1 October 2007)

Sreesanthan Eliathamby
Independent Non-Executive Director
(Appointed on 23 May 2008)

Martin Giles Manen
Independent Non-Executive Director
(Appointed on 29 August 2008)

During the financial year ended 30 June 2008, five (5) Audit Committee meetings were held and details of attendance of each member of the Audit Committee are as follows:-

Name of members	No. of Audit Committee meetings attended
Dato' Jaffar Indot	5 out of 5 meetings
Tan Sri Saw Huat Lye	5 out of 5 meetings
Tan Sri Dato' Alwi Jantan	5 out of 5 meetings
Chin Yoong Chong	5 out of 5 meetings
Low Teng Lum	5 out of 5 meetings
David Neill Moore	5 out of 5 meetings
Dr. Leslie Buckley (Appointed on 1 October 2007)	3 out of 5 meetings held since his appointment
Sreesanthan Eliathamby (Appointed on 23 May 2008)	N/A

The Group's external auditors were present at two (2) Audit Committee meetings during the financial year and some members of Senior Management attended a number of these meetings by invitation.

A separate meeting between the Chairman of the Audit Committee and the External Auditors was held during the financial year to discuss the audit findings and any other observations they may have during the audit process.

Summary of Activities

During the financial year, the Audit Committee carried out the following activities:

Financial Results:

- Reviewed the Annual Report and the audited financial statements of the Company and of the Group prior to submission to the Board of Directors for approval.
- Reviewed the unaudited quarterly and year-to-date financial results of the Group and the relevant announcements to the Bursa Securities prior to the consideration by the Board of Directors.
- Reviewed the Company's compliance with the Listing Requirements of Bursa Securities, provisions of the Companies Act, 1965, the applicable approved accounting standards issued by the Malaysian Accounting Standards Board (MASB) and other relevant legal and regulatory requirements with regard to the quarterly financial results and the year-end financial statements.

Internal Audit:

- Reviewed the Internal Audit Plans and programmes to ensure adequate scope and comprehensive coverage on the audit activities of the Group.
- Reviewed the effectiveness of the audit process, resource requirements for the year and assessed the performance of the Internal Audit Department.
- Reviewed the Internal Audit reports which highlighted the audit issues, recommendations and Management's responses. Improvement actions in the area of internal controls, systems and efficiency enhancements suggested by the internal auditors were discussed together with Management.
- Reviewed the implementation of these recommendations through follow-up audit reports.
- Suggested additional improvement opportunities in the areas of internal control, systems and efficiency improvement.
- Reviewed the reports from the Risk and Control Workgroup (RCW) following their quarterly meetings.

External Audit:

- Reviewed the external audit scope and audit plans based on the external auditors' presentation of audit strategy and plans.
- Reviewed the external audit reports and areas of concern highlighted in the Management letter including Management's responses to the concerns raised by the external auditors.
- Discussed on significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements.

Other activities:

- Reviewed all related party transactions entered into by the Company and the Group and the Circular to Shareholders in respect of renewal of Shareholders' mandate for recurrent related party transactions.
- Reviewed all dividend payments.
- Reviewed the compliance with the Malaysian Code on Corporate Governance.
- Reviewed the business risks and crisis risks management.

Audit Committee Report

Internal Audit Function

The internal audit function is undertaken by the Internal Audit Department. The Head of Internal Audit Department reports directly to the Audit Committee.

The principal role of the Internal Audit Department is to undertake independent and systematic reviews of the system of internal control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively. It is the responsibility of the Internal Audit Department to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

The Internal Audit Department has adopted a risk-based approach towards the planning and conduct of audits consistent with the Group's established framework in designing, implementing and monitoring of control system. The Internal Audit Department also works collaboratively with the RCW to review the risk management processes of the Group as a whole. The Group's monitoring process and Control Assurance and Risk Management approach are in alignment with the Risk Management Framework and risk awareness culture within the organisation.

The total cost incurred by the Internal Audit Department in relation to the conduct of the internal audit functions of the Group during the financial year 2008 amounted to RM466,107.

TERMS OF REFERENCE

A. Membership

The Audit Committee comprises at least three Directors, the majority of whom are independent. The members of the Audit Committee shall elect a Chairman who shall be an Independent Director, from amongst themselves.

To comply with the recent change in the Malaysian Code on Corporate Governance (revised 2007), the Audit Committee will comprise only of Non-Executive Directors from November 2008 onwards.

The Head of Internal Audit or the Company Secretary shall be the Secretary of the Audit Committee. At least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or alternatively a person who has at least three years working experience and has passed the examinations specified in Part 1 of the 1st schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the said schedule or a person who fulfills the requirements as may be prescribed by Bursa Securities from time to time.

No alternate Director shall be appointed as a member of the Audit Committee. The Board shall review the terms of office and performance of the members of the Audit Committee at least once a year to determine whether the members have carried out their duties in accordance with their Terms of Reference.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of the Bursa Securities Listing Requirements, the Board shall fill the vacancy within three months from the date of the vacancy.

B. Meetings and Minutes

The Audit Committee shall meet at least four times annually. A majority of the members in attendance must be Independent Directors in order to form a quorum for the meeting.

The Finance Director and the Head of Internal Audit shall normally attend meetings of the Audit Committee. External auditors shall be entitled to attend meetings of the Audit Committee at least once a year to make known their views on any matter under consideration by the Audit Committee or, which in their opinion, should be brought to the Audit Committee's attention. Non-member Directors and employees of the Company shall not attend unless specifically invited by the Audit Committee.

The Secretary shall record, prepare and circulate the minutes of the meetings of the Audit Committee and ensure that the minutes are properly kept and produced for inspection if required.

The Audit Committee shall report to the Board and its minutes will be tabled to and noted by the Board.

C. Authority

The Audit Committee is authorised by the Board to review any activity within the Audit Committee's Terms of Reference. It is authorised to seek any information it requires from any Director or member of Management and has full and unrestricted access to any information pertaining to the Company and the Management, and all employees of the Group are required to comply with the requests made by the Audit Committee.

The Audit Committee is authorised by the Board to obtain external professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. In the event that any member of the Audit Committee shall need to seek external professional advice in furtherance of his duties, he shall first consult with and obtain the prior approval of the Chairman of the Audit Committee.

The Audit Committee is also authorised by the Board of Directors of the Company to review any activity within its Terms of Reference, and where it deems necessary, investigate any matter referred to it or that it has come across in respect of a transaction that raises questions of Management integrity, possible conflicts of interest, or abuse by a significant or controlling shareholder.

The Audit Committee shall have direct communication channels and be able to convene meetings with the external auditors excluding the attendance of the non-independent members of the Audit Committee, whenever deemed necessary.

The Head of Internal Audit shall report directly to the Audit Committee and shall have direct access to the Chairman of the Audit Committee on all matters of control and audit. All proposals by Management regarding the appointment, transfer and removal of the Head of Internal Audit of the Company shall require prior approval of the Audit Committee. Any inappropriate restrictions on audit scope are to be reported to the Audit Committee.

Audit Committee Report

D. Duties

1. To review the quarterly and annual financial statements of the Company, focusing particularly on:
 - any significant changes to accounting policies and practices
 - significant adjustments arising from the audits
 - compliance with accounting standards and other legal requirements
 - the going concern assumption
2. To review any related party transaction and conflict of interest situation that may arise within the Company including any transaction, procedure or course of conduct that raises questions of Management integrity.
3. To consider annually the Business Risk Management Framework adopted within the Company and to be satisfied that the methodology employed allows the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to minimise losses and maximise opportunities.
4. To ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored.
5. To cause reviews to be made of the extent of compliance with established internal policies, standards, plans and procedures including for example, the Company's Code of Conduct.
6. To obtain assurance that proper plans for control have been developed prior to the commencement of major areas of change within the organisation.
7. To be satisfied that the strategies, plans, manning and organisation for internal auditing are communicated down through the Company.

Specifically:

- to review the internal audit plans and to be satisfied with their consistency with the Business Risk Management Framework used, the adequacy of coverage and the audit methodologies employed.
- to be satisfied that the internal audit function within the Company has the proper resources and standing to enable them to complete their mandates and approved audit plans.
- to review status reports from internal audit and ensure that appropriate action is taken on the recommendations of the internal audit function. To recommend any broader reviews deemed necessary as a consequence of the issues or concerns identified.
- to review any appraisal or assessment of the performance of the members of the internal audit function, to approve any appointment or termination of senior staff members of the internal audit function and to inform itself of any resignations of internal audit staff members and reasons thereof.
- to ensure internal audit has full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties.
- to request and review any special audit which it deems necessary.

8. To review with the external auditors the nature and scope of their audit plan and report.
9. To review any matters concerning the appointment and re-appointment, audit fee and any questions of resignation or dismissal of the external auditors.
10. To review and evaluate factors related to the independence of the external auditors and assist them in preserving their independence.
11. To be advised of significant use of the external auditors in performing non-audit services within the Group, considering both the types of services rendered and the fees, such that their position as auditors are not deemed to be compromised.
12. To review the external auditors' findings arising from audits, particularly any comments and responses in Management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.
13. To recommend to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors and from the consultations of the Audit Committee itself.
14. To review with the external auditors the Statement of Internal Controls of the Group for inclusion in the annual report.
15. To prepare the annual Audit Committee report to the Board which includes the composition of the Audit Committee, its Terms of Reference, number of meetings held, a summary of its activities and the existence of an internal audit function and summary of the activities of that function for inclusion in the annual report.
16. To review the Board's statements on compliance with the Malaysian Code on Corporate Governance for inclusion in the annual report.
17. To review dividend payments.
18. To act on any other matters as may be directed by the Board.

Statement of Internal Control

BOARD RESPONSIBILITY

The Board of Directors recognises the importance of a sound system of internal controls which covers risk management, financial, organisational, operational, and compliance controls. The Board acknowledges its overall responsibility for the Group's system of internal controls which includes the establishment of an appropriate control environment and framework as well as reviewing the effectiveness, adequacy and integrity of this system. Such a system is designed to safeguard shareholders' investments and the Group's assets. It should be noted, however, that such a system is designed to manage rather than eliminate the risk of failure to meet the Group's business objectives. Accordingly, this system can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period. This process is regularly reviewed by the Board to ensure the adequacy and integrity of the system.

RISK MANAGEMENT FRAMEWORK

The Board has established an organisational structure with clearly defined lines of accountability and delegated authority as part of its Risk Management Framework. This is achieved through a clearly defined operating structure made up of lines of responsibility and delegated authority. Written policies and procedures have been issued with clearly defined limits of delegated authority and provide a framework for management to deal with areas of significant risk.

The risk profile of the Group is established during risk assessment sessions facilitated by the Risk and Control Workgroup (RCW). The risk responses and internal controls that the Management have taken and/or is taking are documented in the minutes of the RCW's meetings. For each of the risks identified, a risk owner is assigned to ensure appropriate risk response actions are carried out.

The annual audit plan is reviewed and approved by the Audit Committee, control issues arising from the assurance process including internal and external audits are discussed at the Audit Committee meetings.

A Risk Management Framework has been implemented to promote effective risk management and enhance the corporate governance assurance process. The framework provides an integrated risk management infrastructure with the establishment of the respective risk workgroups to ensure major areas of risks are controlled and coordinated.

CONTROL ASSURANCE AND RISK MANAGEMENT

To enhance the Group's corporate governance, the Group has implemented Control Assurance and Risk Management (CARM), a web-based self-assessment program. It involves each business unit to evaluate and ensure that it has appropriate controls in place to manage a broad range of risks arising from day-to-day business activities within the Group. CARM emphasises internal controls over financial reporting for the purpose of compliance with the requirements of the US Sarbanes-Oxley Act and focuses on transparency, accountability and safeguarding of assets in its review mechanism.

The results of CARM and trend analysis are reported to the Audit Committee annually.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control systems are described below:

- Clearly defined delegation of responsibilities to committees of the Board and to Management Executives and business operating units, including authorisation levels for all aspects of the business.
- Clearly documented internal policies and procedures set out in a series of Standard Practice Manuals. These Manuals are subject to regular review and improvement to reflect changing risks or to resolve operational deficiencies. All standards, policies and guidelines are presented to the Audit Committee and all cases of non-compliance are reported to the Audit Committee without exception. Reliance is also placed on the Internal Audit function as well as CARM approach mentioned earlier.
- Management Executives meetings are held on a regular basis to identify, discuss and resolve operational, financial and key management issues.
- Quarterly RCW meetings to review the adequacy of systems, policies and procedures and internal control processes to mitigate the internal control business risk and to follow-up on action plans proposed by Management on the recommendations of the Internal Audit Department.
- A yearly internal quality audit to monitor compliance with the ISO 9001:2000 Quality Management System requirements.
- A half-yearly Hazard Analysis Critical Control Point (HACCP) internal audits to monitor compliance with products' safety requirements.
- A detailed budgeting process where operating units prepare budgets for the coming financial year which are approved both at the business operating unit level and by the Board.
- Monthly monitoring of results against budget, with major variances being followed up on and management action taken, where necessary. The Board also conducts similar reviews on a quarterly basis.
- Regular visits to business operating units by members of the Board and the Management team.
- A Code of Conduct to support the business objectives.

A number of internal control weaknesses were identified during the period, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's annual report.

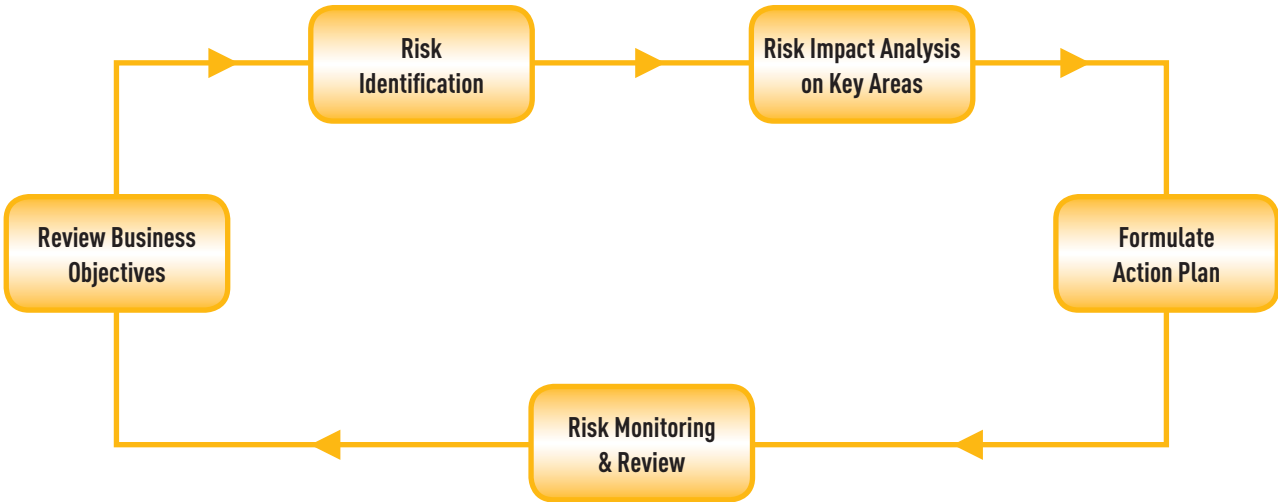
Risk Management

The Group has in place an on-going process in identifying, evaluating and managing the risks faced by the Group in pursuing its business objectives and strategies throughout the financial year ended 30 June 2008.

The Group’s risk management process is managed by the Risk and Control Workgroup (RCW) which is made up of cross-functional senior managers and is headed by the Finance Director. The Group adopts a proactive approach to managing its business risks in a rapidly changing business environment which principally aims at:

- Ensuring the continuity of supply of its products to the consumers at all times.
- Protecting its assets and reputation.
- Preserving the safety and health of its employees.
- Ensuring that the Group’s operations do not impact negatively on its neighbours.
- Protecting the interests of all stakeholders.
- Ensuring compliance with the Malaysian Code on Corporate Governance, brand partners guidelines and all applicable Malaysian laws.
- Promoting an effective risk awareness culture where risk management is an integral aspect of the Group’s management systems.

The risk management processes are categorized into five (5) broad processes as follows:-



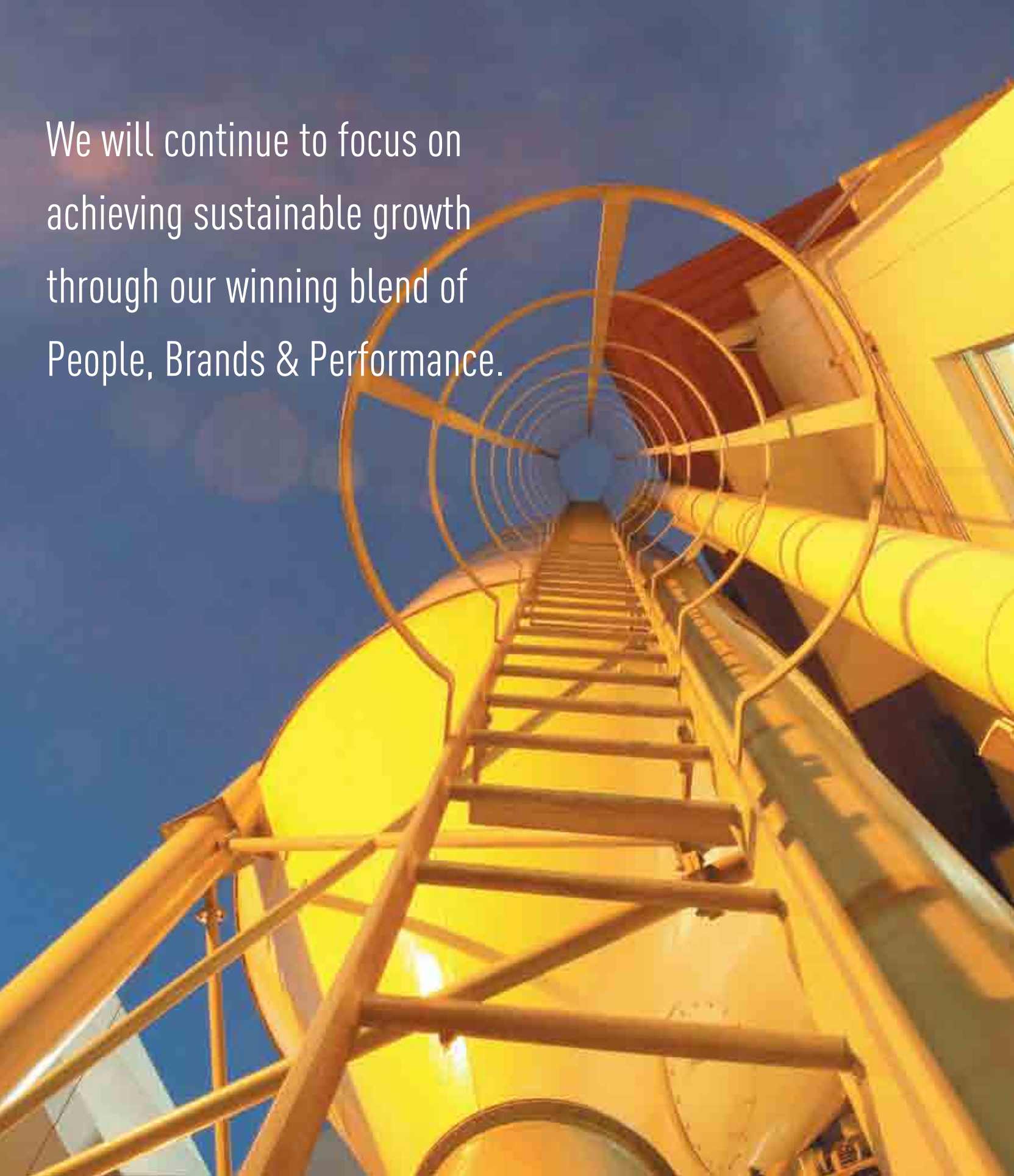
Impact	Risk Management Actions		
Significant	Considerable management required	Must manage and monitor risks	Extensive management essential
Moderate	Risks may be worth accepting with monitoring	Management effort worthwhile	Management effort required
Minor	Accept risks	Accept, but monitor risks	Manage and monitor risks
	Low	Medium	High
	Likelihood		

This categorisation will enable the Group to allocate its resources to deal with the different levels of business risks.

PROMOTION OF RISK AWARENESS

In support of the Group’s efforts to promote a risk awareness culture, the RCW communicates the Group’s risk management programme to the appropriate levels of employees and other stakeholders via the appropriate channel. Employees are also encouraged to give feedback on risk management issues and make suggestions for improvement.

We will continue to focus on
achieving sustainable growth
through our winning blend of
People, Brands & Performance.



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Directors' Report

FOR THE YEAR ENDED 30 JUNE 2008

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 30 June 2008.

PRINCIPAL ACTIVITIES

The Group and the Company are principally engaged in the production, packaging, marketing and distribution of Guinness Stout, Guinness Draught, Anchor Smooth, Anchor Strong Beer, Tiger Beer, Heineken Beer, Kilkenny Draught, Anglia Shandy and Malta. The principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit attributable to:		
Shareholders of the Company	125,857	136,666

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year under review.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

- i) a final dividend of 32 sen gross per 50 sen stock unit, less tax at 27%, totalling RM70,570,000, in respect of the year ended 30 June 2007, on 14 December 2007.
- ii) an interim dividend of 13 sen gross per 50 sen stock unit, less tax at 26%, totalling RM29,062,000, in respect of the year ended 30 June 2008, on 16 May 2008.

The Directors now recommend the declaration of a final dividend of 14 sen per 50 sen stock unit tax exempt and 17 sen gross per 50 sen stock unit, less tax at 25%, totalling RM80,811,000 payable on 22 December 2008.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Tan Sri Saw Huat Lye (Chairman)
 Charles Henry Ireland (Managing Director)
 Tan Sri Dato' Alwi Jantan
 Chin Yoong Chong
 Dato' Jaffar Indot
 Low Teng Lum
 David Neill Moore
 David Heginbottom (Alternate Director to David Neill Moore)
 Dr. Leslie Buckley
 Sreesanthan Eliathamby (Appointed on 1 March 2008)
 Martin Giles Manen (Appointed on 29 August 2008)

DIRECTORS' INTERESTS

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	At 1.7.2007	Stock units of 50 sen each		At 30.6.2008
		Bought	Sold	
Shareholdings in which a Director has direct interest:				
Chin Yoong Chong	80,000	-	30,000	50,000
Shareholdings in which a Director is deemed to have an interest:				
Tan Sri Saw Huat Lye #	-	11,000	-	11,000

Deemed interest by virtue of stocks held by spouse.

None of the other Directors holding office at 30 June 2008 had any interest in the ordinary shares/stock units of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than legal fees paid to firms in which certain Directors are members.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2008

ISSUE OF SHARES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

ULTIMATE HOLDING COMPANY

The Directors regard GAPL Pte Ltd, a company incorporated in the Republic of Singapore, as the ultimate holding company. GAPL Pte Ltd is a joint venture company whose ultimate owners are Diageo Plc, a company incorporated in England and Wales, and Asia Pacific Breweries Limited, a company incorporated in the Republic of Singapore.

OTHER STATUTORY INFORMATION

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 30 June 2008 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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



Tan Sri Saw Huat Lye
Director



Charles Henry Ireland
Director

Petaling Jaya,
29 August 2008

Statement by Directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 90 to 118 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2008 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:



Tan Sri Saw Huat Lye
Director



Charles Henry Ireland
Director

Petaling Jaya,
29 August 2008

Statutory Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Low Teng Lum, the Director primarily responsible for the financial management of Guinness Anchor Berhad, do solemnly and sincerely declare that the financial statements set out on pages 90 to 118 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 29 August 2008.



Low Teng Lum

Before me:



Commissioner for Oaths

Independent Auditors' Report

TO THE MEMBERS OF GUINNESS ANCHOR BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Guinness Anchor Berhad, which comprise the balance sheets as at 30 June 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 95 to 118.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2008 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report

TO THE MEMBERS OF GUINNESS ANCHOR BERHAD

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in note 6 to the financial statements. We have also considered the unaudited financial statements of Guinness Singapore Pte Limited.
- c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG**

Firm Number: AF 0758

Chartered Accountants

**Chen Foo Siong**

Partner

Approval Number: 547/11/08(J/PH)

Chartered Accountant

29 August 2008

Petaling Jaya, Malaysia

Balance Sheets

AS AT 30 JUNE 2008

	Note	2008 RM'000	Group 2007 RM'000	2008 RM'000	Company 2007 RM'000
Assets					
Non-current assets					
Property, plant and equipment	3	210,532	205,093	200,203	193,550
Intangible assets	4	2,953	3,148	2,953	3,148
Prepaid lease payments	5	14,113	14,369	14,113	14,369
Investment in subsidiaries	6	–	–	46,718	46,718
Deferred tax assets	7	2,338	2,809	–	–
Receivables	8	1,858	2,271	1,329	1,416
		231,794	227,690	265,316	259,201
Current assets					
Inventories	9	64,976	39,939	34,931	31,519
Receivables, deposits and prepayments	8	143,305	139,826	18,209	15,978
Cash and cash equivalents	10	183,374	154,605	174,027	149,708
		391,655	334,370	227,167	197,205
Total assets		623,449	562,060	492,483	456,406
Equity					
Share capital	12	151,049	151,049	151,049	151,049
Reserves		4,967	4,695	–	–
Retained earnings		255,318	229,365	55,288	18,254
Total equity attributable to shareholders of the Company		411,334	385,109	206,337	169,303
Liabilities					
Current liabilities					
Payables and accruals	11	172,281	140,247	252,965	254,385
Current tax liabilities		9,568	5,381	2,915	1,395
		181,849	145,628	255,880	255,780
Non-current liabilities					
Deferred tax liabilities	7	30,266	31,323	30,266	31,323
Total liabilities		212,115	176,951	286,146	287,103
Total equity and liabilities		623,449	562,060	492,483	456,406

The notes on pages 95 to 118 are an integral part of these financial statements.

Income Statements

FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 RM'000	Group 2007 RM'000	2008 RM'000	Company 2007 RM'000
Revenue		1,194,602	1,072,112	906,622	780,828
Cost of sales		(867,077)	(759,160)	(825,205)	(708,175)
Gross profit		327,525	312,952	81,417	72,653
Other income		4,054	7,276	813	4,400
Distribution, marketing and selling expenses		(130,415)	(132,936)	(4,341)	(3,738)
Administrative expenses		(33,055)	(32,779)	(10,773)	(11,145)
Other expenses		(2,887)	(4,834)	(2,880)	(4,566)
Dividend income		-	-	113,952	-
Operating profit	13	165,222	149,679	178,188	57,604
Interest income		4,278	3,161	4,260	3,129
Interest expense		(602)	(681)	(293)	(347)
Profit before tax		168,898	152,159	182,155	60,386
Tax expense	15	(43,041)	(39,598)	(45,489)	(14,008)
Profit for the year		125,857	112,561	136,666	46,378
Attributable to:					
Shareholders of the Company		125,857	112,561	136,666	46,378
Basic/Diluted earnings per 50 sen stock unit (sen)	16	41.7	37.3		

The notes on pages 95 to 118 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2008

Group	Note	Non-distributable		Distributable	Total equity RM'000
		Share capital RM'000	Capital reserve RM'000	Retained earnings RM'000	
At 1 July 2006		151,049	4,799	208,447	364,295
Net gains recognised directly in equity					
- Foreign exchange translation difference		-	(104)	104	-
Total recognised income and expense for the year					
- Profit for the year		-	-	112,561	112,561
Dividends paid	17	-	-	(91,747)	(91,747)
At 30 June 2007		151,049	4,695	229,365	385,109
Net losses recognised directly in equity					
- Foreign exchange translation difference		-	272	(272)	-
Total recognised income and expense for the year					
- Profit for the year		-	-	125,857	125,857
Dividends paid	17	-	-	(99,632)	(99,632)
At 30 June 2008		151,049	4,967	255,318	411,334

The notes on pages 95 to 118 are an integral part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2008

Company	Note	Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 July 2006		151,049	63,623	214,672
Profit for the year		-	46,378	46,378
Dividends paid	17	-	(91,747)	(91,747)
At 30 June 2007		151,049	18,254	169,303
Profit for the year		-	136,666	136,666
Dividends paid	17	-	(99,632)	(99,632)
At 30 June 2008		151,049	55,288	206,337

The notes on pages 95 to 118 are an integral part of these financial statements.

Cash Flow Statements

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Group 2008 RM'000	2007 RM'000	Company 2008 RM'000	2007 RM'000
Cash flows from operating activities					
Profit before tax		168,898	152,159	182,155	60,386
Adjustments for:					
Amortisation of intangible assets		1,961	1,967	1,961	1,967
Amortisation of prepaid lease payments		256	256	256	256
Depreciation of property, plant and equipment		25,859	25,879	23,515	23,470
Dividend income		–	–	(113,952)	–
Gain on disposal of property, plant and equipment		(1,061)	(763)	(192)	(238)
Interest expense		602	681	293	347
Interest income		(4,278)	(3,161)	(4,260)	(3,129)
Operating profit before changes in working capital		192,237	177,018	89,776	83,059
Changes in working capital:					
Inventories		(25,037)	(846)	(3,412)	(7,211)
Receivables, deposits and prepayments		(3,066)	(13,142)	(2,144)	(1,103)
Payables and accruals		32,034	17,328	(1,420)	90,386
Cash generated from operations		196,168	180,358	82,800	165,131
Tax paid		(39,440)	(34,482)	(45,026)	(13,718)
Interest paid		(602)	(681)	(293)	(347)
Net cash from operating activities		156,126	145,195	37,481	151,066
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(31,320)	(22,422)	(30,170)	(19,171)
Acquisition of intangible assets		(1,766)	–	(1,766)	–
Dividends received		–	–	113,952	–
Interest received		4,278	3,161	4,260	3,129
Proceeds from disposal of property, plant and equipment		1,083	887	194	359
Net cash (used in)/from investing activities		(27,725)	(18,374)	86,470	(15,683)
Cash flows from financing activity					
Dividends paid to shareholders of the Company	17	(99,632)	(91,747)	(99,632)	(91,747)
Net cash used in financing activity		(99,632)	(91,747)	(99,632)	(91,747)
Net increase in cash and cash equivalents		28,769	35,074	24,319	43,636
Cash and cash equivalents at 1 July	10	154,605	119,531	149,708	106,072
Cash and cash equivalents at 30 June	10	183,374	154,605	174,027	149,708

The notes on pages 95 to 118 are an integral part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

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

Sungei Way Brewery,
Lot 1135, Batu 9, Jalan Klang Lama,
P.O. Box 144,
46710 Petaling Jaya,
Selangor Darul Ehsan.

The consolidated financial statements as at and for the financial year ended 30 June 2008 comprise the Company and its subsidiaries (together referred to as the Group).

The Company is principally engaged in the production, packaging and distribution of Guinness Stout, Guinness Draught, Anchor Smooth, Anchor Strong Beer, Tiger Beer, Heineken Beer, Kilkenny Draught, Anglia Shandy and Malta while the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

The Directors regard GAPL Pte Ltd, a company incorporated in the Republic of Singapore, as the ultimate holding company. GAPL Pte Ltd is a joint venture company whose ultimate owners are Diageo Plc, a company incorporated in England and Wales, and Asia Pacific Breweries Limited, a company incorporated in the Republic of Singapore.

The financial statements were approved by the Board of Directors on 29 August 2008.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards (FRS) issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

FRS 139, Financial Instruments: Recognition and Measurement, which has been issued by the MASB and is effective for annual periods beginning after 1 January 2010, has not been adopted by the Group and the Company. The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemption given in FRS 139.103AB.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

1. BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements (Cont'd)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

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

The assets and liabilities of operations in functional currencies other than RM, are translated to RM at exchange rates at the balance sheet date. Exchange differences arising on the retranslation at closing rates of the opening balance sheet of overseas subsidiaries are taken to reserves. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) Derivative financial instruments**

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

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

(d) Property, plant and equipment**(i) Recognition and measurement**

Items of property, plant and equipment are stated at cost / valuation less any accumulated depreciation and any impairment losses. The Group has availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Certain freehold land and buildings were revalued in 1984 and no later valuation has been recorded for these property, plant and equipment.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

- leasehold buildings 50 years
- plant and machinery 13 - 20 years
- movable plant 4 - 10 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leased assets

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

The prepaid lease payments are amortised evenly over the respective lease term of the land which ranges from 61 to 95 years. The amortisation of prepaid lease payments is recognised as an expense in the income statements.

Revalued leasehold land

The Group had previously revalued its leasehold land in 1984 and has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provisions in FRS 117.67A.

(f) Intangible assets

Costs that are directly associated with identifiable computer software and that will probably generate economic benefits exceeding costs beyond one year or cost savings to the Group, and are not integral to other equipment are recognised as intangible assets. These costs include the software development employee costs and an appropriate portion of relevant overheads. The computer software development costs are recognised as assets and are amortised upon completion of the computer software on a straight line basis over its estimated useful life of 4 years.

Costs associated with maintaining computer software programmes are recognised as an expense in the income statements when incurred.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is arrived at on the following bases:

Raw materials	-	specific
Work-in-progress	-	average
Finished goods	-	average
Packaging materials	-	average
Engineering stores and spares	-	average

Cost includes raw materials, duties where applicable, and other expenses in bringing the inventories into store. For finished goods and work-in-progress, cost also includes direct labour and an appropriate proportion of production overheads. In arriving at net realisable value, due allowance is made for obsolescence, the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Receivables

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

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

Receivables are not held for the purpose of trading.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Cash and cash equivalents

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

(j) Impairment of assets

The carrying amounts of assets except for financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.

(k) Borrowings

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

(l) Employee benefits

(i) Short term employee benefits

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

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

The Group's contributions to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Termination benefits

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) 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.

(i) Contingent liabilities

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

(n) Payables

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

(o) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Dividend income

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

(p) Lease payments

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease.

(q) Interest income and borrowing costs

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Tax expense

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

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

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

Deferred tax liability is recognised for all taxable temporary differences.

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

(s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(t) Segment reporting

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold land RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in progress RM'000	Total RM'000
Cost/Valuation							
At 1 July 2006		4,037	70,552	288,320	125,037	2,224	490,170
Additions		-	134	329	4,397	17,562	22,422
Disposals		-	(108)	-	(8,020)	-	(8,128)
Transfers		-	1,339	2,860	10,362	(14,561)	-
Transfer to Intangible assets upon adoption of FRS 138	4	-	-	-	(21,030)	-	(21,030)
At 30 June 2007		4,037	71,917	291,509	110,746	5,225	483,434
Additions		-	155	333	2,459	28,373	31,320
Disposals		-	(9)	(670)	(4,158)	-	(4,837)
Transfers		-	6,316	10,346	15,247	(31,909)	-
At 30 June 2008		4,037	78,379	301,518	124,294	1,689	509,917
Representing items at:							
Cost		4,037	46,786	301,518	124,294	1,689	478,324
Valuation (1984)		-	31,593	-	-	-	31,593
At 30 June 2008		4,037	78,379	301,518	124,294	1,689	509,917
Accumulated depreciation							
At 1 July 2006		-	29,058	152,946	94,377	-	276,381
Depreciation charge for the year		-	1,891	15,557	8,431	-	25,879
Disposals		-	(80)	-	(7,924)	-	(8,004)
Transfer to Intangible assets upon adoption of FRS 138	4	-	-	-	(15,915)	-	(15,915)
At 30 June 2007		-	30,869	168,503	78,969	-	278,341
Depreciation charge for the year		-	1,903	14,257	9,699	-	25,859
Disposals		-	(9)	(670)	(4,136)	-	(4,815)
At 30 June 2008		-	32,763	182,090	84,532	-	299,385
Carrying amounts							
At 1 July 2006		4,037	41,494	135,374	30,660	2,224	213,789
At 30 June 2007/ 1 July 2007		4,037	41,048	123,006	31,777	5,225	205,093
At 30 June 2008		4,037	45,616	119,428	39,762	1,689	210,532

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Note	Leasehold buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in- progress RM'000	Total RM'000
Cost						
At 1 July 2006		68,349	288,320	108,892	2,224	467,785
Additions		20	329	1,260	17,562	19,171
Disposals		(108)	–	(6,219)	–	(6,327)
Transfers		1,339	2,860	10,362	(14,561)	–
Transfer to Intangible assets upon adoption of FRS 138	4	–	–	(21,030)	–	(21,030)
At 30 June 2007		69,600	291,509	93,265	5,225	459,599
Additions		87	333	1,377	28,373	30,170
Disposals		(9)	(670)	(1,647)	–	(2,326)
Transfers		6,316	10,346	15,247	(31,909)	–
At 30 June 2008		75,994	301,518	108,242	1,689	487,443
Representing items at:						
Cost		44,401	301,518	108,242	1,689	455,850
Valuation (1984)		31,593	–	–	–	31,593
At 30 June 2008		75,994	301,518	108,242	1,689	487,443
Accumulated depreciation						
At 1 July 2006		27,138	152,946	84,616	–	264,700
Depreciation charge for the year		1,733	15,557	6,180	–	23,470
Disposals		(80)	–	(6,126)	–	(6,206)
Transfer to Intangible assets upon adoption of FRS 138	4	–	–	(15,915)	–	(15,915)
At 30 June 2007		28,791	168,503	68,755	–	266,049
Depreciation charge for the year		1,784	14,257	7,474	–	23,515
Disposals		(9)	(670)	(1,645)	–	(2,324)
At 30 June 2008		30,566	182,090	74,584	–	287,240
Carrying amounts						
At 1 July 2006		41,211	135,374	24,276	2,224	203,085
At 30 June 2007/ 1 July 2007		40,809	123,006	24,510	5,225	193,550
At 30 June 2008		45,428	119,428	33,658	1,689	200,203

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Directors revalued the Company's long term leasehold buildings in 1984 to fair market value based on an independent professional valuation. This revaluation of properties was carried out primarily for the purpose of issuing bonus shares and was not intended to effect a change in the accounting policy to one of revaluation of properties.

Had all the long term leasehold buildings been carried at historical cost less accumulated depreciation, the carrying amount that would have been included in the financial statements at the end of the year would be as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Long term leasehold buildings	45,553	40,668	45,365	40,428

4. INTANGIBLE ASSETS

Group and Company	Note	Computer software	
		2008 RM'000	2007 RM'000
Cost			
At 1 July		8,394	-
Transfer from property, plant and equipment	3	-	21,030
Additions		1,766	-
Write off		-	(12,636)
At 30 June		10,160	8,394
Amortisation			
At 1 July		5,246	-
Transfer from property, plant and equipment	3	-	15,915
Amortisation for the year		1,961	1,967
Write off		-	(12,636)
At 30 June		7,207	5,246
Carrying amounts			
At 30 June		2,953	3,148

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

5. PREPAID LEASE PAYMENTS (LEASEHOLD LAND)

Group and Company	Note	Unexpired period more than 50 years	
		2008 RM'000	2007 RM'000
Cost/Valuation			
At 1 July/30 June		20,191	20,191
Amortisation			
At 1 July		5,822	5,566
Amortisation for the year	13	256	256
At 30 June		6,078	5,822
Carrying amounts			
At 30 June		14,113	14,369

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2008 RM'000	2007 RM'000
Unquoted shares		
- at cost	32,474	32,474
- at Directors' valuation	14,244	14,244
	46,718	46,718

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2008 %	2007 %
Guinness Anchor Marketing Sdn Bhd	Malaysia	Marketing and promotion of Guinness Stout, Guinness Draught, Anchor Smooth, Anchor Strong Beer, Tiger Beer, Heineken Beer, Kilkeny Draught, Anglia Shandy and Malta in Malaysia	100	100
Ramaha Corporation (M) Sdn Bhd	Malaysia	Property holding and land development	100	100
Guinness Singapore Pte Limited# and its subsidiary:	Singapore	Dormant	100	100
Guinness (B) Sdn Bhd*	Negara Brunei Darussalam	Dormant	100	100
Malayan Breweries (Malaya) Sdn Bhd and its subsidiary:	Malaysia	Dormant	100	100
Malayan Breweries Marketing Sdn Bhd	Malaysia	Dormant	100	100
Guinness Sabah Sdn Bhd	Malaysia	Dormant	100	100
Guinness Sarawak Sdn Bhd	Malaysia	Dormant	100	100

Not required to be audited, and consolidated using unaudited financial statements.

* Overseas incorporated subsidiary audited by member firms of KPMG International.

The cost of investment in a subsidiary was revalued in 1989 to incorporate the bonus issue received from it.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

7. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Group						
Property, plant and equipment	2,338	2,809	(33,864)	(35,208)	(31,526)	(32,399)
Other items	3,598	3,885	-	-	3,598	3,885
Tax assets/ (liabilities)	5,936	6,694	(33,864)	(35,208)	(27,928)	(28,514)
Set off	(3,598)	(3,885)	3,598	3,885	-	-
Net tax assets/ (liabilities)	2,338	2,809	(30,266)	(31,323)	(27,928)	(28,514)
Company						
Property, plant and equipment	-	-	(33,864)	(35,208)	(33,864)	(35,208)
Other items	3,598	3,885	-	-	3,598	3,885
Tax assets/(liabilities)	3,598	3,885	(33,864)	(35,208)	(30,266)	(31,323)

Movement in temporary differences during the year

	At	Recognised	At	Recognised	At
	1.7.2006 RM'000	in income statement (Note 15) RM'000	30.6.2007 RM'000	in income statement (Note 15) RM'000	30.6.2008 RM'000
Group					
Property, plant and equipment	34,333	(1,934)	32,399	(873)	31,526
Other items	(5,394)	1,509	(3,885)	287	(3,598)
	28,939	(425)	28,514	(586)	27,928
Company					
Property, plant and equipment	38,304	(3,096)	35,208	(1,344)	33,864
Other items	(5,394)	1,509	(3,885)	287	(3,598)
	32,910	(1,587)	31,323	(1,057)	30,266

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	2008 RM'000	Group 2007 RM'000	2008 RM'000	Company 2007 RM'000
Non-current					
Other receivables	8.2	1,858	2,271	1,329	1,416
Current					
Trade					
Trade receivables		152,134	150,987	11,623	10,089
Less: Allowance for doubtful debts		(13,209)	(14,814)	-	-
		138,925	136,173	11,623	10,089
Non-trade					
Other receivables	8.2	3,190	2,449	1,841	1,219
Amount due from subsidiaries	8.3	-	-	4,043	4,043
Deposits		744	850	256	273
Prepayments		446	354	446	354
		4,380	3,653	6,586	5,889
		143,305	139,826	18,209	15,978

8.1 Analysis of foreign currency exposure for significant receivables

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

	2008 RM'000	Group 2007 RM'000	2008 RM'000	Company 2007 RM'000
Foreign currency				
GBP	332	164	332	164
USD	4,704	4,213	4,704	4,213
SGD	1,054	1,425	1,054	1,415
	6,090	5,802	6,090	5,792

8.2 Other receivables

Included in other receivables of the Group and of the Company are staff loans of RM2,565,000 (2007 - RM2,934,000) and RM1,847,000 (2007 - RM1,873,000) of which RM1,858,000 (2007 - RM2,271,000) and RM1,329,000 (2007 - RM1,416,000) are repayable after the next 12 months respectively.

8.3 Amount due from subsidiaries

The amount due from subsidiaries is interest free and has no fixed terms of repayment. The balance arose out of inter-company sales and other current account transactions.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

9. INVENTORIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Raw materials	13,950	12,810	13,950	12,810
Work-in-progress	4,789	4,876	4,789	4,876
Finished goods	37,795	14,369	7,871	6,083
Packaging materials	4,535	4,167	4,535	4,167
Engineering stores and spares	3,907	3,717	3,786	3,583
	64,976	39,939	34,931	31,519

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposits placed with licensed banks	132,592	142,572	132,592	142,572
Cash and bank balances	50,782	12,033	41,435	7,136
	183,374	154,605	174,027	149,708

11. PAYABLES AND ACCRUALS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade				
Trade payables	105,641	75,759	46,132	36,690
Non-trade				
Amount due to ultimate holding company	59	-	59	-
Amount due to subsidiaries	-	-	176,521	192,065
Other payables	4,647	1,573	4,288	1,229
Accrued expenses	61,934	62,915	25,965	24,401
	66,640	64,488	206,833	217,695
	172,281	140,247	252,965	254,385

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

11. PAYABLES AND ACCRUALS (CONT'D)

11.1 Analysis of foreign currency exposure for significant payables

Significant payables outstanding at year end that are not in the functional currency of the Group entities of Ringgit Malaysia are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Foreign currency				
Euro	677	501	540	489
GBP	1,539	274	1,529	274
USD	462	350	143	350
	2,678	1,125	2,212	1,113

11.2 Amounts due to holding company and subsidiaries

The amounts due to ultimate holding company and subsidiaries are interest free and have no fixed terms of repayment. The balances arose out of current account transactions.

12. SHARE CAPITAL AND RESERVES

12.1 Share capital

	Group and Company	
	2008 RM'000	2007 RM'000
Authorised:		
400,000,000 shares of 50 sen each	200,000	200,000
Issued and fully paid:		
302,098,000 stock units of 50 sen each	151,049	151,049

12.2 Capital reserve

The capital reserve comprises the equity portion of financial instruments issued.

12.3 Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its retained earnings at 30 June 2008 if paid out as dividends.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

13. OPERATING PROFIT

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Operating profit is arrived at after charging:				
Amortisation of intangible assets	1,961	1,967	1,961	1,967
Amortisation of prepaid lease payments	256	256	256	256
Auditors' remuneration				
- Statutory audit	115	110	70	70
- Other services	234	202	211	181
Depreciation of property, plant and equipment	25,859	25,879	23,515	23,470
Hire of equipment	454	384	362	356
Legal fees paid to firms in which certain Directors are members	206	31	172	12
Personnel expenses (including Directors)				
- Contributions to defined contribution plans	6,779	6,629	2,978	3,256
- Wages, salaries and others	46,448	45,422	21,926	23,930
Realised loss on foreign exchange	-	34	-	34
Rental expense on buildings	2,200	2,145	473	863
Unrealised loss on foreign exchange	563	-	556	-
and after crediting:				
Gains on disposal of property, plant and equipment	1,061	763	192	238
Dividend income from unquoted subsidiary	-	-	113,952	-
Realised gain on foreign exchange	188	33	120	-
Reversal of allowance for doubtful debts	1,605	2,586	-	-

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

14. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors				
- Fees	276	266	270	259
- Remuneration	2,145	3,078	2,145	3,078
- Defined contribution plan	127	109	127	109
Other short term employee benefits (including estimated monetary value of benefit-in-kind)	587	902	587	891
Total short-term employee benefits	3,135	4,355	3,129	4,337
Other key management personnel:				
- Salaries, wages and bonuses	2,288	1,545	1,308	1,158
- Defined contribution plan	185	145	109	94
Other short term employee benefits (including estimated monetary value of benefit-in-kind)	807	537	520	487
	3,280	2,227	1,937	1,739
	6,415	6,582	5,066	6,076

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

15. TAX EXPENSE

Recognised in the income statements

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current tax expense				
Malaysian - current year	44,327	41,158	46,997	15,850
- prior year	(700)	(1,135)	(451)	(255)
Total current tax	43,627	40,023	46,546	15,595
Deferred tax expense				
Origination and reversal of temporary differences	351	450	135	155
Overprovision in prior years	(937)	(875)	(1,192)	(1,742)
Total deferred tax	(586)	(425)	(1,057)	(1,587)
Total tax expense	43,041	39,598	45,489	14,008
Reconciliation of tax expense				
Profit for the year	125,857	112,561	136,666	46,378
Total tax expense	43,041	39,598	45,489	14,008
Profit excluding tax	168,898	152,159	182,155	60,386
Tax calculated using Malaysian tax rates of 26% (2007: 27%)	43,913	41,083	47,360	16,304
Non-deductible expenses	1,859	998	866	174
Tax incentives	(1,094)	(473)	(1,094)	(473)
Overprovision in prior years	(1,637)	(2,010)	(1,643)	(1,997)
Total tax expense	43,041	39,598	45,489	14,008

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

16. EARNINGS PER ORDINARY SHARE

Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 30 June 2008 was based on the profit attributable to ordinary shareholders of RM125,857,000 (2007 - RM112,561,000) and a weighted average number of ordinary shares outstanding during the year of 302,098,000 (2007 - 302,098,000).

Weighted average number of ordinary shares

	2008 '000	2007 '000
Issued ordinary shares at beginning of the year	302,098	302,098
Basic earnings per ordinary share (sen)	41.7	37.3

Diluted earnings per share

There were no diluted earnings per share for the Group as at 30 June 2008 and 2007.

17. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2008			
Interim 2008 ordinary	9.62	29,062	16 May 2008
Final 2007 ordinary	23.36	70,570	14 December 2007
Total amount		99,632	
2007			
Interim 2007 ordinary	9.49	28,669	18 May 2007
Final 2006 ordinary	20.88	63,078	28 November 2006
Total amount		91,747	

After the balance sheet date, the Directors recommend the declaration of a final dividend of 14 sen per 50 sen stock unit, tax exempt and 17 sen gross per 50 sen stock unit, less tax at 25% totaling RM80,811,000. The dividend will be recognized in subsequent financial reports upon approval by the shareholders.

18. SEGMENTAL INFORMATION

The Group operates solely in the brewing industry involving production, packaging, marketing and distribution of its products, principally in Malaysia. Approximately 2% (2007 - 2%) of the total sales are exports, mainly to South East Asian countries based on location of customers.

19. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

Exposure to credit, foreign currency and liquidity risk arises in the normal course of the Group and the Company's business. The Group and the Company have written risk management policies and guidelines which sets out their overall business strategies, their tolerance to risk and their general risk management philosophy and have established processes to monitor and control the hedging of transactions in a timely and accurate manner.

Derivative financial instruments such as forward foreign exchange contracts are used as hedges to reduce operational exposure to foreign exchange risks.

The accounting policies in relation to derivative financial instruments are set out in Note 2 (c).

Credit risk

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

At balance sheet 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.

Foreign currency risk

The Group and the Company incur foreign currency risk on purchases denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily the Euro, Sterling Pound and US Dollar.

The Group and the Company are authorised to enter into foreign exchange contracts of not more than twelve months for capital projects and long term committed raw materials supply, and not more than six months for other exposures.

The deferred/unrecognised gain associated with anticipated future transactions are RM34,000 (2007 - deferred/unrecognised gain RM82,000) and the expected timing of recognition as income or expense is over the next six months (where necessary, the forward exchange contracts are rolled over at maturity at market rates).

In respect of other monetary assets and liabilities held in currencies other than Ringgit Malaysia, the net exposure is kept to an acceptable level by the buying or selling of foreign currencies at spot rates where necessary to address short-term imbalances.

Liquidity risk

The Group and the Company monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuation in cash flows.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

19. FINANCIAL INSTRUMENTS (CONT'D)

Effective interest rates

In respect of interest-earning financial assets, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

Group and Company	Average effective interest rate per annum %	Total RM'000	Within 1 year RM'000
2008			
Financial assets			
Deposits placed with licensed banks	3.1	132,592	132,592
2007			
Financial assets			
Deposits placed with licensed banks	3.2	142,572	142,572

Fair value

Recognised financial instruments

The carrying amounts of the financial assets and liabilities recorded at the balance sheet date approximate their fair values.

Unrecognised financial instruments

The valuation of financial instruments not recognised in the balance sheets reflects their current market rates at the balance sheet date.

The contracted amount and market value of financial instruments not recognised in the balance sheets as at 30 June are:

Group and Company	2008 Contracted amount RM'000	2008 Market value RM'000	2007 Contracted amount RM'000	2007 Market value RM'000
Forward foreign exchange contracts	3,111	3,145	4,526	4,608

These forward foreign exchange contracts expire within a year from balance sheet date.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

20. OPERATING LEASES

Leases as lessee

Operating lease rentals are payable as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Less than one year	1,645	1,657	631	390
Between one and five years	1,108	1,344	82	437
	2,753	3,001	713	827

The Group leases a number of warehouse and factory facilities under operating leases. The leases typically run for a period of 1 to 5 year with an option to renew the lease after that date.

21. CAPITAL AND OTHER COMMITMENTS

	Group and Company	
	2008 RM'000	2007 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Authorised but not contracted for	12,531	5,529
Authorised and contracted for	2,306	1,929
	14,837	7,458

22. MATERIAL LITIGATION

The following is the material litigation in which the Group is involved:

KL High Court D7(D6)-22-1007-00:- Parallel Television (2001) Ltd (formerly known as CNBC Sports International Ltd) & Anor vs Guinness Anchor Berhad and Star Publications (Malaysia) Berhad.

The suit was dismissed with all taxed costs to be borne by the Company. On 4 August 2004, the Plaintiffs filed an appeal to the Court of Appeal. The hearing date for the appeal has yet to be fixed.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

23. RELATED PARTIES

Identity of related parties

The Group has a controlling related party relationship with its ultimate holding company and the substantial shareholders of the ultimate holding company.

The Directors regard GAPL Pte Ltd, a company incorporated in the Republic of Singapore, as the ultimate holding company. GAPL Pte Ltd is a joint venture company whose ultimate owners are Diageo Plc, a company incorporated in England and Wales, and Asia Pacific Breweries Limited (APBL), a company incorporated in the Republic of Singapore. Fraser and Neave Limited (F & N) and Heineken International B.V. (Heineken) are shareholders of Asia Pacific Investment Pte Ltd, a company incorporated in the Republic of Singapore, which is the holding company of APBL.

The Group also has a related party relationship with its Directors and key management personnel and the close members of their families.

Related party transactions

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Diageo Plc and its related corporations RM'000	APBL Group RM'000	F&N and its related corporations Other F&N companies RM'000	Heineken and its related corporations RM'000
2008				
Purchase of goods	17,063	2,485	21,598	805
Sale of products	11,914	-	-	8,361
Royalties payable	4,745	6,730	-	1,936
Marketing and technical services payable	2,676	-	-	596
Marketing fees receivable	-	5,876	-	4,273
Amounts due from	3,299	-	-	384
Amounts due to	3,113	1,551	1,826	475
2007				
Purchase of goods	17,458	59	16,718	890
Sale of products	10,260	-	57	9,361
Royalties payable	4,617	5,011	-	1,508
Marketing and technical services payable	2,590	-	-	127
Marketing fees receivable	-	5,320	-	5,807
Amounts due from	2,734	-	-	1,005
Amounts due to	1,623	1,135	762	454

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

Analysis of Stockholdings

AS AT 6 OCTOBER 2008

Authorised Share Capital	- 400,000,000 shares of 50 sen each
Issued and Paid-up Capital	- 302,098,000 shares of 50 sen each
Class of Shares	- Ordinary stock units of 50 sen each
Voting Rights	- One vote per ordinary stock unit

Size of Holdings	No. of stockholders	%	No. of stock units	%
1 – 99	634	5.22	4,677	0.00
100 – 1,000	4,311	35.52	3,576,957	1.18
1,001 – 10,000	5,715	47.10	23,134,068	7.66
10,001 – 100,000	1,331	10.97	37,835,397	12.53
100,001 – 15,104,899	143	1.18	83,477,001	27.63
15,104,900 and above	1	0.01	154,069,900	51.00
TOTAL	12,135	100.00	302,098,000	100.00

SUBSTANTIAL STOCKHOLDERS AS PER REGISTER OF SUBSTANTIAL STOCKHOLDERS

Name of Stockholder	Direct		Indirect	
	No. of stock units	%	No. of stock units	%
1. GAPL Pte Ltd	154,069,900	51.00	-	-
2. Aberdeen Asset Management PLC and its subsidiaries	15,449,700	5.11	-	-

DIRECTORS' INTEREST

Name of Director	Direct		Indirect	
	No. of stock units	%	No. of stock units	%
Tan Sri Saw Huat Lye	-	-	11,000	Negligible
Charles Henry Ireland	-	-	-	-
Tan Sri Dato' Alwi Jantan	-	-	-	-
Dato' Jaffar Indot	-	-	-	-
Chin Yoong Chong	30,000	0.01	-	-
Low Teng Lum	-	-	-	-
David Neill Moore	-	-	-	-
David Heginbottom (Alternate Director to David Neill Moore)	-	-	-	-
Dr Leslie Buckley	-	-	-	-
Sreesanthan Eliathamby	-	-	-	-
Martin Giles Manen	-	-	-	-

Analysis of Stockholdings

AS AT 6 OCTOBER 2008

30 LARGEST STOCKHOLDERS

	No. of stock units	%
1. GAPL Pte Ltd	154,069,900	51.00
2. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	10,217,480	3.38
3. HSBC Nominees (Asing) Sdn Bhd - BNP Paribas Securities Services Lux for Aberdeen Global	6,750,500	2.23
4. Cartaban Nominees (Asing) Sdn Bhd - State Street London Fund XCP2 for Aberdeen Asian Income Fund Limited	3,700,000	1.23
5. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (Non Par 1)	2,301,320	0.76
6. TM Asia Life Malaysia Bhd - As beneficial owner (PF)	2,300,000	0.76
7. Cartaban Nominees (Asing) Sdn Bhd - State Street London Fund XCB9 for Aberdeen Asian Smaller Companies Investment Trust PLC	2,250,000	0.75
8. Tai Tak Estates Sdn Bhd	2,156,000	0.71
9. Chinchoo Investment Sdn Berhad	1,865,000	0.62
10. Citigroup Nominees (Asing) Sdn Bhd - Exempt An for OCBC Securities Private Limited (Client A/C-NR)	1,766,504	0.58
11. HSBC Nominees (Asing) Sdn Bhd - Exempt An for JPMorgan Chase Bank, National Association (Norges Bank)	1,680,000	0.56
12. Kam Loong Mining Sdn Bhd	1,368,000	0.45
13. Cimsec Nominees (Asing) Sdn Bhd - Exempt An for CIMB-GK Securities Pte Ltd (Retail Clients)	1,352,830	0.45
14. HSBC Nominees (Asing) Sdn Bhd - HSBC-FS for Aberdeen Malaysia Equity Fund	1,350,000	0.45
15. Ho Sim Guan	1,330,000	0.44

Analysis of Stockholdings

AS AT 6 OCTOBER 2008

30 LARGEST STOCKHOLDERS (CONT'D)

	No. of stock units	%
16. Citigroup Nominees (Tempatan) Sdn Bhd - ING Insurance Berhad (INV-IL Par)	1,298,800	0.43
17. Gan Teng Siew Realty Sdn Berhad	1,277,000	0.42
18. Key Development Sdn Berhad	1,250,000	0.41
19. Citigroup Nominees (Asing) Sdn Bhd - Exempt An for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)	1,202,800	0.40
20. HSBC Nominees (Asing) Sdn Bhd - BBH and Co. Boston for Unidynamicfunds: Asia	1,200,000	0.40
21. Cimsec Nominees (Tempatan) Sdn Bhd - Exempt An for CIMB-GK Securities Pte Ltd (Retail Clients)	1,052,700	0.35
22. Chan Emily	1,052,000	0.35
23. HSBC Nominees (Asing) Sdn Bhd - Exempt An for JPMorgan Chase Bank, National Association (Taiwan)	1,039,200	0.34
24. HLG Nominee (Asing) Sdn Bhd - Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	1,001,660	0.33
25. Citigroup Nominees (Asing) Sdn Bhd - CB Spore GW for Bukit Sembawang Estates Limited (OCB33879-000MIS)	980,000	0.32
26. Pertubuhan Keselamatan Sosial	915,800	0.30
27. Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	897,100	0.30
28. Mrs Chan Lam Choon Nee Mun Swee Heong	896,400	0.30
29. Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An for American International Assurance Berhad	832,400	0.28
30. Hong Leong Assurance Berhad - As Beneficial Owner (Life Par)	820,500	0.27
	210,173,894	69.57

Other Information

SHARE BUYBACK

There was no share buyback effected during the financial year ended 30 June 2008.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities issued by the Company during the financial year ended 30 June 2008.

AMERICAN DEPOSITORY RECEIPT (ADR)/GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

The Company did not sponsor any ADR/GDR programme during the financial year ended 30 June 2008,

SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries by the relevant regulatory bodies during the financial year ended 30 June 2008.

NON-AUDIT FEES

The amount of non-audit fees paid to external auditors by the Group for the financial year ended 30 June 2008 amounted to RM234,000.

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving the interest of Directors and major Shareholders, either still subsisting at the end of the financial year ended 30 June 2008 or entered into since the end of the previous financial year.

PROFIT GUARANTEE

There were no profit guarantees given by the Company and its subsidiaries during the financial year ended 30 June 2008.

CONFLICT OF INTEREST

None of the Directors have any family relationship with other Directors and/or major Shareholder of the Company, nor any personal interest in any business arrangement involving the Company. None of the Directors have had conviction for any offences within the past ten years.

REVALUATION POLICY

The Company does not have a revaluation policy on its landed properties.

Properties Owned by the Group

Address/Location	Land area (acres)	Existing use	Lease expiry date	Approximate age of building (years)	Net Book Value At 30 June 2008 RM'000	Date of Acquisition / Revaluation *
Lot 1135, Batu 9 Jalan Kelang Lama 46710 Petaling Jaya Selangor	20.84	Office building & factory	23 Sept 2063	42	58,957	30 Sept 1984*
120, Air Keroh Industrial Estate 75710 Melaka	1.07	Office building & store	13 Jan 2080	26	608	30 Sept 1984*
Lot 123, Semambu Industrial Site 25350 Kuantan Pahang	0.52	Office building & store	5 Mar 2046	26	414	30 Sept 1984*
Lot 1136, Batu 9 Jalan Kelang Lama 46710 Petaling Jaya Selangor	2.88	Storage	Freehold	Not applicable	4,037	31 Dec 1991
					64,016	

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 44th Annual General Meeting of Guinness Anchor Berhad (the Company) will be held at Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 26 November 2008 at 11.00 a.m. for the following purposes:-

AGENDA

As Ordinary Business

- | | |
|---|------------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 30 June 2008 together with the Directors' and Auditors' Reports thereon. | Ordinary Resolution 1 |
| 2. To approve the declaration of a final dividend of 14 sen per 50 sen stock unit tax exempt and 17 sen gross per 50 sen stock unit less Malaysian income tax at 25% for the financial year ended 30 June 2008 as recommended by the Directors. | Ordinary Resolution 2 |
| 3. To approve the payment of Directors' Fees of RM270,000 for the financial year ended 30 June 2008. | Ordinary Resolution 3 |
| 4. To re-elect Mr. David Neill Moore who retires by rotation as a Director pursuant to Article 89 of the Company's Articles of Association. | Ordinary Resolution 4 |
| 5. To re-elect Mr. Sreesanthan Eliathamby who retires pursuant to Article 96 of the Company's Articles of Association. | Ordinary Resolution 5 |
| 6. To re-elect Mr. Martin Giles Manen who retires pursuant to Article 96 of the Company's Articles of Association. | Ordinary Resolution 6 |
| 7. To re-appoint Tan Sri Saw Huat Lye who retires pursuant to Section 129 of the Companies Act, 1965 as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. | Ordinary Resolution 7 |
| 8. To re-appoint Dato' Jaffar Indot who retires pursuant to Section 129 of the Companies Act, 1965 as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. | Ordinary Resolution 8 |
| 9. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 9 |

As Special Business

10. To consider and, if thought fit, to pass the following resolutions:

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (PROPOSED SHAREHOLDERS' MANDATE)

"**THAT**, pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), the Company and/or its subsidiaries (the Group) be and are hereby authorised to enter into any of the recurrent transactions of a revenue or trading nature as set out in 2.1.2 of the Circular to Shareholders dated 4 November 2008 with the related parties mentioned therein which are necessary for the Group's day-to-day operations, subject further to the following:-

- (i) the transactions are in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) disclosure of the aggregate value of the transactions of the Proposed Shareholders' Mandate conducted during the financial year will be disclosed in the Annual Report for the said financial year,

AND THAT such approval shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting (AGM) of the Company at which time it will lapse, unless by a resolution passed at the Meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the Act) (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by the Company in a general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

Ordinary Resolution 10

PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

"**THAT** the existing Article 151 be deleted in its entirety and that the following new Article 151 be adopted:-

Article 151 - Mode of payment of dividend

Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or to such person and to such address as the holder may in writing direct or **paid via electronic or other methods of funds transfer or remittance to such account as designated by such holder or the person entitled to such payment** or, if several persons are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and to such address as such persons may by writing direct, subject to the Rules. Every such cheque or warrant **or electronic transfer or remittance** shall be made payable to the order of the person to whom it is sent or to such person as the holder or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and the payment of any such cheque or warrant **or electronic transfer or remittance** shall operate as a good discharge to the Company in respect of the dividend represented thereby. Every such cheque or warrant **or electronic transfer or remittance** shall be sent at the risk of the person entitled to the money thereby represented."

Special Resolution 1

11. To consider any other business of which due notice shall have been given.

Notice of Annual General Meeting

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Subject to the approval of Stockholders, a final dividend of 14 sen per 50 sen stock unit tax exempt and 17 sen gross per 50 sen stock unit less Malaysian income tax at 25% for the financial year ended 30 June 2008 will be paid on 22 December 2008 to Stockholders registered at the close of business on 1 December 2008.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares deposited into the Depositor's securities account before 12.30 pm on 27 November 2008 in respect of shares which are exempted from mandatory deposit;
- (b) Shares transferred into the Depositor's securities account before 4.00 pm on 1 December 2008 in respect of ordinary transfers; and
- (c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Low Teng Lum (MAICSA 0728175)

Ng Sow Hoong (MAICSA 7027552)

Company Secretaries

Petaling Jaya

4 November 2008

NOTES:

1. Further notice is hereby given that for purposes of determining who shall be entitled to attend the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 56 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, a Record of Depositors as at 12 November 2008 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the meeting.
2. Any Member entitled to attend and vote at the meeting may only appoint **one (1) proxy** to attend and vote in his stead. A proxy may but need not be a Member of the Company. A Form of Proxy is enclosed for Members to appoint a proxy if they are unable to attend the meeting. In the case of a corporation, the Form of Proxy must be executed under the corporation's Common Seal or under the hand of an officer or attorney duly authorised.
3. To be valid, the **original** Form of Proxy must be lodged at the Share Registrar's Office, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Ordinary Resolution 10

- Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Ordinary Resolution 10, if passed, will allow the Group to enter into the recurrent related party transactions in the ordinary course of business and the necessity to convene separate general meetings from time to time to seek Shareholders' approval as and when such recurrent related party transactions occur, would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group. The Shareholders' mandate is subject to renewal on an annual basis.

2. Special Resolution 1

- Proposed Amendment to the Articles of Association of the Company

Special Resolution 1, if passed, will allow payment of dividend, interest or other money payable in cash in respect of shares of the Company directly into Shareholders' bank accounts and would improve efficiency of the Company. The Company intends to extend this service initially to Shareholders who maintain bank accounts with a Malaysian-based bank under the Malaysian Electronic Payment System (MEPS).

Shareholders, however, should note that the direct payment of dividend, interest or other money payable in cash, is optional and Shareholders may still opt to continue receiving dividend by warrants. Regardless of the option chosen, all Shareholders will continue to receive their dividend tax vouchers.

Further information on the Proposed Shareholders' Mandate and Proposed Amendment to the Articles of Association of the Company are set out in the Circular to Shareholders of the Company dated 4 November 2008.

Statement Accompanying the Notice of Annual General Meeting

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION OR RE-APPOINTMENT AT THE 44TH ANNUAL GENERAL MEETING

Pursuant to Article 89 of the Company's Articles of Association

Mr. David Neill Moore

Pursuant to Article 96 of the Company's Articles of Association

Mr. Sreesanthan Eliathamby

Mr. Martin Giles Manen

Pursuant to Section 129 of the Companies Act, 1965

Tan Sri Saw Huat Lye

Dato' Jaffar Indot

Tan Sri Dato' Alwi Jantan and Mr. Chin Yoong Chong who are due for retirement pursuant to Section 129 of the Companies act, 1965, have indicated in writing that they wish to retire and do not wish to seek re-election at the 44th Annual General Meeting.

2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Four (4) Board Meetings were held during the financial year ended 30 June 2008. Details of attendance of the Directors are set out in the Statement on Corporate Governance appearing on page 62 of the Annual Report.

3. PLACE, DATE AND TIME OF THE 44TH ANNUAL GENERAL MEETING

The 44th Annual General Meeting of Guinness Anchor Berhad will be held at Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 26 November 2008 at 11.00 a.m.

Sime Darby Convention Centre
1A, Jalan Bukit Kiara 1,
60000 Kuala Lumpur, Malaysia



Form of Proxy*

Guinness Anchor Berhad

(Company No. 5350-X) Incorporated in Malaysia



No. of stock units held:
CDS Account No.:

I/We _____

I/C No. _____ (new) _____ (old) / Certificate of Incorporation No. _____

of _____

being a Member of GUINNESS ANCHOR BERHAD, hereby appoint _____

I/C No. _____ (new) _____ (old)

of _____

as my/our proxy to vote for me/us and on my/our behalf at the 44th Annual General Meeting of the Company to be held at Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 26 November 2008 at 11.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

[Please indicate with an 'X' in the appropriate space as to how you wish your votes to be cast in respect of each Resolution. In the absence of specific directions, your proxy will vote or abstain from voting as he or she thinks fit.]

RESOLUTIONS	FOR	AGAINST
ORDINARY RESOLUTION 1		
ORDINARY RESOLUTION 2		
ORDINARY RESOLUTION 3		
ORDINARY RESOLUTION 4		
ORDINARY RESOLUTION 5		
ORDINARY RESOLUTION 6		
ORDINARY RESOLUTION 7		
ORDINARY RESOLUTION 8		
ORDINARY RESOLUTION 9		
ORDINARY RESOLUTION 10		
SPECIAL RESOLUTION 1		

Signed this _____ day of _____ 2008

Signature or Common Seal of Member

* **Only original Forms are valid. Photocopies are not acceptable.** Any change on the proxy form must be countersigned by the Member or authorised signatory representing the Member accordingly.

NOTES:-

1. For purposes of determining who shall be entitled to attend the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 56 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, a Record of Depositors as of 12 November 2008 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the meeting.
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Please fold here to seal

Affix
Stamp Here

Company Secretary
Guinness Anchor Berhad
c/o Tenaga Koperat Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

Please fold here to seal

Guinness Anchor Berhad (5350-X)

Sungei Way Brewery

Lot 1135, Batu 9, Jalan Klang Lama

P.O. Box 144, 46710 Petaling Jaya

Selangor Darul Ehsan

Tel : 03-78614688

Fax : 03-78614602

www.gab.com.my