

Malta ramped up the energy with a series of “M Factor” advertisements which reiterated the brand’s positioning of “Malt Goodness for Active Lifestyles”. The communication reinforced the booster effect of its rich, malty, nutritious and natural ingredients as well as Vitamin B Complex.

Malta



Leveraging a Strong Portfolio

OKTOBERFEST

Oktoberfest was a huge opportunity for GAB to become synonymous with the event in Malaysia by leveraging the portfolio at an occasion for consumers to enjoy their favourite brews.

A print advertising campaign ran for two weeks across all key English and Chinese newspapers highlighting the refreshment channel promotion and driving the overall big message of GAB being No.1.

Consumers who bought two of any of the four brands from GAB – Tiger, Guinness, Heineken & Anchor – enjoyed RM2 off in all refreshment outlets across the nation.

IN CONCERT WITH THE COMMUNITY

All the brands came together for a series of "Dragon Mission Charity Concerts", held in October 2009 and May to June 2010 for the development of 10 Chinese schools in Malaysia.

Formerly known as the "Tiger Chinese Education Charity Concert", ten shows were held in FY10 featuring new artistes Friendz, Debbie Lim, Pei Jie and Keon who joined stalwarts from previous concerts such as Freddie & The Catz, Tong Xin, Tedd Chan, Ezen, Regine Tai and Rui Ping.

The FY10 "Dragon Mission Charity Concert" raised a total of RM8.17 million.



Management Review

Supply Chain Highlights

GAB's Total Productive Management (TPM) programme, which is based on the Heineken model, has relentlessly pursued loss elimination and productivity enhancement in all aspects of our operations, through training, constant evaluation, evolution and revision of processes.

BREWING A CULTURE OF QUALITY

The Total Productive Management (TPM) programme, which has been running for the past 6 years, has equipped us with the tools to improve the performance of our people and processes to create a zero loss environment. Covering all departments, it engages everyone in the business from top management to frontline employees.

The TPM Mindset

In order to embed a zero loss mindset, GAB's TPM programme, which is based on the Heineken model, has relentlessly pursued loss elimination and productivity enhancement in all aspects of our operations, through training, constant evaluation, evolution and revision of processes.

For GAB shop floor personnel today, TPM has become part of the work culture and has been built into their daily routines to handle issues and resolve problems, while increasing yield.

In order to ensure a continuity of the zero loss mindset, initiatives have been introduced to keep our employees vigilant and mindful, for example the Process Control Leader programme was introduced to build leaders who are capable of handling dynamic process change.

TPM tools are also applied to areas such as Logistics, Commercial and Finance to help create a smooth flow of communication, alignment of objectives and zero loss mindset. This helps improve efficiency, enable accurate decision making, guide planning and produce better results in whatever we do.

GAB has embarked on a TPM Programme for Logistics, which was developed by the Heineken Supply Chain in Holland to enable further cost reductions in the Supply Chain through reducing waste and inventories while improving productivity and service levels.

Outstanding TPM Achievements

Since its implementation, the team has achieved strong results, which reflects the Supply Chain's vision to be the best brewery in its class globally.

Cost Management

TPM has been a core driver of cost management at GAB with key areas consistently showing improvement. Compared to the previous year, productivity, which takes into account the number of hectolitres produced per Full Time Employee (FTE), has improved by 12% while overtime dropped by 20% and extract losses were reduced by 1%. Further cost reductions were achieved as a result of an 8% improvement in the canning line efficiency and a 4% improvement in the bottling line efficiency.

Delivery

Despite the brewery operating at almost full capacity, delivery efficiency has seen an 8% improvement, while raw material stocks dropped by 18% together with a 5% drop in finished product stock levels over FY10, as compared to the previous year.



Environment

In the year under review, due to our energy conservation initiatives, our specific thermal consumption was reduced by 6.1% compared to the previous year. We managed to reduce the evaporation rate at the brew house by 3.1%. Various initiatives were also undertaken to reduce water consumption, which resulted in a 3.9% reduction in water consumption against the preceding year.

We upgraded our Carbon Dioxide (CO₂) collection process which has minimised the emission of CO₂ and reduced electricity consumption associated with the collection process. We are now self-sufficient for CO₂ which is a natural product of the fermentation process during the manufacturing of our products.

Electricity consumption at the brewery has seen a decrease of 7.9%.

Due to the proactive steps taken by switching to natural gas, our fossil CO₂ emission fell by 3% in FY10 in comparison to the previous year. NOx and SOx emissions remained unchanged.

Quality

Our determination to ensure we deliver the highest possible product quality has resulted in a 19% improvement in process capability that was matched by a 40% drop in complaints for bottles and cans.

Organisation

With TPM now fully embedded in GAB, higher levels of improvement are being recorded continuously; driven by our Root Cause Failure Analysis (RCFA) teams. This now stands at 114 compared to just 45 previously, allowing for a faster approach to resolve problems that are present in familiar processes. Meanwhile, the number of performance improvement teams are being reduced in tandem as we embrace the approach towards higher levels of productivity.

Unceasing Achievements in Excellence

GAB has achieved global level best practices levels of performance resulting from the consistent quality improvement and stringent adherence to world class specifications. Fresh from the record breaking streak of winning the Guinness League of Excellence Award for three consecutive years, GAB became the first Operating Company in the history of the award to win the Tiger Quality Award and Tiger In-Market Quality Award for two consecutive years for best-in-class taste, packaging, point-to-point sales and serving quality.

The Tiger Quality Award underpins the drive of a brewery to deliver the best in class taste quality and best in class packaging quality to consumers.

Management Review – Supply Chain Highlights



CONTINUOUS IMPROVEMENT TO OPERATIONS

Safety and Health Measures

With the safety and security of everyone at GAB a priority, improvements in this area are as important as everything else we strive to achieve.

Security at the brewery was stepped up to prevent unauthorised access and pilferage with an increase in CCTVs and 24-hour guards. This is enhanced by the increase in areas which are protected by our access card system.

Capital Expenditure

A total of RM30 million was invested in FY10 to improve brewery efficiency and operations, product quality, logistics, security measures and traffic flow in order to maintain the world class levels at which GAB performs.

Conservation of Resources

As a company sensitive to the preservation of the environment through sustainable business practices, improvements in what we do in this area are central

to our philosophy of being a responsible company. GAB's commitment to this was manifested in FY10 by efforts to reduce our carbon footprint through improvements in CO₂ recovery from the production process, thereby making the brewery self-sufficient in terms of CO₂ usage. This has also led to cost reduction and a reduced overall business environmental impact. Specific water, electricity and thermal energy consumption was also reduced throughout the year which resulted from the ongoing efforts to continuously contribute to the conservation of resources.

5S Programme

Brewery wide implementation of the 5S methodology is now established in GAB to improve workplace efficiency, productivity, safety and morale. Under this methodology, employees are required to reduce clutter by **Sorting**; required items are placed in their correct location through **Straightening**; there is a focus on maintaining the method of operations when they are **Sustained**; working areas are Cleaned (**Shined**); and everyone practices these positive workplace traits through **Standardisation**.

A competition was introduced to enhance the overall 5S practice amongst staff. In this competition, the brewery was split into 15 zones or teams, where each team was evaluated on a monthly basis. The champion was selected based on:

1. Scores with positive trending to evaluate consistency
2. Completion of most countermeasures to evaluate continuous improvement, and
3. The highest average score for 12 months to evaluate persistency

ISO Accreditation

For the year under review, GAB once again successfully renewed its Hazard Analysis Critical Control Point (HACCP) from the Ministry of Health and received the ISO 9001:2008 certification, having fulfilled the additional requirements to update from ISO 9001:2000.



These requirements are:

- To control and monitor our outsourcing process whereby the quality of service provided will conform to requirements. The type and extent of control to be applied to these outsourced processes shall be defined within the quality management system; however the implementation of these controls will not absolve GAB of the responsibility to conform to all customer, statutory and regulatory requirements.
- To expand the human resource aspect to include all personnel and departments that will impact product quality directly and indirectly, including other support departments such as Finance, Marketing and HR. GAB will conduct the appropriate training and education to achieve this.
- To provide a conducive work environment for the achievement of high product quality. This includes providing adequate lighting, reducing noise levels, ensuring proper temperature and humidity, etc., and is a further extension of what we have already put into practice. The improvements will cover all work aspects and not just those related to product quality.

- To change the focus for monitoring and measurement from product conformity to the impact on the conformity and effectiveness. When planned results are not achieved, correction and corrective action shall be taken, as appropriate. The corrective measures will not be limited to the conformity of the product but will also include all processes and personnel involved.
- To implement appropriate processes for measurement, analysis and improvement where corrective action will be taken to eliminate the causes of non-conformities in order to prevent recurrence; as well as preventive action to eliminate the causes of potential non-conformities in order to prevent their occurrence.

GAB was the first brewery in Malaysia to receive these two internationally recognised standards for safety and quality in 2002 and they have been successfully renewed every year.

ACHIEVING EXCELLENCE WITH TPM

TPM is a core component of GAB's success and continuous journey of excellence. This will be enhanced further as we expand the scope of TPM to include both logistics and procurement, driving sustainable cost reductions and improving customer service levels.

The next phase is to instill the TPM mindset in order to achieve Shop Floor Excellence through implementation of daily control systems throughout Supply Chain. We have recently undergone a programme for training Process Control Leaders. This is a bottom-up approach to increase engagement and ownership of continuous improvement activities.

As GAB continues to improve on its performance, we are confident that we will make progress towards our corporate vision of being an Icon in Business and our departmental vision of becoming the best brewery in our class in the world.



Level MLM Performance

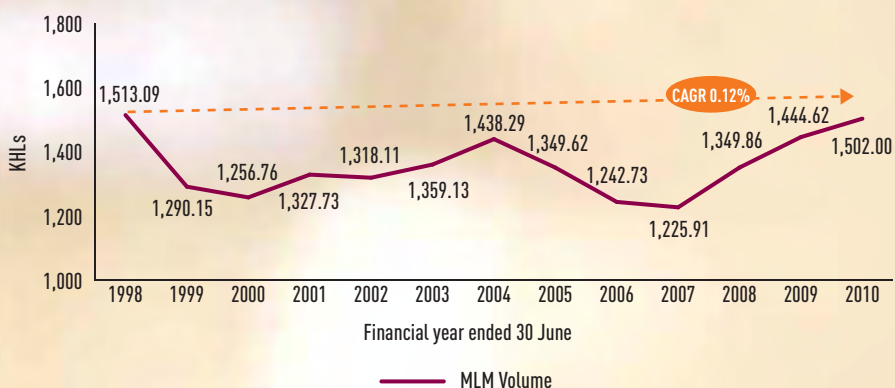
The Malt Liquor Market (MLM) in Malaysia has been flat over the past 12 years, recording a 0% Compounded Average Growth Rate (CAGR). Growth has been impeded by high excise duties and the market has yet to return to its 1998 peak of 1.51 million hectolitres.

High Excise Duties and Declining Consumption

The excise duties on beer and stout in Malaysia remain the second highest in the world and the highest in the region, despite us having a disproportionately lower disposable income per capita. This was a key factor for the decline in Malaysia's per capita beer consumption by a negative CAGR of 2.3% between 2004 and 2009, while the other ASEAN countries registered a growth rate of between 0.2% and 6.6%.

Malaysia MLM still below 1998 peak

MLM Volume – Past 13 years

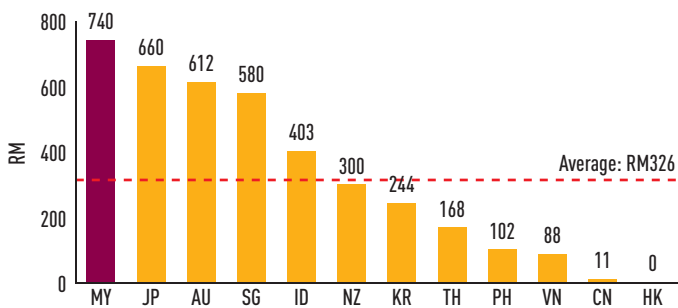


Finance Director's Review

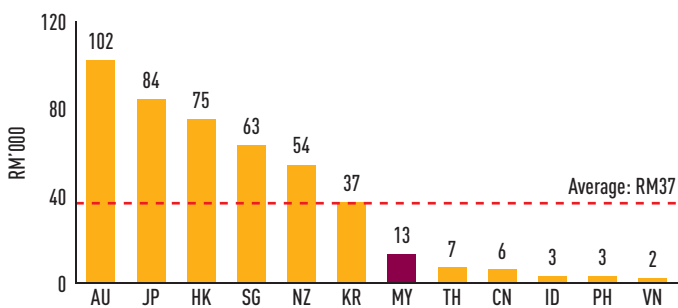
Excise taxes are already very high

Malaysia has the highest beer excise duty¹ in Asia Pacific and the 2nd highest in the world, despite having one of the lowest disposable income per capita.

Beer Excise Duty per HL in Asia Pacific



Disposable Income per Capita in Asia Pacific



Note: ¹ All excise rates are from 2010 and based on 5% ABV beer.

Source: EIU (2010), Euromonitor (2010), Countries' official customs website (2010), Deloitte Research & Analysis.

Legend: Countries

AU	Australia	JP	Japan	PH	Philippines
CN	China	KR	South Korea	SG	Singapore
HK	Hong Kong	MY	Malaysia	TH	Thailand
ID	Indonesia	NZ	New Zealand	VN	Vietnam

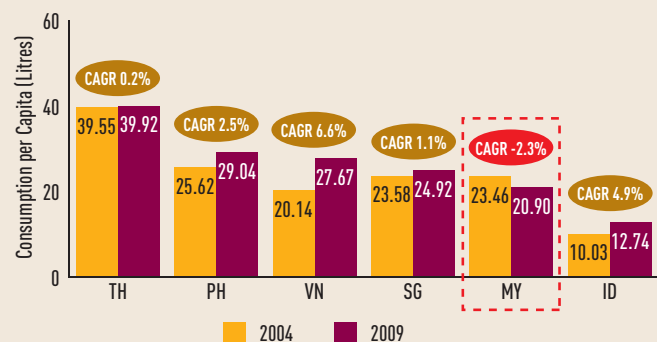
2010 Global Assessment of Beer Excise Duty

Rank	Country	Duty per HL (RM)	Disposable income per capita (RM)
1	Norway	1,010	128,549
2	Malaysia	740	12,796
3	Japan	660	83,802
4	Australia	612	101,939
5	Singapore	580	62,538
30	Hong Kong	0	74,991

Per Capita consumption is low

Malaysia's consumption per capita remains one of the lowest in the region as a result of its high excise duty, and it decreased from 23.5 to 20.9 litres per capita in 2009.

Consumption per Capita (Litres) and CAGR (%) Among Southeast Asian Countries (2004 & 2009)

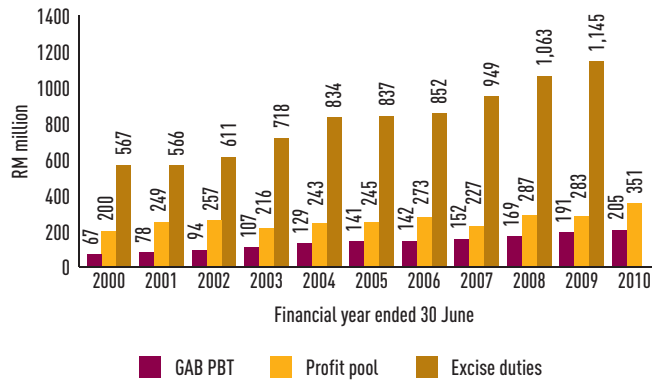


Excise Duty (RM per HL)	168	102	88	580	740	403
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Note: Beer consumption per capita was assessed from 2004 & 2009 across six key countries in Southeast Asia based on 18+ years non-Muslim population.

Source: EIU (2010), Euromonitor (2010), Deloitte Research & Analysis.

Excise Duty Growth Exceeds Industry Profit Growth



Note: FY2010 published data for excise duty is not available at time of publication.

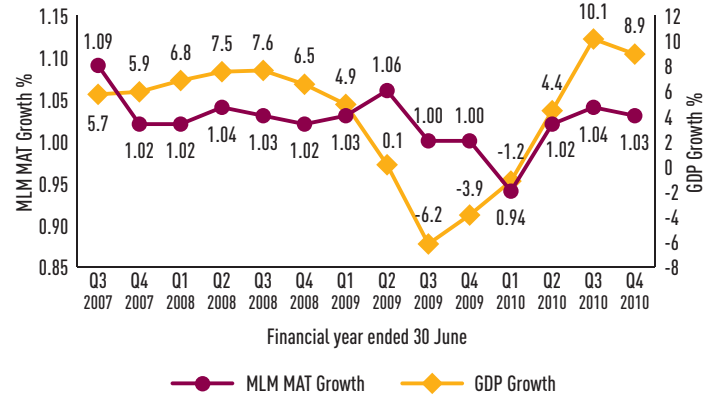
Intense Market Competition and the Effects of High Duties

The Malaysian MLM is fairly mature and competition is very intense. The industry continuously engages in numerous productivity programmes to curtail costs while delivering value to consumers.

Any further increase in the excise duties would be counterproductive as it will encourage the expansion of illicit activities. Although the Government's excise duties collection registered a CAGR of 7.17% over the last 10 years (FY1999 – FY2009), the industry profit CAGR was only at 5.77% despite a rise in the consumer price index (FY2000 – FY2010).

MLM mirrors GDP, albeit with a 6-month time-lag

GDP growth vs MAT Q-on-Q Growth



Impact of Economic Growth on MLM

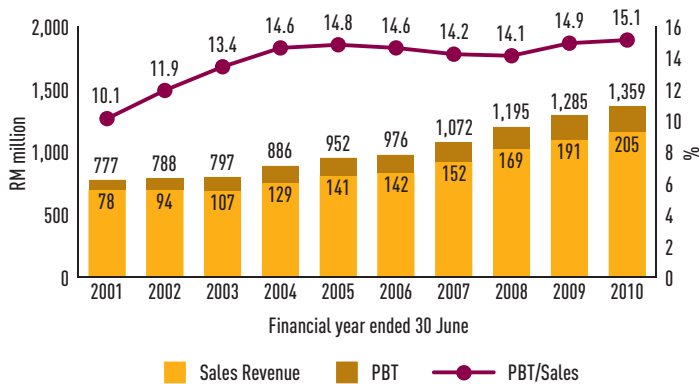
Based on past trends in Malaysia, the MLM usually mirrors the country's GDP, however with a lag of approximately 6 months. The impact of the country's GDP was clearly reflected in the industry's performance in FY2009 and FY2010. The MLM declined in the second half of FY2009 before picking up in the first half of FY2010. The recovery of the market was also attributable to the Chinese New Year period which saw all major players embarking on strategic promotions and campaigns aimed at driving overall consumption. The growth was further propelled by price wars between the superstore operators to expand their respective market shares during the festive period after a prolonged period of economic sluggishness.

GAB's performance was stable during the economic slowdown in the first half of the financial year before gathering momentum in the second half. Q2 of FY2010 saw GAB performing very well with its Year of the Tiger campaign, while Q4 recorded higher results with the excitement of the 2010 FIFA World Cup™ campaign.

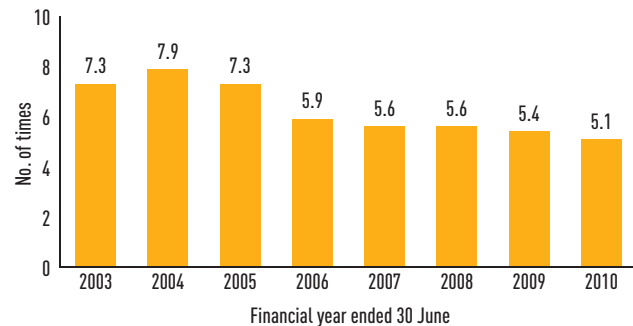
Finance Director's Review

GAB Revenue & Margin Grew in FY2010

Sales Revenue vs PBT

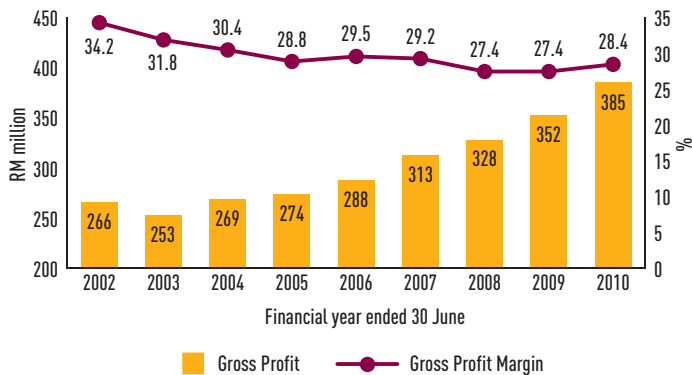


Working Capital/Turnover Ratio

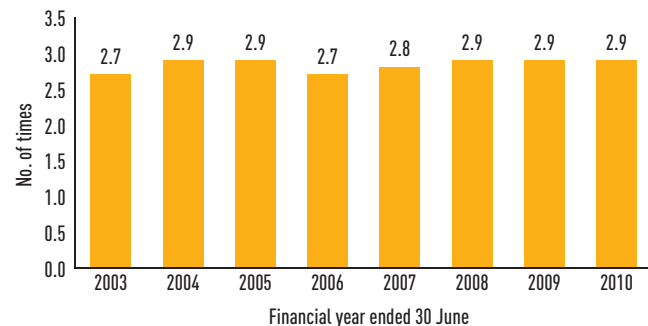


GAB Gross Profit has Grown for 8 Consecutive Years

Gross profit margin increased by 1% in FY2010



Revenue/Total Equity Ratio



GAB IS THE CLEAR MARKET LEADER

GAB Extends Its Market Leadership

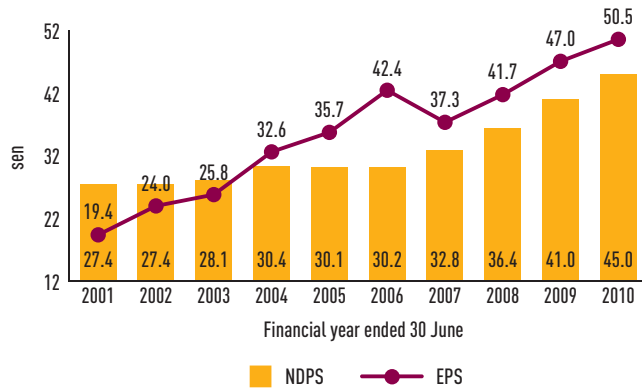
Despite the competitive and challenging economic environment, GAB continued to extend its lead in MLM with further market share and industry profit pool growth.

Creating Continuous Value for Our Shareholders

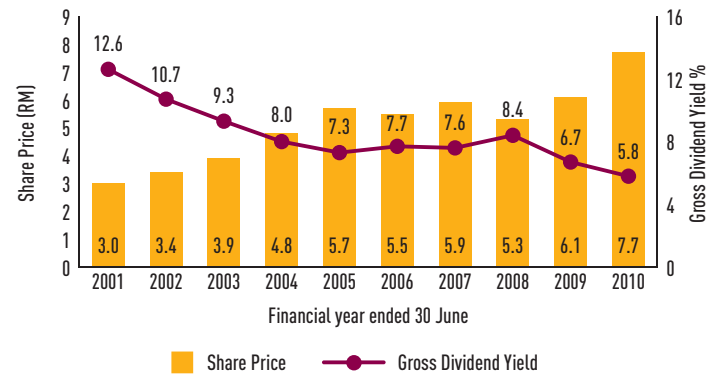
Now in its ninth consecutive year of growth, GAB achieved a Profit before Tax of RM205 million compared to RM191 million recorded in the previous year. The record achievement of Profit before Tax over Sales of 15.1% reflects GAB's ability to consistently deliver strong results despite challenging market conditions.

While sales revenue has steadily increased, GAB has managed to consistently maintain its working capital utilisation at around 5.1 times of revenue. The revenue over total equity ratio stands at 2.9.

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



Share Price & Gross Dividend Yield



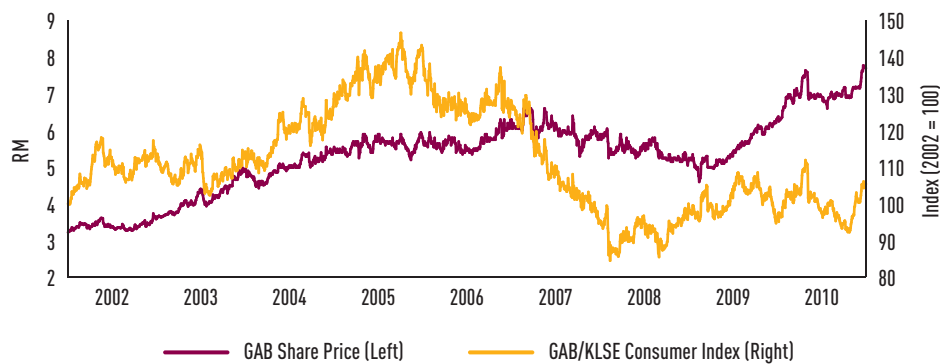
Strong Earnings Per Share

GAB continues to deliver commendable returns to shareholders, which was reflected in the earnings per share of 50.5 sen for the financial year. The net total dividends of 45 sen for the year represents a distribution of 89% of the Group's net profit after tax, which is in line with the GAB's commitment of providing high dividend yield to shareholders. Meanwhile, the share price has also grown to RM7.70 per share as at 30 June 2010 compared to RM6.10 in June 2009. This strong combination of dividends and gain in share price reflect a 32% return for the year.

Strong Performance of GAB Shares in the Bursa Malaysia

GAB's share price has outperformed the consumer segment in the past few years.

GAB-KLSE Consumer Relative Price Index





DIRECTORS

Tan Sri Saw Huat Lye (Chairman)
Charles Henry Ireland (Managing Director)
Dato' Jaffar Indot
Low Teng Lum (Finance Director)
Dr Leslie Buckley
Sreesanthan Eliathamby
Martin Giles Manen
Siobhan Mary Hamilton
Anna Olive Magdelene Manz
(Alternate Director to Siobhan Mary Hamilton)

SECRETARIES

Low Teng Lum (MAICSA 0728175)
Ng Sow Hoong (MAICSA 7027552)

AUDITORS

KPMG
Chartered Accountants
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : 603-7721 3388
Fax : 603-7721 3399

REGISTERED OFFICE

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Lot 1135, Batu 9, Jalan Klang Lama
P. O. Box 144, 46710 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : 603-7861 4688
Fax : 603-7861 4602

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
(formerly known as Tenaga Koperat Sdn Bhd)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Tel : 603-2264 3883
Fax : 603-2282 1886

PRINCIPAL BANKERS

Standard Chartered Bank Malaysia Berhad
HSBC Bank Malaysia Berhad
CIMB Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Listed on the Main Market
of Bursa Malaysia
Stock short name : GAB
Stock number : 3255

WEBSITE

www.gab.com.my

Corporate Information



Board of Directors



SEATED, FROM LEFT:

Charles Henry Ireland (Managing Director), Tan Sri Saw Huat Lye (Chairman), Dato' Jaffar Indot

STANDING, FROM LEFT:

Low Teng Lum (Finance Director), Dr Leslie Buckley, Martin Giles Manen, Sreesanthan Eliathamby, Siobhan Mary Hamilton

Directors' Profile

TAN SRI SAW HUAT LYE

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

Senior 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 75, 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 the GAB Foundation's Board of Trustees and 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

Charles Henry Ireland, British, aged 45, 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 Nestlé UK in the Nestlé Rowntree Grocery Division. He was promoted to National Account Manager, Nestlé Petfood Division in 1990 and later to Sales Manager National Accounts, Nestlé Confectionery Division. He served in various capacities within the Nestlé Group until October 1997.

In November 1997, Charles started his career with Diageo Plc as Account Director - On Trade, Guinness GB. He became Customer Marketing Director, Guinness GB in 1999 before his promotion to Global Route to Consumer Director for Diageo Ready to Drink Brands in 2001. Prior to joining GAB, from 2003 to 2006, Charles was Managing Director of Diageo Philippines and was given the additional responsibility of Commercial Director, Diageo Asia, in 2005.

Charles currently serves as the President of the Malaysian International Chamber of Commerce and Industry (MICCI) and as Vice President of the National Chamber of Commerce and Industry Malaysia (NCCIM). Also, he is a Governing Council Member of the Confederation of Malaysian Brewers Berhad and additionally, he is a Trustee of the GAB Foundation.

DATO' JAFFAR INDOT

DSNS SMS

International Senior Managers' Programme
(Harvard University)

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

Dato' Jaffar Indot, Malaysian, aged 76, 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 Sycal Ventures Berhad and Melewar Industrial Group Berhad, both public listed companies. He is also a Director of F3 Strategies Berhad, a public company, and the President of the Malaysian Alliance of Corporate Directors, a non-profit company limited by guarantee.

LOW TENG LUM

Chartered Accountant;
Fellow Member of the Chartered Association
of Certified Accountants, United Kingdom;
Associate Member of the Institute of Chartered
Secretaries & Administrators, United Kingdom;
and the Chartered Tax Institute of Malaysia;
Member of the Malaysian Institute of Accountants and
the Association of Corporate Treasurers, United Kingdom;
Certified Executive Coach (UMCCed, University of Malaya);
Diploma in Technical Analysis
(Society of Technical Analysts, United Kingdom);
Applied International Management Program
(Institutet for Foretagsledning, Sweden);
Master of Public Administration (Harvard University)

Executive Director

Low Teng Lum, Malaysian, aged 56, 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.

He has served as a member of the Task Force on the formation of an Audit Oversight Board chaired by the Securities Commission.

Directors' Profile

DR. LESLIE BUCKLEY

Doctorate of Philosophy (Columbia University);
Bachelor of Arts (Hons) (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 49, was appointed to the Board on 4 January 2007.

Dr. Buckley is currently the Regional Director (S.E.A./Oceania) of Asia Pacific Breweries Limited. Dr. Buckley has 25 years of working experience in Sales and Marketing of which 20 years has been in the brewing industry in Asia and Australasia.

SREESANTHAN ELIATHAMBY

LL.B (Hons), University of Malaya;
B.C.L., University of Oxford, United Kingdom

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

Sreesanthan Eliathamby, Malaysian, aged 50, was appointed to the Board on 1 March 2008.

Sreesanthan is an Advocate & Solicitor and a Partner with the legal firm of Messrs Kadir, Andri & Partners. Sreesanthan obtained his undergraduate law degree from the University of Malaya and his post graduate degree in law from the University of Oxford, United Kingdom. He was formerly a Legal Assistant and later a Partner with the legal firm of Messrs Zain & Co.

Sreesanthan is a member of the Investment Committee of the Amanah Saham Wawasan 2020 Fund, Bursa Malaysia Listing Committee and the Investigating Tribunal Panel of the Advocates and Solicitors' Disciplinary Board.

Sreesanthan currently sits on the Boards of the following public listed companies:-

- Malayan Banking Berhad
- Sime Darby Berhad
- Chemical Company of Malaysia Berhad
- 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 Giles Manen, Malaysian, aged 55, was appointed to the Board on 29 August 2008.

Martin 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. After leaving the Sime Darby Group in 2007, he served as chief executive officer of a public relations and communications consultancy until May 2009. 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, Hong Leong Investment Bank Berhad and Unisem (M) Berhad.

SIOBHAN MARY HAMILTON

Master of Arts in Occupational Psychology
(University College Cork);
Bachelor of Arts in Psychology (University College Dublin)

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

Siobhan Mary Hamilton, Irish, aged 36, was appointed to the Board on 15 June 2010.

Siobhan began her career in her home market of Ireland in 1996. She has more than 13 years of experience working across several markets and brands in Diageo.

Siobhan is currently the General Manager for Diageo Singapore, Malaysia and Indonesia. Prior to this, she was the Regional Brand Director for Vodka and RTD in Asia Pacific.

ANNA OLIVE MAGDELENE MANZ

Chartered Accountant;
Master of Chemistry
(Oxford University – Wadham College);
Member of the Chartered Institute of Management
Accountants and the Association of Corporate Treasurers
(Alternate Director to Siobhan Mary Hamilton)

Alternate Non-Independent,
Non-Executive Director

Anna Olive Magdelene Manz, British, aged 37, was appointed as Alternate Director on 8 September 2010.

Anna began her career in Quest International, Unilever / ICI Plc in 1996 before joining Diageo Group as the Foreign Exchange Controller in 1999. She has held various senior roles within the Group including Financial Planning and Analysis Director of Diageo South East USA (2000 – 2002), Vice President - Finance of Diageo North America (2002-2005), Finance Director of Diageo Ireland (2005-2006), Finance Director Global Marketing, Sales & Innovation (2007-2008) and Group Treasurer (2009-2010).

Anna is currently holding the position of Finance Director in Diageo Asia.

Management Executives

ABOVE, FROM LEFT:

Chong Wai Choong
Chief Financial Officer

Charles Henry Ireland
Managing Director

Mark Jenner
Marketing Director

Low Teng Lum
Finance Director

BELOW, FROM LEFT:

Thum Chee Yuen
Sales Director

Sujitha Rajaratnam
Human Resources Director

Renuka Indrarajah
Corporate Relations & Legal Director

NOT IN PICTURE:

Bernard Marie Eloy
Supply Chain Director



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 Nestlé UK in the Nestlé Rowntree Grocery Division. He was promoted to National Account Manager, Nestlé Petfood Division in 1990 and later to Sales Manager National Accounts, Nestlé Confectionery Division. He served in various capacities within the Nestlé Group until October 1997.

In November 1997, Charles started his career with Diageo Plc as Account Director - On Trade, Guinness GB. He became Customer Marketing Director, Guinness GB in 1999 before his promotion to Global Route to Consumer Director for Diageo Ready to Drink Brands in 2001. Prior to joining GAB, from 2003 to 2006, Charles was Managing Director of Diageo Philippines and was given the additional responsibility of Commercial Director, Diageo Asia, in 2005.

Charles currently serves as the President of the Malaysian International Chamber of Commerce and Industry (MICCI) and as Vice President of the National Chamber of Commerce and Industry Malaysia (NCCIM). Also, he is a Governing Council Member of the Confederation of Malaysian Brewers Berhad and additionally, he is a Trustee of the GAB Foundation.

LOW TENG LUM

Chartered Accountant; Fellow Member of the Chartered Association of Certified Accountants, United Kingdom; Associate Member of the Institute of Chartered Secretaries & Administrators, United Kingdom; and the Chartered Tax Institute of Malaysia; Member of the Malaysian Institute of Accountants and the Association of Corporate Treasurers, United Kingdom; Certified Executive Coach (UMCCed, University of Malaya); Diploma in Technical Analysis (Society of Technical Analysts, United Kingdom); Applied International Management Program (Institutet for Foretagsledning, Sweden); Master of Public Administration (Harvard University)

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.

He has served as a member of the Task Force on the formation of an Audit Oversight Board chaired by the Securities Commission.

CHONG WAI CHOONG

Master of Business Administration (MBA), (Heriott-Watt University, Edinburgh, UK); Chartered Accountant, Malaysian Institute of Accountants (MIA); Certified Practising Accountant, CPA Australia; Bachelor of Commerce (Accounting) (University of New South Wales)

Chief Financial Officer

Chong Wai Choong, Malaysian, joined GAB in April 2010. He has over 20 years of finance, accounting, IT and management experience including legal, public relations, sales support, operations HR & administration, and was Director of 6 companies, and Company Secretary of 10 companies during his tenure.

Chong started his career with Ernst & Young as an Audit Assistant in 1989 and joined Johnson & Johnson as a Junior Accountant in 1991 where he was promoted to Accountant in 1992, and then to Accounting Manager in 1993. In 1994, Chong joined A. Clouet & Co. (Ayam Brand) as Head of Finance & IT and subsequently joined Dumex Malaysia as Regional Financial Controller in 1998.

During his time with Dumex, he won the best reporting unit for 5 consecutive years (2000 to 2004), won the best controlled unit for 2 years (2003/2004), and progressed to Finance Director in 2003, and then to Cluster Finance Director for the Region in 2005. He also started the Global SAP Shared Services for the Dumex group. He moved to Malaysian Oxygen Berhad in 2005 to assume the role of General Manager - Finance & Company Secretary, and won Best Financial Services Team in South & South East Asia 2006. In 2007, he joined Bumi Armada as Vice President - Shared Services (Finance, IT & Administration), where he implemented SAP ECC6 in 2008 and led them to be the first in Southeast Asia to deploy Duet and SAP BusinessObjects Planning & Consolidation, which was implemented in a record time of 6 months.

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 Head of Legal Affairs in 2004 and in May 2007, she received another promotion to Corporate Relations and Legal Director.

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 Asia region under her purview.

In her role as Corporate Relations and Legal Director, Renuka is responsible for leading GAB's Corporate Relations and Legal Team in safeguarding and building the corporate reputation of the Company. The divisions within the Corporate Relations and Legal Department are External Affairs, Legal and Secretarial, Corporate Communications and Responsibility and the GAB Foundation.

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

THUM CHEE YUEN

B.A. (Hons) (Universiti Sains Malaysia), MBA (Nottingham Trent University)

Sales Director

Thum Chee Yuen, Malaysian, joined GAB in May 2010, and has over 15 years of commercial experience in diverse industries, including property, pharmaceutical, fast moving consumer goods and telecommunications. He started his career as a Sales & Marketing Executive for Lion Group in 1996 and subsequently joined Boehringer Ingelheim Malaysia as a Product Specialist in 1997. He then joined Unilever as Key Account Manager in 2001 and progressed to Regional Sales Manager. In 2007, Thum joined Celcom Axiata Berhad to assume the position of Vice President – Sales Planning and Operations.

BERNARD MARIE ELOY

Higher National Diploma, Food Technology, ENSIAA – Massy/Douai – France

Supply Chain Director

Bernard Marie Eloy, French, joined GAB in September 2010.

Bernard started his career as a plant manager in Consolidated Breweries and moved on to be a Business Manager in Nordon & Cie in 1990. He further expanded his career as the General Manager (GM) of Plant Awo Omamma and GM Coy Technical in the years 1992 to 2000.

In 2001, Bernard was Senior Product Consultant in HNBS & HNB, overlooking the Africa and Middle East region, and by mid 2003 went on to be a Production Manager of Burundi. By end of 2003, Bernard became the Technical Manager at Brarudi in Burundi for five years.

Prior to joining GAB, Bernard spent 2 years (2008 - 2010) with Nigerian Breweries, as the Brewery Manager of AMA Greenfield, an ultra modern brewery of 3 million hls capacity.

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.

SUJITHA RAJARATNAM

LLB (Hons), (University of London)

Human Resources Director

Sujitha Rajaratnam, Malaysian, joined GAB in February 2004, as Human Resources Manager handling Industrial Relations and Employee Relations matters and was Head of Human Resources before being appointed as Human Resources Director and member of the GAB Management Team in 2006.

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 Capital Management and Legal Affairs.

Statement on Corporate Governance

The Board of Directors ("the Board") of Guinness Anchor Berhad is committed to ensuring that high standards of business ethics and corporate governance are practised throughout the Group through the implementation of effective policies and adoption of good governance practices. The Group embraces the spirit of good corporate governance which has helped in contributing towards the achievement of the Group's strategic goals and values in business. This has had a positive impact on the Group's reputation and business sustainability.

The Board is pleased to report the Company's application of the underlying principles set out in the Malaysian Code on Corporate Governance (Revised 2007) ("the Code") and the extent to which the Company has complied with the Code throughout the financial year ended 30 June 2010.

1. BOARD OF DIRECTORS

The Board

The Group is led by an effective Board which comprises members of caliber from a diverse blend of professional backgrounds with a wide range of business and financial experience, skills and expertise, supported by Independent Directors who are able to bring independent judgement on issues of strategy, performance, resources and standards of conduct. A brief profile of each Board member is set out on pages 62 to 65 of this Annual Report.

The Board has formal terms of reference to guide the Directors in the discharge of their responsibility. The Board has the overall responsibility in leading and determining the Group's strategic direction. It provides an effective oversight of the conduct of the Group's businesses, ensuring appropriate control system is in place as well as regularly reviewing such system to ensure its adequacy and integrity.

The principal responsibilities of the Board include the following:-

- Reviewing and adopting a strategic plan for the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensure the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing of compensation and where appropriate, replacing Senior Management;
- Developing and implementing an investor relations programme or shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

In discharging the above responsibilities and duties, the Board is assisted by the Management Team which consists of Senior Management holding the following positions:-

- Managing Director
- Finance Director
- Chief Financial Officer
- Marketing Director
- Sales Director
- Supply Chain Director
- Corporate Relations and Legal Director
- Human Resources Director

A brief profile of each Management Team member is set out on pages 68 to 69 of the Annual Report.

The responsibilities and authorities of the Management Team are clearly defined in the Group's Standard Policies and Procedures Manual. The Management Team is charged with the responsibility of reviewing key operational decisions, implementing the policies and decisions of the Board as well as developing and implementing business and corporate strategies.

Board Balance

As at 30 June 2010, the Board consists of nine (9) members including one (1) Alternate Director, of whom two (2) are Executive Directors and four (4) out of the six (6) Non-Executive Directors (including the Chairman) are independent. The proportion of Non-Executive Independent Directors complies with the requirements prescribed by the Listing Requirements.

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 in the Board.

The Chairman of the Board is primarily responsible for ensuring Board effectiveness and conduct whilst the Managing Director is responsible for the day-to-day conduct of the Group's business including the implementation of business plans and strategies approved by the Board and communicating matters to the Board. The Chairman has never held any executive position in the Group.

The Board has a balance composition with adequate Board independence that reflects the interest of minority shareholders and provides an effective check and balance in the functioning of the Board. Although all Directors have an equal responsibility for the Group's operations, the Independent Non-Executive Directors play an important role in bringing impartiality and scrutiny to Board deliberations and decision making, and also serve to stimulate and challenge the Management in an objective manner. 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.

The Chairman of the Board, Tan Sri Saw Huat Lye, is the designated Senior Independent Non-Executive Director, to whom concerns pertaining to the Group may be conveyed by shareholders and other stakeholders.

Directors' Code of Ethics

The Directors of the Group adhere to the Code of Ethics established by the Companies Commission of Malaysia for Company Directors. The Code of Ethics sets out the principles in relation to sincerity, integrity, responsibility and corporate social responsibility.

Board Meetings and Supply of Information

The annual meetings schedule which sets out the dates for meetings of the Board, Board Committees and shareholders is prepared and circulated to Directors before the beginning of each year to facilitate the Directors to plan ahead.

The Board meets on a quarterly basis, and additional meetings are convened as and when necessary. During the financial year ended 30 June 2010, four (4) Board meetings were held and all the Directors attended the said meetings save for Ms Siobhan Mary Hamilton who attended one (1) out of the four (4) meetings as she was appointed to the Board on 15 June 2010.

At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. There is a schedule of matters reserved specifically for the Board's decision including the approval of quarterly financial statements, the annual strategy plan, major acquisitions or disposal of a business or assets, appointment of Board / Board Committee members, declaration of dividends, related party transactions, changes to management and control structure of the Group, key policies, procedures and authority limits, recommendations made by the Audit

Committee, Executive Committee, Remuneration Committee and Nomination Committee and such other relevant matters significantly affecting the Group's operations.

The Directors are provided with the structured agenda together with comprehensive Management reports and proposal papers at least 7 days before the Board meeting. This is to accord sufficient time for the Directors to peruse the meeting papers and enable them to effectively discharge their duties and responsibilities. The Management reports presented to the Board include the following information:-

- Business and financial performance of the Group
- Productivity and product quality measures
- Marketing and sales activities
- Market share and market trends
- Developments on human resource
- Environmental and industry issues
- Legal and regulatory updates

Where necessary, Senior Management will be invited to attend Board meetings to provide additional information and clarify any issues raised by the Directors relating to any relevant business tabled at Board meetings. Directors are encouraged to share their views and partake in discussions. Any Directors / Board Committees member who has a direct or deemed interest in the subject matter to be deliberated shall declare their interest and abstain from deliberation and decisions during the meeting.

All issues discussed and all decisions made during the Board Meeting will be properly recorded by the Company Secretaries.

Statement on Corporate Governance

The Board is regularly updated and kept informed of the latest developments in the legislations and regulatory framework affecting the Group. All members of the Board have unrestricted and constant access to and interaction with the Senior Management on issues under their respective purview. All Directors have access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.

The Board, whether as a full Board or in their individual capacity, may seek independent professional advice on specific issues at the Company's expense, where necessary, to enable them to discharge their duties.

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 (4) Board Committees namely the Nomination Committee, Remuneration Committee, Executive Committee and Audit Committee. These Committees examine specific issues and report to the Board with their recommendations. The ultimate responsibility for decision-making lies with the Board.

Details of the responsibilities and activities of these Committees are set out as follows:-

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, Senior Independent Non-Executive Director)
- Dato' Jaffar Indot (Independent Non-Executive Director)
- Dr Leslie Buckley (Non-Independent Non-Executive Director)
- Sreesanthan Eliathamby (Independent Non-Executive Director)
- Siobhan Mary Hamilton (Non-Independent Non-Executive Director) (Appointed on 15 June 2010)

The Nomination Committee is responsible for proposing and recommending suitable candidates to the Board and to fill the seats on Board committees. The salient terms of reference of the Nomination Committee are set out below:-

- (i) To recommend to the Board, candidates for all directorships of the Company and its subsidiaries to be filled by the nominees of the major shareholders or the Board of Directors of the Company for any vacancies on the Boards of the Company and its subsidiaries;
- (ii) To consider, in making its recommendations, candidates for directorships proposed by the Managing Director and within the bounds of practicability, by any other senior executive or any director or shareholder;
- (iii) To recommend to the Board of Directors on the establishment of new committees or the dissolution of any existing committees of the Board which no longer serves its purpose; and
- (iv) To recommend to the Board of Directors to fill the seats on any Board Committees.

In discharging the above responsibilities, the Nomination Committee needs to report the following to the Board of Directors:-

- (i) The effectiveness of the present size of the Board of Directors;

- (ii) The effectiveness of the composition of the Board of Directors in relation to the mix of Independent Directors, Non-Executive Directors and Executive Directors;
- (iii) The effectiveness of the composition of the Board of Directors in relation to the mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board, and which should be disclosed in the annual report;
- (iv) The existence or potential existence of conflict of interests, of any present Directors or any new Directors who may be nominated, with the businesses of the Company;
- (v) The contribution of individual Directors in relation to the effective decision making of the Board of Directors; and
- (vi) To determine a continuous education programme for Board members to upgrade their skills in enhancing their effective contribution.

The Nomination Committee conducts the Board Effectiveness Evaluation via questionnaires, which comprise Board and Board Committees effectiveness assessment and Directors self and peer assessment on a yearly basis. The Nomination Committee assessed the effectiveness in

terms of composition, conduct, accountability and responsibility of the Board and Board Committees in accordance with the terms of reference. The Directors self and peer assessment was conducted to evaluate the mix of skills, experience and the individual Director's ability to exercise independent judgement and their contribution to the effective functioning of the Board.

The Nomination Committee, pursuant to its recent annual evaluation, was satisfied that the current size and composition of the Board is appropriate and well-balanced with the right mix of skills and experience and the Board has adequate independent element that reflects the interest of minority shareholders and provides an effective check and balance. The Nomination Committee was also satisfied that the Board comprises individuals of caliber credibility with necessary skills and qualifications which will enable the Board discharge its responsibility effectively.

Meetings of the Nomination Committee are held at least once a year and as and when required. During the financial year ended 30 June 2010, one (1) meeting was held and the details of attendance of the members of the Nomination Committee are as follows:-

Name of Members	No. of Nomination Committee meeting attended
Tan Sri Saw Huat Lye	1 out of 1 meeting
Dato' Jaffar Indot	1 out of 1 meeting
Sreesanthan Eliathamby	1 out of 1 meeting
Dr Leslie Buckley	1 out of 1 meeting
Siobhan Mary Hamilton (Appointed on 15 June 2010)	Note 1
David Neill Moore (Resigned on 15 June 2010)	1 out of 1 meeting held from 1 July 2009 to the date of his resignation

Note 1 : No meeting was held from the date of her appointment to 30 June 2010.

Statement on Corporate Governance

Re-election of Directors

The Nomination Committee reviews and assesses annually the re-election / re-appointment of retiring Directors who seek re-election / re-appointment at the Company's Annual General Meeting ("AGM"). The Nomination Committee will thereupon submit its recommendation on the proposed re-election / re-appointment of Directors to the Board for consideration before tabling the same for shareholders' approval.

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 AGM 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 AGM and all Directors, including the Managing Director, shall retire from office at least once every three years but shall be eligible for re-election. In August 2009, the Nomination Committee recommended to the Board for the re-appointment of Mr Charles Henry Ireland and Dr Leslie Buckley who were subsequently re-elected as Directors at the AGM on 26 November 2009.

Pursuant to Section 129 of the Companies Act, 1965, Directors who are of the age of 70 and above shall retire at every AGM and may offer themselves for re-appointment to hold office until the next AGM. At the 45th AGM on 26 November 2009, Tan Sri Saw Huat Lye and Dato' Jaffar Indot were re-appointed pursuant to this provision.

At the forthcoming 46th AGM scheduled for 4 November 2010, Tan Sri Saw Huat Lye and Dato' Jaffar Indot will retire pursuant to Section 129 of the Companies Act, 1965. Tan Sri Saw Huat Lye has offered himself for re-appointment whilst Dato' Jaffar Indot has conveyed his intention to retire as a Director of the Company and is not seeking re-appointment.

Directors' Training

As an integral element of the process of appointing new Directors, the Nomination Committee will ensure that an induction session is arranged for new Directors to enable them to have a full understanding of the nature of the businesses, current issues within the Group and corporate strategies as well as the structure 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.

Any Director appointed to the Board is required to complete the Mandatory Accreditation Programme ("MAP") within 4 months from the date of appointment. All Directors have completed the MAP except for Ms Siobhan Mary Hamilton who was appointed to the Board on 15 June 2010. Ms Siobhan Mary Hamilton will attend the MAP scheduled for 22 and 23 September 2010.

Following the repeal of the Continuing Education Programme requirements prescribed by Bursa Securities with effect from 1 January 2005, the Board has taken the onus to review, evaluate and determine the training needs of the Directors. During the financial year ended 30 June 2010, an in-house training programme which covered the following topics, was organised by the Company for all the Directors:-

- Community marketing and dark market
- Best practices in Corporate Responsibility ("CR") and CR Reporting
- Preparation for implementation of Goods and Services Tax
- Competition Law – How it may impact the way we do business
- Economic outlook

The in-house training programme had been conducted by consultants and professionals with the relevant experience and expertise.

Some of the Directors have also attended training programmes, seminars and conferences organised by the relevant regulatory authorities and professional bodies in areas of leadership, corporate governance, changes to the statutory requirements and regulatory guidelines and other areas relevant to the Industry.

The Board will on a continuous basis, evaluate and determine the training needs of the Directors to assist them in the discharge of their duties as Directors.

2. DIRECTORS' REMUNERATION

Remuneration Committee

As at 8 September 2010, the Remuneration Committee comprises entirely of Non-Executive Directors, with the majority being Independent, as follows:-

- Tan Sri Saw Huat Lye (Chairman, Senior Independent Non-Executive Director)
- Dato' Jaffar Indot (Independent Non-Executive Director)
- Dr Leslie Buckley (Non-Independent Non-Executive Director)
- Siobhan Mary Hamilton (Non-Independent Non-Executive Director) (Appointed on 15 June 2010)
- Sreesanthan Eliathamby (Independent Non-Executive Director) (Appointed on 4 August 2010)

The Remuneration Committee is responsible for recommending to the Board the policy framework on terms of employment 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 as a whole. A Director whose remuneration package is being considered shall abstain from deliberating and voting on his/her own remuneration at the Board and Remuneration Committee meetings.

The salient terms of reference of the Remuneration Committee are set out below:-

- To recommend to the Board a competitive compensation and remuneration package for Executive Directors and Senior Management staff (both present and potential future) in order to attract and retain outstanding individuals with the skills and experience needed to manage the Group's business successfully;
- To recommend to the Board a competitive compensation and remuneration package for Non-Executive Directors in order to attract and retain outstanding individuals of integrity, caliber, credibility and who have the necessary skills and experience to bring an independent judgement to bear on the issues of strategy, performance and resources for the success of the Group; and
- To review and recommend the annual compensation and rewards for all individual Directors and Senior Management staff (both present and potential future).

In discharging the above responsibilities, the Remuneration Committee needs to ensure the following:-

- The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman should be a matter for the Board as a whole; and
- All Directors should abstain from discussion of their own remuneration.

Statement on Corporate Governance

Meetings of the Remuneration Committee are held as and when required, and at least once a year. During the financial year ended 30 June 2010, one (1) meeting was held and the details of attendance of the members of the Remuneration Committee are as follows:-

Name of Members	No. of Remuneration Committee meeting attended
Tan Sri Saw Huat Lye	1 out of 1 meeting
Dato' Jaffar Indot	1 out of 1 meeting
Dr Leslie Buckley	1 out of 1 meeting
Siobhan Mary Hamilton (Appointed on 15 June 2010)	Note 1
Sreesanthan Eliathamby (Appointed on 4 August 2010)	N/A
David Neill Moore (Resigned on 15 June 2010)	1 out of 1 meeting held from 1 July 2009 to the date of his resignation
Charles Henry Ireland (Resigned on 4 August 2010)	1 out of 1 meeting

Note 1 : No meeting was held from the date of her appointment to 30 June 2010.

Amongst the items deliberated by the Remuneration Committee at its meeting held in August 2009 were:-

- Performance and rewards for the Executive Directors for the financial year ended 30 June 2009.
- Performance bonus for Management staff of the Group for the financial year ended 30 June 2009.
- Remuneration package of the Finance Director for the financial year ended 30 June 2010.
- Salary increment, bonus KPIs and structure for Management staff for the financial year ended 30 June 2010.

Level and Make-up of Remuneration

The Group has adopted a formal procedure 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. In the case of Executive Directors, the component parts of their remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, their remunerations reflect the experience, level of responsibilities and contributions and the time spent in attending to the Group's matters.

Remuneration Package

The current remuneration policy for the Directors is as follows:-

(a) Basic Salary for Executive Directors

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 and Allowances for Non-Executive Directors

Directors' fee for each Non-Executive Director	RM45,000 per annum
Meeting attendance allowance for the Non-Executive Directors	RM1,000 for each Board and Board Committee meeting attended
Allowance for the Chairman of the Board and Executive Committee	RM80,000 per annum
Allowance for the Chairman of the Audit Committee	RM5,000 per annum
Allowance for the Chairman of other Board Committees	RM2,000 per annum

(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 Group'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

Certain customary benefits (such as motor vehicles, mobile phones and club memberships) are made available to the Chairman of the Board and the Executive Directors of the Company 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.

Statement on Corporate Governance

Directors' Remuneration

The details of the remuneration paid to Directors (including past Directors) for the financial years ended 30 June 2009 and 2010 are as follows:

Remuneration	2009		2010	
	Executive Directors RM'000	Non-Executive Directors RM'000	Executive Directors RM'000	Non-Executive Directors RM'000
Fees & Chairman allowance	–	280	–	359
Meeting attendance allowance	–	88	–	81
Benefits in kind*	547	31	480	31
Salary & Other emoluments**	2,305	–	2,441	–
Total	2,852	399	2,921	471

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 (including past Directors) whose total remuneration including benefits-in-kind for the financial year ended 30 June 2010 which fall within the required disclosure bands are as follows:-

Range of Remuneration	No. of Directors
Non-Executive Directors	
0 to RM50,000	1
RM50,000 to RM100,000	5
RM100,001 to RM150,000	1
Executive Directors	
RM950,001 to RM1,000,000	1
RM1,900,001 to RM1,950,000	1

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, Senior Independent Non-Executive Director)
- Charles Henry Ireland (Non-Independent Executive Director)
- Dr Leslie Buckley (Non-Independent Non-Executive Director)
- Siobhan Mary Hamilton (Non-Independent Non-Executive Director) (Appointed on 15 June 2010)

The salient terms of reference of the EXCO are set out below:-

- (i) To review the business and financial performance of the Group, including:
 - annual budgets (and the implementation of approved capital and operational expenditure), management accounts, statutory Directors’ Report and financial statements; and
 - proposals for the acquisition or disposal of businesses, mergers, restructuring, joint ventures or other corporate transactions;

- (ii) To raise and resolve in a timely manner normal operational business issues affecting the Group which cannot be resolved by Management;

- (iii) To discuss business strategies and plans to be recommended to the Board, and to consider and, if thought fit, to approve business development projects falling within the appropriate financial limits contained in the Authorisation Policy;

- (iv) To review, report and make recommendations to the Board on specific human resource policies (after consultation with Management where appropriate) in respect of:-

- the identification of key personnel with high potential;
- plans for succession planning and training;
- candidates for the position of Managing Director of the Company and any other company within the Group and Senior Management personnel for the Group.

- (v) To approve or to make recommendations (depending on the Authorisation Policy) on introduction of new products, which are complementary to the existing business, and the introduction of new brand names and packaging designs;

- (vi) To make recommendations on the formulation and implementation of a long term strategic vision, a 3-year business plan and an operational plan for the Group;

- (vii) To review and recommend changes in the overall organisational structure of the Group; and

- (viii) To approve the establishment of bank accounts and to approve or recommend (depending on the Authorisation Policy) the acceptance of credit facilities or the creation of any encumbrance over the assets of the Group.

During the financial year ended 30 June 2010, six (6) EXCO meetings were held and all the members attended the said meetings save for Ms Siobhan Mary Hamilton who attended one (1) out of the six (6) meetings as she was appointed as a member of EXCO on 15 June 2010.

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.

Communications with Stakeholders

The Company communicates with its shareholders and stakeholders through the timely release of financial results on a quarterly basis, annual report, press releases and announcements to Bursa Securities. Financial results and press releases are also placed on the corporate website to keep shareholders and investors informed on the Group’s performance and operations.

Statement on Corporate Governance

In addition, the Managing Director and Finance Director hold post-announcement of results press conferences and discussions with investment analysts and shareholders. 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, information which 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 AGM as an opportunity to communicate directly with shareholders. At each AGM, a comprehensive report on the progress and performance of the Group's business together with an overview of the Group's activities will be presented to the Shareholders. Shareholders are given opportunity to participate in the question and answer session on the proposed resolutions and the Group's operations. 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 response 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 outcome of the Annual General Meeting is announced to Bursa Securities on the same meeting day.

A press conference is normally held after the Annual General Meeting where the Chairman, Managing Director and Finance Director provide updates to the media and answer questions from the media on the Group's plans and activities.

Company Website

The Company's corporate website, www.gab.com.my, is another communication channel for investors to access information including corporate information, annual reports, latest press releases, latest financial results, share prices, announcements made to Bursa Securities, AGM webcast and corporate social responsibilities activities of the Group.

The Company also provides an online helpdesk which allows investors to provide feedback and post queries or concerns regarding the Group through the corporate website. The Company will review each electronic mail received and respond accordingly to its shareholders and stakeholders in a timely manner. Any information that may be regarded as sensitive information about the Group will not be disclosed.

5. ACCOUNTABILITY AND AUDIT

Audit Committee

The Audit Committee of the Board comprises six (6) Non-Executive Directors, four (4) of whom are Independent Non-Executive Directors. One of the Audit Committee members is a qualified accountant 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 82 to 87 of the Annual Report.

The Audit Committee met five (5) times during the financial year ended 30 June 2010. 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. The Chairman's message and the reviews from the Managing Director and the Finance Director in this Annual Report provide additional analysis and commentary on the state of the Group's business. The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 137 of the Financial Statements section of the Annual Report.

Internal Control

The Board acknowledges its responsibilities for the Group's system 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 system 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 Audit Committee has explicit authority to communicate directly with external auditors.

The role of the Audit Committee in relation to the external auditors is stated on pages 82 to 87 of the Annual Report.

6. RELATED PARTY TRANSACTIONS

The Group has in place a Related Party Policy and established the appropriate procedures to ensure that the Company meets its obligations under the Listing Requirements relating to related party transactions. All related party transactions are reviewed by the sub-committee appointed by the Audit Committee and the same will be reported to the Audit Committee and Board on a quarterly basis.

Where any Director who has an interest (direct or indirect) in any related party transaction, such Director shall abstain from deliberation and voting on the resolution of such transaction at the Audit Committee and Board Meetings.

The shareholders' mandate in respect of recurrent related party transactions is obtained at the annual general meeting of the Company on a yearly basis. The recurrent related party transactions entered into by the Group with its related parties during the financial year ended 30 June 2010 were for the purchase of manufacturing and marketing materials, payment of engineering, technical, marketing and advertising services fees, payment of royalties for license to brew our products and the sale and purchase of beverages products.

Details of these transactions are set out under Note 23 to the Audited Financial Statements on page 135 of this Annual Report.

7. 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 2010, the Group has adopted and applied consistently appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The Directors also consider that all applicable approved accounting standards in Malaysia have been adopted and the financial statements have been prepared on a going concern basis.

8. COMPLIANCE STATEMENT

The Board is satisfied that the Company has complied with the best practices of the Code throughout the financial year ended 30 June 2010 save for the disclosure of details of the remuneration of each Director. The Company disclosed the Directors' remuneration by applicable bands of RM50,000 on page 78 consistent with the disclosure requirements under the Listing Requirements. In addition, the present composition of the Remuneration Committee which consists wholly of non-executive Directors, has complied with the best practice of the Code.

This Statement on Corporate Governance has been approved by the Board of Directors on 8 September 2010.

Audit Committee Report

The Board of Directors ("the Board") is pleased to present the report of the Audit Committee for the financial year ended 30 June 2010.

Composition

The Audit Committee comprises the following six (6) members, four (4) of whom, including the Chairman, are Independent Non-Executive Directors:-

Dato' Jaffar Indot (Chairman)

Independent Non-Executive Director

Tan Sri Saw Huat Lye

Senior Independent Non-Executive Director

Dr Leslie Buckley

Non-Independent Non-Executive Director

Sreesanthan Eliathamby

Independent Non-Executive Director

Martin Giles Manen

Independent Non-Executive Director

A Chartered Accountant and a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants

Siobhan Mary Hamilton

Non-Independent Non-Executive Director

(Appointed on 15 June 2010)

Meetings

During the financial year ended 30 June 2010, five (5) Audit Committee meetings were held and were attended by all members of the Audit Committee except for Ms Siobhan Mary Hamilton who attended one (1) out of the five (5) meetings as she was only appointed as a member of the Audit Committee on 15 June 2010. Some members of Senior Management ie, the Managing Director, Finance Director and the Head of Internal Audit attended a number of these meetings by invitation.

The Group's external auditors were present at two (2) Audit Committee meetings during the financial year where matters relating to the audit of the statutory accounts were discussed. Prior to some Audit Committee Meetings, private sessions between the Audit Committee and the external auditors were held without the presence of the Executive Directors, Management and the Head of Internal Audit during the financial year to discuss the audit findings and any other observations they may have during the audit process. The Audit Committee Chairman also had two (2) separate meetings with the external auditors without the Management's presence.

The Chairman of the Audit Committee reports to the Board on matters deliberated at the Audit Committee meetings. Minutes of meetings of the Audit Committee were also circulated to all members of the Board.

TERMS OF REFERENCE

In discharging its duties and responsibilities, the Audit Committee is guided by the following Terms of Reference:-

A. Membership

The Audit Committee comprises at least three (3) 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 Malaysian Code on Corporate Governance (Revised 2007), the Audit Committee shall 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 (3) years working experience and has passed the examinations specified in Part 1 of the First 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 Listing Requirements of Bursa Securities, 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 (4) 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 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 Group 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 Group 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 Group, 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.

Summary of Activities

The following activities were carried out by the Audit Committee during the financial year ended 30 June 2010:-

Financial Reporting

- Reviewed the quarterly and year-to-date financial results of the Group and the relevant announcements to Bursa Securities, focusing particularly on significant changes to accounting policies and practices and compliance with financial reporting and accounting standards prior to the consideration by the Board.
- Reviewed the annual report and the annual audited financial statements of the Company and the Group prior to submission to the Board for approval. The review was to ensure that the financial reporting and disclosures are in compliance with the Listing Requirements of Bursa Securities, provisions of the Companies Act, 1965, applicable International Financial Reporting Standards, approved accounting standards issued by the Malaysian Accounting Standards Board and any other relevant legal and regulatory requirements.

In the review of the annual audited financial statements, the Audit Committee discussed with Management and the external auditors the accounting principles and reporting standards that were applied and the impact of the items to the financial statements.

Internal Audit

- Reviewed the Internal Audit Plans and programmes including the audit methodology in assessing and rating risks of auditable areas 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. The competency and performance of the Head of Internal Audit were also reviewed.
- Reviewed the Internal Audit reports which encompassed the audit issues, audit recommendations and Management's responses to these recommendations. 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 to ensure all key risks and control issues were addressed.

Audit Committee Report

- Suggested additional improvement opportunities in the areas of internal control, systems and efficiency improvement.
- Reviewed the results of adhoc investigations / special reviews on internal misconduct in relation to the Code of Conduct and suspicion of fraud or operational failures within the Group.
- Reviewed the reports from the Risk and Control Workgroup ("RCW") following their quarterly meetings.

External Audit

- Reviewed with the external auditors their audit scope, audit strategy and audit plan for the year and their proposed fees for the statutory audit and review of the Statement of Internal Control.
 - Reviewed the external audit reports and areas of concern highlighted in the Management letter including Management's responses to the findings of the external auditors.
 - Discussed with external auditors the significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements applicable to the Group.
- Assessed the independence and objectivity of the external auditors during the year in carrying out statutory audit for the Group and prior to the appointment of the external auditors for adhoc non-audit services. The Audit Committee also received report from the external auditors confirming that there were no circumstances and relationship that create threats to their independence and that the ethical requirements have been complied with.
 - Reviewed the performance of the external auditors and recommended their re-appointment to the Board for financial year ended 30 June 2010.

Other Activities

- Reviewed the Group's Risk Management Programme, including the key strategic risks, control risks and crisis risks which may impact the Group operations and the action plan to mitigate such risks.
- Reviewed all related party transactions entered / to be entered into by the Company and its subsidiaries and the Circular to Shareholders in respect of renewal of Shareholders' mandate for recurrent related party transactions.
- Reviewed all dividend payments proposed by Management.
- Reviewed the compliance with the Malaysian Code on Corporate Governance.

Training

During the financial year ended 30 June 2010, the Committee members attended the in-house training programme organised for the Company's Directors. The topics covered in the training, the details of which are set out in the Corporate Governance Statement on Directors' Training, are relevant to their function as an Audit Committee member.

Internal Audit Function

The internal audit function is carried out by the Internal Audit Department headed by the Head of Internal Audit who reports directly to the Audit Committee. The Audit Committee determines the adequacy of the scope, function and resources of the internal audit function.

The principal role of the Internal Audit Department is to undertake independent and systematic reviews on the Group's internal controls system 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 line with the Risk Management Framework and risk awareness culture within the organisation.

The Internal Audit Department carried out its activities according to its audit plan approved by the Audit Committee. The main activities carried out by the Internal Audit Department during the financial year ended 30 June 2010 include:-

- (i) Conducted operational reviews on the following areas:-
 - Regional sales and distributors assurance and compliance with the Group standard policies and procedures and the regulatory requirements.
 - Procurement, logistic and warehousing systems.
 - Brand marketing, trade marketing and finance processes.
- (ii) Evaluating key strategic and crisis risks and reviewing the risk management processes within the Group to assess its effectiveness.
- (iii) Conducted investigations / special reviews at the request of the Management on suspicion of fraud or operational failures reported to them within the Group.

(iv) Conducted follow-up reviews on audit recommendations raised in previous audit reports to ensure that corrective and preventive actions are implemented accordingly by the auditees and provided updates on the status of such actions in the Internal Audit Reports.

(v) Reviewed proposed / new changes to policies and procedures to ensure compliance with internal controls and the relevant regulatory requirements.

(vi) Reviewed related party transactions entered into by the Group on a quarterly basis to ensure the transactions were at arm's length and within the limit provided in the Shareholders Mandate.

(vii) Conducted crisis simulation to enhance the Group's preparedness in crisis situation.

The findings of the Internal Audit Department were highlighted to relevant Management for attention and necessary corrective actions. The Management is responsible for ensuring that corrective actions are taken within the required timeframe. The finding reports were also discussed at the RCW meetings and presented to the Audit Committees for review at their quarterly meetings.

The total cost incurred by the Internal Audit Department in relation to the conduct of the internal audit functions of the Group for the financial year ended 30 June 2010 was RM634,474.

Statement of Internal Control

BOARD RESPONSIBILITY

The Board of Directors ("the Board") recognises the importance of a sound system of internal controls which covers inter alia, 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 that may

impede the achievement of the Group's business objectives. Accordingly, this system can only provide reasonable, and not absolute, assurance against the occurrence of any material misstatement or loss.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing the principal risks affecting the achievement of its business objectives throughout the period. This process is embedded into the Group's culture, people, strategy, processes and structures and is regularly reviewed by the Board via the Audit Committee to ensure the adequacy and integrity of the system. The key elements of the process are as follows:-

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 meetings. For each of the risks identified, a risk owner is assigned to ensure appropriate risk response actions are carried out.

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.

The Internal Audit Department monitors compliance with policies and procedures and the effectiveness of the internal control system and highlight significant findings in respect of any non-compliance. Audits are carried out on all operating units, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report on operational and management activities of these units. 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.



CONTROL ASSURANCE AND RISK MANAGEMENT

To enhance the Company's corporate governance, the Group has implemented Control Assurance and Risk Management ("CARM"), a web-based self-assessment programme. 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 on internal controls over financial reporting for the purpose of compliance with the requirements of the US Sarbanes-Oxley Act and focusses on transparency, accountability and safeguarding of assets in its review mechanism.

The results of the CARM assessment 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 Team and business operating units, including authorisation levels for all aspects of the business.
- Clearly documented internal policies and procedures set out in the Group's Standard Policies and Practices Manual. This Manual is subject to regular review and improvement to reflect changing risks or to resolve operational deficiencies. All standards, policies and guidelines are presented to the RCW and Audit Committee for approval and non-compliance cases, if any, are reported to the Audit Committee without exception. Reliance is also placed on the internal audit function as well as the CARM approach mentioned earlier.

- Management Team 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.
- Trainings are provided to process owners annually to raise awareness on the importance of internal controls and risk and to help them understand its impact on their day-to-day activities.
- An Internal quality audit is conducted every year to monitor compliance with the ISO 9001:2008 Quality Management System requirements.
- A half-yearly Hazard Analysis Critical Control Point internal audit to monitor compliance with product safety requirements.
- A detailed budgeting process where operating units prepare budgets before a new financial year commences was reviewed by the Management Team and approved 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.
- Stakeholder engagement with shareholders, analyst, media and trade partners are conducted on a regular basis to better gauge the needs of the stakeholders and gather feedback on effectiveness and efficiency for continuous improvement.

- A Code of Conduct is established for all employees to support the business objectives. The Group has also in place a whistle blowing procedure, which forms part of the Code of Conduct, to provide an avenue for employees to report / complain any wrongdoing by any persons in the Group or any breach or suspected breach of any law or standards in the Code of Conduct or any of the Company's policies and procedures in a safe and confidential manner.
- Corporate values which emphasises on ethical behaviour are set out in the Management Handbook and the Code of Conduct.
- A comprehensive Business Continuity Plan is in place to ensure continuity of business operations.

REVIEW OF THIS STATEMENT

The Internal Audit Department has reviewed this Statement of Internal Control for the financial year ended 30 June 2010 and reported to the Audit Committee that all internal control weaknesses identified during the course of its audit assignments for the financial year ended 30 June 2010 have been, or are being, addressed and that none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report.

The external auditors, KPMG, have also reviewed this Statement and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Risk Management

The Board of Directors acknowledges its responsibility to adopt best practices in corporate governance and endeavours to instill risk management and control as part of the Group's business culture.

Achievement of the Group's business objectives depends, inter alia, on external economic factors, regulatory regimes, market trends, ever evolving technology, unforeseen catastrophes and human factors. 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 2010. The Group's risk management methodology is based on an integrated risk management infrastructure that considers risk at all levels from strategic to the day-to-day operations.

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 RCW reports to the Audit Committee through the Head of Internal

Audit. The Group adopts a proactive approach to managing its business risks in a rapidly changing business environment with the following objectives:-

- Ensuring the continuity of supply of its products to the consumers at all times.
- Safeguarding Group assets and reputation.
- Preserving the safety and health of its employees.
- Ensuring that the Group's operations do not impact negatively on the business community.
- Improving business performance by improving decision making and planning.
- Protecting the interests of all stakeholders.
- Ensuring compliance to internal policies and procedures, the Malaysian Code on Corporate Governance, brand partners guidelines and all applicable Malaysian laws and regulations.
- Promoting an effective risk awareness culture where risk management is an integral aspect of the Group's management systems.

RISK MANAGEMENT PROCESS

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



The RCW reviews the Group's risk profile on a regular basis to identify potential risks and implications to the Group and to re-assess the risk events, controls and mitigation plan. The risk registers were also individually reviewed by the respective functions on a regular basis. Risks identified will be analysed and categorised in the following manner to enable the Group to allocate its resources to deal with the different levels of risks:-

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		

The Group has in place a comprehensive Business Continuity Plan as an integral part of the Group's strategy to mitigate risks and manage the impact of crisis events. The Group has formed a Crisis Management Team which comprises members of the Management Team, to provide leadership and timely decision making in the event of crisis. The Crisis Management Team is assisted by the Emergency Response Team, which is entrusted to implement the necessary procedures for responding and stabilising the situation following an incident as well as the Recovery Team, which is assigned to identify primary disaster recovery plan to keep the function operational.

Crisis simulations are conducted periodically to enhance the Group's preparedness in crisis and emergency response so as to ensure that there is no disruption to its operations and business during a crisis or disaster.

In 2009, the Group's pandemic preparedness was put to the test with the Influenza A (H1N1) outbreak. The Group took proactive steps during the nationwide outbreak by providing constant updates on infected incidences and travelling awareness programmes on preventive measures to be taken by employees. Preventive measures such as temperature checks for all staff and visitors, travel guidelines and suspension of brewery tours and Tavern visits were implemented to mitigate the risk of infection amongst employees.

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 channels.

Briefing sessions are conducted by the Head of Internal Audit to raise awareness and educating management staff on Group's approach to risk management and internal controls. Such sessions also provide a forum to enhance the participants' understanding on risk management and control procedures as well as their roles in managing the Group's risks. Employees are encouraged to provide feedback on risk management issues and make suggestions for improvement.



Directors' Report **94** Statements of Financial Position **98** Statements of Comprehensive Income **99**
Consolidated Statements of Changes in Equity **100** Statement of Changes in Equity **101**
Statements of Cash Flows **102** Notes to the Financial Statements **104**
Statement by Directors **137** Statutory Declaration **138**
Independent Auditors' Report **139**

Financial Statements

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2010

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 2010.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the production, packaging, marketing and distribution of beverages, primarily alcoholic, whilst the principal activities of the subsidiaries are as stated in Note 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: Owners of the Company	152,691	181,757

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year under review except as disclosed in the financial statements.

DIVIDENDS

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

- (i) a final dividend of 31 sen per 50 sen stock unit tax exempt, totalling RM93,650,380, in respect of the year ended 30 June 2009, on 22 December 2009.
- (ii) an interim dividend of 10 sen per 50 sen stock unit tax exempt, totalling RM30,209,800, in respect of the year ended 30 June 2010, on 6 May 2010.

The Directors now recommend the declaration of a final dividend of 35 sen per 50 sen stock unit tax exempt, under the single tier tax system, totalling RM105,734,300 payable on 10 December 2010.

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*)
- Dato' Jaffar Indot
- Low Teng Lum
- Dr Leslie Buckley
- Sreesanthan Eliathamby
- Martin Giles Manen
- Siobhan Mary Hamilton (*Appointed on 15 June 2010*)
- David Heginbottom (*Alternate Director to Siobhan Mary Hamilton*) (*Re-appointed on 15 June 2010*)
- David Neill Moore (*Resigned on 15 June 2010*)
- David Heginbottom (*Alternate Director to David Neill Moore*) (*Resigned on 15 June 2010*)

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 1.7.2009	← Ordinary stock units of 50 sen each →		At 30.6.2010
		Bought	Sold	
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 2010 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 salaries of full time employees 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 a firm in which a Director is a member.

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.

ISSUE OF SHARES AND DEBENTURES

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

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2010

OTHER STATUTORY INFORMATION

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

- (i) there are no bad debts to be written off and adequate provision made for doubtful debts, and
- (ii) all current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- (i) that would render it necessary to write off any 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, except for a gain of RM16.4 million arising from the capital reduction and repayment of a subsidiary in the Company, the results of the operations of the Group and of the Company for the financial year ended 30 June 2010 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

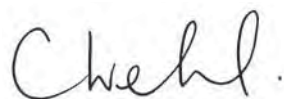
The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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,
4 August 2010

Statements of Financial Position

AS AT 30 JUNE 2010

	Note	2010 RM'000	Group 2009 RM'000	2010 RM'000	Company 2009 RM'000
Assets					
Non-current assets					
Property, plant and equipment	3	213,502	212,253	201,333	202,151
Intangible assets	4	10,434	6,529	10,434	6,529
Prepaid lease payments	5	13,601	13,857	13,601	13,857
Investment in subsidiaries	6	–	–	14,369	46,718
Deferred tax assets	7	1,412	1,924	–	–
Other receivables	8	728	1,585	527	1,169
		239,677	236,148	240,264	270,424
Current assets					
Inventories	9	75,691	69,453	33,586	33,709
Trade and other receivables	8	196,135	176,777	15,907	20,606
Current tax asset		1,433	–	1,433	–
Cash and cash equivalents	10	149,626	163,772	140,209	146,792
		422,885	410,002	191,135	201,107
Total assets		662,562	646,150	431,399	471,531
Equity					
Share capital	12	151,049	151,049	151,049	151,049
Reserves		4,859	5,063	–	–
Retained earnings		315,020	286,189	153,172	95,275
Total equity attributable to owners of the Company		470,928	442,301	304,221	246,324
Liabilities					
Non-current liabilities					
Deferred tax liabilities	7	31,846	31,048	31,846	31,048
Current liabilities					
Trade and other payables	11	155,064	162,970	95,332	187,112
Current tax liabilities		4,724	9,831	–	7,047
		159,788	172,801	95,332	194,159
Total liabilities		191,634	203,849	127,178	225,207
Total equity and liabilities		662,562	646,150	431,399	471,531

The notes on pages 104 to 136 are an integral part of these financial statements.

Statements of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue		1,358,633	1,285,423	1,006,471	985,630
Cost of sales		(973,260)	(933,473)	(917,877)	(887,166)
Gross profit		385,373	351,950	88,594	98,464
Other income		4,565	5,600	20,151	3,413
Distribution, marketing and selling expenses		(145,583)	(132,900)	(5,083)	(4,705)
Administrative expenses		(37,308)	(33,439)	(12,951)	(10,376)
Other expenses		(3,715)	(2,435)	(3,606)	(2,435)
Dividend income		-	-	146,775	113,952
Results from operating activities		203,332	188,776	233,880	198,313
Interest income		2,004	3,136	1,968	3,065
Interest expense		(345)	(734)	(157)	(476)
Net finance income		1,659	2,402	1,811	2,589
Profit before tax	13	204,991	191,178	235,691	200,902
Income tax expense	15	(52,300)	(49,190)	(53,934)	(49,894)
Profit for the year		152,691	141,988	181,757	151,008
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operation		(204)	-	-	-
Total comprehensive income for the year		152,487	141,988	181,757	151,008
Profit attributable to:					
Owners of the Company		152,691	141,988	181,757	151,008
Total comprehensive income attributable to:					
Owners of the Company		152,487	141,988	181,757	151,008
Basic/Diluted earnings per ordinary stock unit (sen)	16	50.5	47.0		

The notes on pages 104 to 136 are an integral part of these financial statements.

Consolidated Statements of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2010

	Note	← Attributable to owners of the Company →			Total equity RM'000
		Non-distributable		Distributable	
		Share capital RM'000	Capital reserve RM'000	Retained earnings RM'000	
At 1 July 2008		151,049	4,967	255,318	411,334
Total comprehensive income for the year		-	96	141,892	141,988
Dividends to owners of the Company	17	-	-	(111,021)	(111,021)
At 30 June 2009		151,049	5,063	286,189	442,301
Total comprehensive income for the year		-	(204)	152,691	152,487
Dividends to owners of the Company	17	-	-	(123,860)	(123,860)
At 30 June 2010		151,049	4,859	315,020	470,928

The notes on pages 104 to 136 are an integral part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2010

	Note	← Attributable to owners of the Company →		
		Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 July 2008		151,049	55,288	206,337
Total comprehensive income for the year		–	151,008	151,008
Dividends to owners of the Company	17	–	(111,021)	(111,021)
At 30 June 2009		151,049	95,275	246,324
Total comprehensive income for the year		–	181,757	181,757
Dividends to owners of the Company	17	–	(123,860)	(123,860)
At 30 June 2010		151,049	153,172	304,221

The notes on pages 104 to 136 are an integral part of these financial statements.

Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from operating activities					
Profit before tax		204,991	191,178	235,691	200,902
<i>Adjustments for:</i>					
Amortisation of intangible assets		2,395	1,370	2,395	1,370
Amortisation of prepaid lease payments		256	256	256	256
Depreciation of property, plant and equipment		28,471	27,020	26,154	24,845
Dividend income		-	-	(146,775)	(113,952)
Gain on disposal of property, plant and equipment		(610)	(777)	(24)	(134)
Interest expense		345	734	157	476
Interest income		(2,004)	(3,136)	(1,968)	(3,065)
Translation differences of foreign operation		(204)	-	-	-
Operating profit before changes in working capital		233,640	216,645	115,886	110,698
<i>Changes in working capital:</i>					
Inventories		(6,238)	(4,477)	123	1,222
Trade and other receivables		(18,501)	(33,199)	5,341	(2,237)
Trade and other payables		(7,906)	(9,311)	(91,780)	(65,853)
Cash generated from operations		200,995	169,658	29,570	43,830
Income tax paid		(57,530)	(47,731)	(61,616)	(44,980)
Interest paid		(345)	(734)	(157)	(476)
Net cash from/(used in) operating activities		143,120	121,193	(32,203)	(1,626)
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(29,910)	(28,825)	(25,513)	(26,851)
Acquisition of intangible assets		(6,300)	(4,946)	(6,300)	(4,946)
Dividend received		-	-	146,775	113,952
Interest received		2,004	3,136	1,968	3,065
Proceeds from disposal of property, plant and equipment		800	861	201	192
Net cash (used in)/from investing activities		(33,406)	(29,774)	117,131	85,412

The notes on pages 104 to 136 are an integral part of these financial statements.

Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from financing activities					
Dividends paid to owners of the Company	17	(123,860)	(111,021)	(123,860)	(111,021)
Capital repayment from subsidiaries		-	-	32,349	-
Net cash used in financing activities		(123,860)	(111,021)	(91,511)	(111,021)
Net decrease in cash and cash equivalents		(14,146)	(19,602)	(6,583)	(27,235)
Cash and cash equivalents at 1 July		163,772	183,374	146,792	174,027
Cash and cash equivalents at 30 June	10	149,626	163,772	140,209	146,792

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statement of financial position amounts:

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits placed with licensed banks	10	135,247	129,627	135,247	129,627
Cash and bank balances	10	14,379	34,145	4,962	17,165
		149,626	163,772	140,209	146,792

The notes on pages 104 to 136 are an integral part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

Guinness Anchor Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The 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 2010 comprise the Company and its subsidiaries (together referred to as the Group).

The Company is principally engaged in the production, packaging, marketing and distribution of beverages primarily alcoholic, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

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 4 August 2010.

1. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRSs), accounting principles generally accepted and the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Group and the Company have early adopted the following FRSs which are effective for annual periods beginning on or after 1 January 2010:

- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*

The early adoption of the above standards does not have a significant impact on the financial statements except for certain significant changes in the Group's and the Company's accounting policies as disclosed in note 1 (e).

1. BASIS OF PREPARATION (CONT'D)**(a) Statement of compliance (Cont'd)**

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

FRSs/Amendments/Interpretations	Effective date
FRS 4, <i>Insurance Contracts</i>	1 January 2010
FRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2010
Amendments to FRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 123, <i>Borrowing Costs</i> (revised)	1 January 2010
Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards</i>	1 January 2010
Amendments to FRS 2, <i>Share-based Payment: Vesting Conditions and Cancellations</i>	1 January 2010
IC Interpretation 11, <i>FRS 2 – Group and Treasury Share Transactions</i>	1 January 2010
Amendments to FRS 127, <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2010
Amendments to FRS 132, <i>Financial Instruments: Presentation</i>	1 January 2010
– <i>Puttable Financial Instruments and Obligations Arising on Liquidation</i>	
– <i>Separation of Compound Instruments</i>	
Amendments to FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
– <i>Reclassification of Financial Assets</i>	
– <i>Collective Assessment of Impairment for Banking Institutions</i>	
Improvements to FRSs (2009)	1 January 2010
IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	1 January 2010
IC Interpretation 13, <i>Customer Loyalty Programmes</i>	1 January 2010
IC Interpretation 14, <i>FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction</i>	1 January 2010
Amendments to FRS 132, <i>Financial Instruments: Presentation – Classification of Rights Issues</i>	1 March 2010
FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> (revised)	1 July 2010
FRS 3, <i>Business Combinations</i> (revised)	1 July 2010

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

FRSs/Amendments/Interpretations	Effective date
FRS 127, <i>Consolidated and Separate Financial Statements</i> (revised)	1 July 2010
Amendments to FRS 2, <i>Share-Based Payment</i>	1 July 2010
Amendments to FRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 138, <i>Intangible Assets</i>	1 July 2010
IC Interpretation 12, <i>Service Concession Agreements</i>	1 July 2010
IC Interpretation 15, <i>Agreements for the Construction of Real Estate</i>	1 July 2010
IC Interpretation 16, <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17, <i>Distribution of Non-cash Assets to Owners</i>	1 July 2010
Amendments to IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 July 2010
Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> – <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i> – <i>Additional Exemptions for First-time Adopters</i>	1 January 2011
Amendments to FRS 7, <i>Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments</i>	1 January 2011
Amendments to FRS 2, <i>Group Cash-settled Share-Based Payment</i>	1 January 2011
IC Interpretation 4, <i>Determining whether an Arrangement contains a Lease</i>	1 January 2011
IC Interpretation 18, <i>Transfers of Assets from Customers</i>	1 January 2011

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

- from the annual period beginning 1 July 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2010, 1 March 2010 and 1 July 2010.
- from the annual period beginning 1 July 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2011.

The initial application of the above standards, amendments or interpretations, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements of the Group and the Company upon their first adoption except for the known or reasonably estimable information about the possible impact of the application of the following new FRS that will have on the Group's and the Company's financial statements in the period of initial application.

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

(i) Improvements to FRSs (2009)

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes. Amendment that has a material impact to the Group and the Company is:

- **Amendments to FRS 117, *Leases* (effective for annual periods beginning on or after 1 January 2010)**

The amendments clarify the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions. This change in accounting policy will result in reclassification of the carrying amount of lease of land amounting to RM13,601,000 as at 30 June 2010 (2009: RM13,857,000) from prepaid lease payments to property, plant and equipment.

The impacts and disclosures as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors* in respect of applying FRS 7 is not disclosed by virtue of the exemption given in FRS 7.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following as explained in the notes to the financial statements:

- Property, plant and equipment
- Prepaid lease payments
- Derivative financial instruments
- Financial instruments at fair value through profit or loss

(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 the financial statements in conformity with FRSs 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 estimates are revised and in any future periods affected.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

1. BASIS OF PREPARATION (CONT'D)

(e) Significant changes in accounting policies

(i) FRS 139, *Financial Instruments: Recognition and Measurement*

The early adoption of FRS 139 has resulted in the following changes to the accounting policies relating to recognition and measurement of financial instruments.

Staff loans

Prior to the adoption of FRS 139, staff loans were recorded at cost. With the adoption of FRS 139, staff loans are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Interest income is recognised in profit or loss using the effective interest method.

Derivatives

Prior to the adoption of FRS 139, derivative contracts were recognised in the financial statements on settlement date. With the adoption of FRS 139, derivative contracts are now categorised as fair value through profit or loss and initially measured at their fair values with the subsequent gain or loss recognised in the profit or loss.

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance to the transitional provisions of FRS 139 for first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted.

The adoption of the standard has no material impact on the financial position and profit or loss of the Group and the Company.

The adoption of FRS 139 does not affect the basic and diluted earnings per ordinary stock unit for prior periods.

(ii) FRS 101, *Presentation of Financial Statements (revised)*

The Group early adopted FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects the presentation aspects, there is no impact on earnings per ordinary stock unit.

(iii) FRS 8, *Operating Segments*

The Group's business is focused only in malt liquor brewing including production, packaging, marketing and distribution of its products, principally in Malaysia. The adoption of FRS 8 does not have any impact on reporting.

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, other than as disclosed in note 2(c) – Financial instruments.

(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 statement of financial position at cost less any impairment losses.

(ii) Transactions eliminated on consolidation

Intra-group 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 reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the reporting date and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency (Cont'd)

(i) Foreign currency transactions (Cont'd)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of a financial instrument designated as a hedge of currency risk, which is recognised in other comprehensive income.

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

The assets and liabilities of operations denominated in functional currencies other than RM are translated to RM at exchange rates at the end of the reporting period.

The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the capital reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the capital reserve is transferred to profit or loss as part of profit or loss on disposal.

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

(c) Financial instruments

Arising from the early adoption of FRS 139, *Financial Instruments: Recognition and Measurement*, with effect from 1 July 2009, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 July 2009, different accounting policies were applied. Significant changes to the accounting policies are disclosed in note 1(e).

(i) Initial recognition and measurement

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

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

(b) Loans and receivables

Loans and receivables category comprises trade and other receivables and cash and cash equivalents.

Prior to 1 July 2009, receivables were initially recognised at their cost and subsequently stated at cost less allowance for doubtful debts.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

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

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

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

The Group has trade and other payables as non-derivative financial liabilities.

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

(iii) Derecognition

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

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

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on net basis or to realise the asset and settle the liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(d) Property, plant and equipment (Cont'd)****(i) Recognition and measurement (Cont'd)**

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 profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve, if any, are transferred to retained earnings.

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. 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 reviewed and adjusted as appropriate at end of the reporting period.

(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 profit or loss.

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible assets

(i) Other intangible assets

Computer softwares that are acquired by the Group, which have finite useful lives, are stated at cost less any accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

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

(iii) Amortisation

Computer softwares are amortised from the date they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 4 years.

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

(g) Inventories

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

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

Cost includes cost of 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 based on normal operating capacity. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or the disappearance of an active market for a security.

The Group considers evidence of impairment for receivables at specific asset level. All receivables are assessed individually for impairment.

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

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is classified from equity and recognised to profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

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

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing the 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment (Cont'd)

(ii) Non-financial assets (Cont'd)

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

(i) Equity instrument

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

(j) 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 liability 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 profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a detailed formal plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as expenses 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. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(k) 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.

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.

(l) Revenue and other income**(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 in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iii) Interest income

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

(m) Lease payments

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

(n) Borrowing costs

All borrowing costs are recognised in profit or loss using the effective interest method, in the period in which they are incurred.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. 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 or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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 benefits will be realised.

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

(p) 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, if any.

(q) Operating segments

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

Following the adoption of FRS 8, *Operating Segments*, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The change in recognition of an operating segment has no impact on the presentation of operating segments for the Group.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Leasehold buildings	Plant and machinery	Movable plant	Capital work-in-progress	Total
Cost/Valuation	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2008	4,037	78,379	301,518	124,294	1,689	509,917
Additions	-	116	142	2,631	25,936	28,825
Disposals	-	(1,497)	-	(3,861)	-	(5,358)
Transfers	-	570	4,386	15,304	(20,260)	-
At 30 June 2009	4,037	77,568	306,046	138,368	7,365	533,384
Additions	-	788	223	4,023	24,876	29,910
Disposals	-	(77)	(4,177)	(4,777)	-	(9,031)
Transfers	-	2,902	5,173	17,901	(25,976)	-
At 30 June 2010	4,037	81,181	307,265	155,515	6,265	554,263
Representing items at:						
Cost	4,037	49,588	307,265	155,515	6,265	522,670
Valuation (1984)	-	31,593	-	-	-	31,593
At 30 June 2010	4,037	81,181	307,265	155,515	6,265	554,263
Accumulated depreciation						
At 1 July 2008	-	32,763	182,090	84,532	-	299,385
Depreciation charge for the year	-	1,852	14,667	10,501	-	27,020
Disposals	-	(1,436)	-	(3,838)	-	(5,274)
At 30 June 2009	-	33,179	196,757	91,195	-	321,131
Depreciation charge for the year	-	1,938	14,891	11,642	-	28,471
Disposals	-	(68)	(4,084)	(4,689)	-	(8,841)
At 30 June 2010	-	35,049	207,564	98,148	-	340,761
Carrying amounts						
At 1 July 2008	4,037	45,616	119,428	39,762	1,689	210,532
At 30 June 2009/1 July 2009	4,037	44,389	109,289	47,173	7,365	212,253
At 30 June 2010	4,037	46,132	99,701	57,367	6,265	213,502

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

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

Company	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 2008	75,994	301,518	108,242	1,689	487,443
Additions	98	142	675	25,936	26,851
Disposals	(53)	-	(1,798)	-	(1,851)
Transfers	570	4,386	15,304	(20,260)	-
At 30 June 2009	76,609	306,046	122,423	7,365	512,443
Additions	11	223	403	24,876	25,513
Disposals	(12)	(4,177)	(2,573)	-	(6,762)
Transfers	2,902	5,173	17,901	(25,976)	-
At 30 June 2010	79,510	307,265	138,154	6,265	531,194
Representing items at:					
Cost	47,917	307,265	138,154	6,265	499,601
Valuation (1984)	31,593	-	-	-	31,593
At 30 June 2010	79,510	307,265	138,154	6,265	531,194
Accumulated depreciation					
At 1 July 2008	30,566	182,090	74,584	-	287,240
Depreciation charge for the year	1,779	14,667	8,399	-	24,845
Disposals	(15)	-	(1,778)	-	(1,793)
At 30 June 2009	32,330	196,757	81,205	-	310,292
Depreciation charge for the year	1,883	14,891	9,380	-	26,154
Disposals	(3)	(4,084)	(2,498)	-	(6,585)
At 30 June 2010	34,210	207,564	88,087	-	329,861
Carrying amounts					
At 1 July 2008	45,428	119,428	33,658	1,689	200,203
At 30 June 2009/1 July 2009	44,279	109,289	41,218	7,365	202,151
At 30 June 2010	45,300	99,701	50,067	6,265	201,333

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 reporting period would be as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Long term leasehold buildings	46,473	46,531	45,639	46,421

4. INTANGIBLE ASSETS

	Computer softwares	
	2010 RM'000	2009 RM'000
Group and Company		
Cost		
At 1 July	15,106	10,160
Additions	6,300	4,946
At 30 June	21,406	15,106
Amortisation		
At 1 July	8,577	7,207
Amortisation for the year	2,395	1,370
At 30 June	10,972	8,577
Carrying amounts		
At 30 June	10,434	6,529

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

5. PREPAID LEASE PAYMENTS (LEASEHOLD LAND)

	Unexpired period more than 50 years	
	2010 RM'000	2009 RM'000
Group and Company		
Cost/Valuation		
At 1 July/30 June	20,191	20,191
Amortisation		
At 1 July	6,334	6,078
Amortisation for the year	256	256
At 30 June	6,590	6,334
Carrying amounts		
At 30 June	13,601	13,857

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2010 RM'000	2009 RM'000
Unquoted shares		
- at cost	125	32,474
- at Directors' valuation	14,244	14,244
	14,369	46,718

During the financial year, Guinness Sarawak Sdn Bhd and Malayan Breweries (Malaya) Sdn Bhd carried out share capital reduction and repayment exercises pursuant to the High Court order obtained on 16 December 2009 and 6 January 2010 respectively. As a result, there were capital repayments from both subsidiaries amounting to RM32,349,000 (2009: NIL).

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2010 %	2009 %
Guinness Anchor Marketing Sdn Bhd ⁺	Malaysia	Marketing and promotion of beverages, primarily alcoholic 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 a member firm of KPMG International.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Group						
Property, plant and equipment	1,412	1,924	(33,079)	(33,658)	(31,667)	(31,734)
Other items	1,233	2,610	-	-	1,233	2,610
Tax assets/(liabilities)	2,645	4,534	(33,079)	(33,658)	(30,434)	(29,124)
Set off	(1,233)	(2,610)	1,233	2,610	-	-
Net tax assets/(liabilities)	1,412	1,924	(31,846)	(31,048)	(30,434)	(29,124)
Company						
Property, plant and equipment	-	-	(33,079)	(33,658)	(33,079)	(33,658)
Other items	1,233	2,610	-	-	1,233	2,610
Net tax assets/(liabilities)	1,233	2,610	(33,079)	(33,658)	(31,846)	(31,048)

Movement in temporary differences during the year

	At 1.7.2008 RM'000	Recognised in profit or loss (Note 15) RM'000	At 30.6.2009 RM'000	Recognised in profit or loss (Note 15) RM'000	At 30.6.2010 RM'000
	Group				
Property, plant and equipment	31,526	208	31,734	(67)	31,667
Other items	(3,598)	988	(2,610)	1,377	(1,233)
	27,928	1,196	29,124	1,310	30,434
Company					
Property, plant and equipment	33,864	(206)	33,658	(579)	33,079
Other items	(3,598)	988	(2,610)	1,377	(1,233)
	30,266	782	31,048	798	31,846

8. TRADE AND OTHER RECEIVABLES

	Note	2010 RM'000	Group 2009 RM'000	2010 RM'000	Company 2009 RM'000
Non-current					
Other receivables	8.1	728	1,585	527	1,169
Current					
Trade					
Trade receivables		183,807	173,232	8,860	14,421
		183,807	173,232	8,860	14,421
Non-trade					
Other receivables	8.1	10,441	2,088	1,748	1,173
Amount due from subsidiary	8.2	–	–	4,043	4,043
Deposits		1,172	833	541	345
Prepayments		715	624	715	624
		12,328	3,545	7,047	6,185
		196,135	176,777	15,907	20,606

8.1 Other receivables

Included in other receivables of the Group and of the Company are staff loans of RM1,220,000 (2009 – RM2,253,000) and RM846,000 (2009 – RM1,660,000) of which RM728,000 (2009 – RM1,585,000) and RM527,000 (2009 – RM1,169,000) are repayable after the next 12 months respectively.

8.2 Amount due from subsidiary

The amount due from subsidiary is unsecured, interest free and repayable on demand.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

9. INVENTORIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Raw materials	7,906	14,434	7,906	14,434
Work-in-progress	5,246	3,741	5,246	3,741
Finished goods	53,342	42,289	11,361	6,725
Packaging materials	5,072	4,969	5,072	4,969
Engineering stores and spares	4,125	4,020	4,001	3,840
	75,691	69,453	33,586	33,709

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits placed with licensed banks	135,247	129,627	135,247	129,627
Cash and bank balances	14,379	34,145	4,962	17,165
	149,626	163,772	140,209	146,792

11. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade					
Trade payables		84,665	101,493	42,302	49,909
Non-trade					
Amount due to subsidiaries	11.1	–	–	32,940	106,824
Other payables		3,979	5,754	3,487	5,610
Accrued expenses		66,420	55,723	16,603	24,769
		70,399	61,477	53,030	137,203
		155,064	162,970	95,332	187,112

11. TRADE AND OTHER PAYABLES (CONT'D)**11.1 Amount due to subsidiaries**

The amount due to subsidiaries is unsecured, interest free and repayable on demand.

12. SHARE CAPITAL AND RESERVES**12.1 Share capital**

	← Company →			
	Amount 2010 RM'000	Number of shares 2010 '000	Amount 2009 RM'000	Number of shares 2009 '000
Authorised:				
Shares of RM0.50 each	200,000	400,000	200,000	400,000
Issued and fully paid:				
Ordinary stock units of RM0.50 each	151,049	302,098	151,049	302,098

12.2 Capital reserve

The capital reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operation.

13. PROFIT BEFORE TAX

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before tax is arrived at after charging:				
Amortisation of intangible assets	2,395	1,370	2,395	1,370
Amortisation of prepaid lease payments	256	256	256	256
Auditors' remuneration				
– Statutory audit	115	115	70	70
– Other services	15	10	10	10
Fees paid to companies affiliated to the auditors	55	58	35	37
Depreciation of property, plant and equipment	28,471	27,020	26,154	24,845
Hire of equipment	714	592	510	457
Legal fees paid to a firm in which a Director is a member	274	102	272	99
Personnel expenses (including key management personnel):				
– Contributions to defined contribution plans	8,110	7,565	3,665	3,297
– Wages, salaries and others	48,214	50,340	20,016	23,692
Rental expense on buildings	2,579	2,293	405	246
Unrealised loss on foreign exchange	–	347	–	347
Realised loss on foreign exchange	646	–	646	–

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

13. PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
and after crediting:				
Gain on disposal of property, plant and equipment	610	777	24	134
Dividend income from unquoted subsidiaries	-	-	146,775	113,952
Gain from subsidiaries' capital reduction and repayment exercises	-	-	16,403	-
Unrealised gain on foreign exchange	779	3	773	-
Realised gain on foreign exchange	36	797	-	754
Reversal of impairment loss on trade receivables	509	1,251	-	-

14. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Directors				
- Fees	365	286	359	280
- Remuneration	2,309	2,171	2,309	2,171
- Defined contribution plans	132	134	132	134
- Meeting attendance allowance	81	88	81	88
Other short term benefits (including estimated monetary value of benefit-in-kind)	511	578	511	578
	3,398	3,257	3,392	3,251
Other key management personnel:				
Short-term employee benefits	3,573	3,854	2,163	2,191
	6,971	7,111	5,555	5,442

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

15. INCOME TAX EXPENSE**Recognised in the profit or loss**

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current tax expense				
Malaysian – current year	51,372	48,227	53,409	49,491
– prior year	(382)	(233)	(273)	(379)
Total current tax recognised in the profit or loss	50,990	47,994	53,136	49,112
Deferred tax expense				
Origination and reversal of temporary differences	1,009	1,185	678	825
Under/(Over) provision in prior years	301	11	120	(43)
Total deferred tax recognised in the profit or loss	1,310	1,196	798	782
Total income tax expense	52,300	49,190	53,934	49,894
Reconciliation of effective tax expense				
Profit for the year	152,691	141,988	181,757	151,008
Total income tax expense	52,300	49,190	53,934	49,894
Profit excluding tax	204,991	191,178	235,691	200,902
Income tax calculated using Malaysian tax rates of 25% (2009: 25%)	51,248	47,795	58,923	50,226
Non-deductible expenses	1,185	2,114	458	587
Tax incentives	(52)	(497)	(52)	(497)
Tax exempt dividend	–	–	(1,141)	–
Tax exempt income – capital gain	–	–	(4,101)	–
Overprovision in prior years	(81)	(222)	(153)	(422)
Income tax expense	52,300	49,190	53,934	49,894

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

16. EARNINGS PER ORDINARY STOCK UNIT

Group

Basic earnings per ordinary stock unit

The calculation of basic earnings per ordinary stock unit at 30 June 2010 was based on the profit attributable to ordinary shareholders of RM152,691,000 (2009 – RM141,988,000) and a weighted average number of ordinary stock unit outstanding during the year of 302,098,000 (2009 – 302,098,000).

Weighted average number of ordinary stock unit

	2010 '000	2009 '000
Issued ordinary stock unit at beginning of the year	302,098	302,098
Basic earnings per ordinary stock unit (sen)	50.5	47.0

Diluted earnings per ordinary stock unit

There were no diluted earnings per ordinary stock unit for the Group as at 30 June 2010 and 2009.

17. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen per stock unit	Total amount RM'000	Date of payment
2010			
Interim 2010 ordinary, tax exempt	10.00	30,210	6 May 2010
Final 2009 ordinary, tax exempt	31.00	93,650	22 December 2009
Total amount		123,860	
2009			
Interim 2009 ordinary, tax exempt	10.00	30,210	22 May 2009
Final 2008 ordinary, 14 sen tax exempt and 17 sen taxed at 25%	26.75	80,811	22 December 2008
Total amount		111,021	

After the reporting period, the Directors recommend the declaration of a net final dividend of 35 sen per 50 sen stock unit, tax exempt under the single tier tax system, totalling RM105,734,300. The dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

18. OPERATING SEGMENTS

The Group's business is focused only in malt liquor brewing including production, packaging, marketing and distribution of its products principally in Malaysia. Approximately 2% (2009: 2%) of the total sales are exports, mainly to Southeast Asian countries. As such, no segmental analysis is prepared.

19. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

Exposure to credit, foreign currency and liquidity risk arises in the normal course of the Group's 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.

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

(b) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its trade receivables.

(c) Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, there were no significant concentrations of credit risk. The maximum exposure to credit risk from receivables is represented by the carrying amounts in the statements of financial position.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

19. FINANCIAL INSTRUMENTS (CONT'D)

(c) Receivables (Cont'd)

Impairment losses

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

	2010 RM'000	Group 2009 RM'000
At 1 July, as previously stated	11,958	13,209
Effect of adoption of FRS 139	-	-
At 1 July, restated	11,958	13,209
Impairment loss recognised	-	-
Impairment loss reversed	(509)	(1,251)
At 30 June	11,449	11,958

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

(d) Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries and results of the subsidiaries are monitored regularly.

Exposure to credit risk, credit quality and collateral

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

Loans and advances are only provided to subsidiaries which are wholly owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable.

(e) Liquidity risk

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

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

19. FINANCIAL INSTRUMENTS (CONT'D)**(f) Market risk**

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

(i) Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily the Euro, U.S. Dollar (USD) and Great Britain Pound (GBP).

Risk management objectives, policies and processes for managing the risk

The Group uses forward exchange contracts to hedge its foreign currency risk. The forward contracts have maturities of less than one year after the end of the reporting period.

Exposure to foreign currency risk

The Group's exposure to foreign currencies (currencies which are other than Ringgit Malaysia) risk, based on carrying amounts as at the end of the reporting period was:

Group	← Denominated in →		
	USD RM'000	GBP RM'000	EURO RM'000
2010			
Trade receivables	5,307	-	-
Trade payables	(20)	(280)	(3,123)
Forward exchange contracts	(1,050)	(96)	(1,493)
Exposure in the statements of financial position	4,237	(376)	(4,616)
Net exposure	4,237	(376)	(4,616)
2009			
Trade receivables	3,224	-	-
Trade payables	(1,785)	(2,470)	(1,706)
Forward exchange contracts	-	-	-
Exposure in the statements of financial position	1,439	(2,470)	(1,706)
Net exposure	1,439	(2,470)	(1,706)

(ii) Interest rate risk

The Group is not exposed to a risk of change in cash flows due to changes in interest rates as the Group only enters into fixed rate borrowings which are short term in nature. The Group also places short term deposits with licensed banks which are not significantly exposed to risk of changes in interest rate.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

20. OPERATING LEASES

Leases as lessee

Operating lease rentals are payable as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Less than one year	2,477	1,064	1,021	227
Between one and five years	2,306	439	942	-
	4,783	1,503	1,963	227

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

21. CAPITAL AND OTHER COMMITMENTS

	Group and Company	
	2010 RM'000	2009 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Authorised but not contracted for	16,514	11,634
Authorised and contracted for within one year	9,124	1,890
	25,638	13,524

22. MATERIAL LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any material litigation either as Plaintiff or as Defendant as of the date of this report.

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	F&N and its related corporations APBL Group RM'000	Other F&N companies RM'000	Heineken and its related corporations RM'000
2010				
Purchase of goods	13,204	17	23,622	688
Sale of products	15,924	–	–	1,186
Royalties payable	5,049	12,924	–	3,031
Marketing and technical fees payable	2,800	–	–	60
Marketing fees receivable	–	8,872	–	3,707
Amounts due from	4,806	–	–	–
Amounts due to	2,196	1,000	–	861
2009				
Purchase of goods	15,333	12	24,210	168
Sale of products	11,390	–	–	7,908
Royalties payable	4,249	10,502	–	2,728
Marketing and technical fees payable	2,306	–	–	248
Marketing fees receivable	–	7,929	–	3,308
Amounts due from	2,104	–	–	412
Amounts due to	3,408	2,738	2,420	622

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

24. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as result from operating activities divided by total equity attributable to owners of the Company. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group monitors and maintains a prudent level of total equity attributable to the owners of the Company to ensure it is adequate to balance the support to future development of the business and the payment of dividends to owners of the Company.

Pursuant to Bursa Malaysia Practice Note 17/2005, the Group and the Company are required to maintain consolidated shareholders' equity of not less than RM40 million and 25% of the issued and paid-up capital. The Group and Company have complied with this requirement.

25. COMPARATIVE FIGURES

FRS 101, *Presentation of Financial Statements* (revised)

Arising from the early adoption of FRS 101 (revised), income statements for the year ended 30 June 2010 have been re-presented as statements of comprehensive income. All non-owner changes in equity that were presented in the statements of changes in equity are now included in the statements of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statements of changes in equity.

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 98 to 136 are 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 2010 and of their financial performance and cash flows for the year then ended.

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,
4 August 2010

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 98 to 136 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 4 August 2010.



Low Teng Lum

Before me:



11-M, Jalan Manis 6,
Taman Segar, Cheras,
56100 Kuala Lumpur.
H/P: 017-385 0388

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 statements of financial position as at 30 June 2010 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 98 to 136.

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 2010 and of their financial performance and cash flows for the financial 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 contents of this report.



KPMG

Firm Number: AF 0758

Chartered Accountants



Chen Foo Siong

Approval Number: 1547/11/10(JJ/PH)

Chartered Accountant

Petaling Jaya, Malaysia
4 August 2010

Analysis of Stockholdings

AS AT 22 SEPTEMBER 2010

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	761	6.72	6,283	0.00
100 – 1,000	4,130	36.50	3,347,763	1.11
1,001 – 10,000	5,063	44.74	20,469,250	6.78
10,001 – 100,000	1,223	10.81	34,907,476	11.55
100,001 – 15,104,899	138	1.22	89,297,328	29.56
15,104,900 and above	1	0.01	154,069,900	51.00
TOTAL	11,316	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	19,409,800	6.42	-	-
3. Aberdeen Asset Management Asia Limited	18,805,600	6.22	-	-
4. Credit Suisse Group AG	-	-	19,409,800 [#]	6.42 [#]
5. Mitsubishi UFJ Financial Group, Inc	-	-	19,409,800 [#]	6.42 [#]

[#] Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Aberdeen Asset Management PLC and its subsidiaries

DIRECTOR'S INTEREST

Name of Director	Direct		Indirect	
	No. of stock units	%	No. of stock units	%
Tan Sri Saw Huat Lye	-	-	11,000*	Negligible

* Deemed interest by virtue of stocks held by spouse.

Analysis of Stockholdings

AS AT 22 SEPTEMBER 2010

30 LARGEST STOCKHOLDERS

	No. of stock units	%
1. GAPL Pte Ltd	154,069,900	51.00
2. HSBC Nominees (Asing) Sdn Bhd - BNP Paribas Securities Services Lux for Aberdeen Global	11,471,400	3.80
3. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	10,217,480	3.38
4. HSBC Nominees (Asing) Sdn Bhd - Exempt An for BNP Paribas Securities (Jersey GBP)	3,700,000	1.22
5. Cartaban Nominees (Asing) Sdn Bhd - RBC Dexia Investor Services Bank for Vontobel Fund – Far East Equity	2,702,709	0.89
6. HSBC Nominees (Asing) Sdn Bhd - BNP Paribas Securities Services Paris for Aberdeen Asian Smaller Companies Investment Trust PLC	2,250,000	0.74
7. Tokio Marine Life Insurance Malaysia Bhd as beneficial owner (PF)	2,227,000	0.74
8. Tai Tak Estates Sdn Bhd	2,156,000	0.71
9. Cartaban Nominees (Asing) Sdn Bhd - RBC Dexia Investor Services Bank for Vontobel Fund – Emerging Markets Equity	1,873,684	0.62
10. Chinchoo Investment Sdn Berhad	1,865,000	0.62
11. Citigroup Nominees (Asing) Sdn Bhd - Exempt An for OCBC Securities Private Limited (Client A/C-NR)	1,661,459	0.55
12. Kam Loong Mining Sdn Bhd	1,368,000	0.45
13. Cimsec Nominees (Asing) Sdn Bhd - Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	1,337,070	0.44
14. Ho Sim Guan	1,330,000	0.44
15. Gan Teng Siew Realty Sdn. Berhad	1,277,000	0.42

30 LARGEST STOCKHOLDERS (CONT'D)

	No. of stock units	%
16. HSBC Nominees (Asing) Sdn Bhd - Exempt An for BNP Paribas Securities Services (Singapore – SGD)	1,270,000	0.42
17. Key Development Sdn Berhad	1,250,000	0.41
18. Citigroup Nominees (Asing) Sdn Bhd - Exempt An for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)	1,204,600	0.40
19. HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Uniasiapacific	1,200,000	0.40
20. Citigroup Nominees (Tempatan) Sdn Bhd - ING Insurance Berhad (INV-IL Par)	1,183,800	0.39
21. HSBC Nominees (Asing) Sdn Bhd - Exempt An for JPMorgan Chase Bank, National Association (Mineworkers PS)	1,172,926	0.39
22. Cartaban Nominees (Asing) Sdn Bhd - Exempt An for RBC Dexia Investor Services Trust (Client Account)	1,172,149	0.39
23. Chan Emily	1,052,000	0.35
24. Cimsec Nominees (Tempatan) Sdn Bhd - Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	1,043,700	0.35
25. HSBC Nominees (Asing) Sdn Bhd - Exempt An for Clariden Leu Ltd (SG-Clients NR)	980,000	0.32
26. HLG Nominee (Asing) Sdn Bhd - Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	957,860	0.32
27. Hong Leong Assurance Berhad as beneficial owner (Life Par)	957,300	0.32
28. Cartaban Nominees (Asing) Sdn Bhd - RBC Dexia Investor Services Bank for Global Emerging Marketssmall Cap (Danske Invest)	900,000	0.30
29. Mrs Chan Lam Choon Nee Mun Swee Heong	896,400	0.30
30. HSBC Nominees (Asing) Sdn Bhd - BNYM SA/NV Virtus Emerging Markets Opportunities Fund	823,599	0.27
	215,571,036	71.35

Other Information

UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposal during the financial year ended 30 June 2010.

SHARE BUYBACK

There was no share buyback exercise carried out by the Company during the financial year ended 30 June 2010.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities issued by the Company during the financial year ended 30 June 2010.

DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year ended 30 June 2010,

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 2010.

NON-AUDIT FEES

The amount of non-audit fees paid by the Group to external auditors, Messrs KPMG and its affiliated companies for the financial year ended 30 June 2010 amounted to RM70,000. This payment was in respect of advisory services for the Group's taxation matters and filing of tax returns, and the review of the Statement of Internal Control.

VARIATION IN RESULTS

There were no profit estimate, forecast or projection issued by the Company during the financial year ended 30 June 2010.

PROFIT GUARANTEE

There were no profit guarantees given by the Company and its subsidiaries during the financial year ended 30 June 2010.

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 2010 or entered into since the end of the previous financial year.

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	Tenure	Approximate age of building (years)	Net Book Value At 30 June 2010 RM'000	Date of Acquisition / Revaluation *
Lot 1135, Batu 9 Jalan Kelang Lama 46710 Petaling Jaya Selangor	20.84	Office building & factory	Leasehold expiring 23 Sept 2063	44	59,307	30 Sept 1984*
120, Air Keroh Industrial Estate 75710 Melaka	1.07	Office building & store	Leasehold expiring 13 Jan 2080	28	566	30 Sept 1984*
Lot 123, Semambu Industrial Site 25350 Kuantan Pahang	0.52	Office building & store	Leasehold expiring 5 Mar 2046	28	375	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
					64,285	

* 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 46th 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 Thursday, 4 November 2010 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 2010 together with the Directors' and Auditors' Reports thereon. **Ordinary Resolution 1**
2. To approve the declaration of a final dividend of 35 sen per 50 sen stock unit tax exempt, under the single tier tax system, in respect of the financial year ended 30 June 2010 as recommended by the Directors. **Ordinary Resolution 2**
3. To re-elect Mr Low Teng Lum who retires by rotation pursuant to Article 89 of the Company's Articles of Association as a Director of the Company. **Ordinary Resolution 3**
4. To re-elect Mr Sreesanthan Eliathamby who retires by rotation pursuant to Article 89 of the Company's Articles of Association as a Director of the Company. **Ordinary Resolution 4**
5. To re-elect Ms Siobhan Mary Hamilton who retires pursuant to Article 96 of the Company's Articles of Association as a Director of the Company. **Ordinary Resolution 5**
6. 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 6**
7. To approve the Directors' Fees of RM359,000 payable to the Non-Executive Directors for the financial year ending 30 June 2011. **Ordinary Resolution 7**
8. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 8**

As Special Business

9. 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 Section 2.3 of the Circular to Shareholders dated 13 October 2010 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 made 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 9

10. 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 35 sen per 50 sen stock unit tax exempt, under the single tier tax system, in respect of the financial year ended 30 June 2010 will be paid on 10 December 2010 to Stockholders registered at the close of business on 15 November 2010.

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 11 November 2010 in respect of shares which are exempted from mandatory deposit;
- (b) Shares transferred into the Depositor's securities account before 4.00 pm on 15 November 2010 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

13 October 2010

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 **22 October 2010** 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, Tricor Investor Services Sdn Bhd (formerly known as Tenaga Koperat Sdn Bhd), 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

Ordinary Resolution 9

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

Ordinary Resolution 9, 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.

Further information on the Proposed Shareholders' Mandate are set out in the Circular to Shareholders of the Company dated 13 October 2010.

Statement Accompanying the Notice of Annual General Meeting

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION OR RE-APPOINTMENT AT THE 46TH ANNUAL GENERAL MEETING

The Directors retiring by rotation and standing for re-election pursuant to Article 89 of the Company's Articles of Association are:

- Mr Low Teng Lum
- Mr Sreesanthan Eliathamby

The Director retiring and standing for re-election pursuant to Article 96 of the Company's Articles of Association is:

- Ms Siobhan Mary Hamilton

The Director who is over the age of 70 and standing for re-appointment pursuant to Section 129 of the Companies Act, 1965 is:

- Tan Sri Saw Huat Lye

Dato' Jaffar Indot who is due for retirement pursuant to Section 129 of the Companies Act, 1965, has indicated in writing that he wishes to retire and does not seek re-election at the 46th Annual General Meeting.

The profiles of the above Directors are presented in the "Directors' Profile" section on pages 62 to 65.

2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Four (4) Board Meetings were held during the financial year ended 30 June 2010. Details of attendance of the Directors are set out in the Statement on Corporate Governance appearing on page 71 of the Annual Report.

3. PLACE, DATE AND TIME OF THE 46TH ANNUAL GENERAL MEETING

The 46th Annual General Meeting of Guinness Anchor Berhad will be held at Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 4 November 2010 at 11.00 a.m.

4. REGISTRATION AND DOOR GIFTS

Registration will commence at 8.30 a.m. and end promptly at 11.30 a.m. Members and Proxies are requested to be punctual. For verification purpose, Members and Proxies are required to produce their original identity card at the registration counter.

Door gifts will be distributed to Members and/or Proxies upon their registration as a token of appreciation for their continued support to the Company.

Please take note each Member and/or Proxy who is present shall be entitled to one (1) door gift only upon registration, irrespective of the number of Members he/she represents. For example, in the event that a Proxy represents two or more Members, he/she shall be entitled to one (1) door gift only.

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 46th Annual General Meeting of the Company to be held at Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 4 November 2010 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		

Signed this _____ day of _____ 2010

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 **22 October 2010** 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. The Form of Proxy is 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. The **original** Form of Proxy must be lodged at the Share Registrar's Office, Tricor Investor Services Sdn Bhd (formerly known as Tenaga Koperat Sdn Bhd), 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.

Please fold here to seal

Affix
Stamp Here

Company Secretary
Guinness Anchor Berhad
c/o Tricor Investor Services Sdn Bhd
(formerly known as 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

CORPORATE OFFICE

Guinness Anchor Berhad

Sungei Way Brewery
Lot 1135, Batu 9
Jalan Klang Lama
46710 Petaling Jaya
Selangor, Malaysia
Tel : 603-78614688
Fax : 603-78614602

REGIONAL SALES OFFICES

Guinness Anchor Marketing Sdn Bhd

Kuala Lumpur

134C Jalan 2
Off Jalan Chan Sow Lin
55200 Kuala Lumpur
Malaysia
Tel : 603-92235388
Fax : 603-92236388

Shah Alam

No. 7 Jalan Pemaju U1/15, Seksyen U 1
Hicom-Glenmarie Industrial Park
40150 Shah Alam
Selangor, Malaysia
Tel : 603-55693520
Fax : 603-55693521

Kedah

No. 8 Lorong Perusahaan Maju 11
Taman Perusahaan Pelangi
13600 Seberang Prai
Butterworth, Kedah
Malaysia
Tel : 604-5086288
Fax : 604-5087288

Penang

50-J, Ground Floor, Wisma Hong Bee
Pengkalan Weld
10300 Penang, Malaysia
Tel : 604-2645227/228
Fax : 604-2630227

Johor Bahru

No. 4 Jalan Bukit 7
Kawasan MIEL Bandar Baru Seri Alam Phase V
81750 Masai, Johor
Malaysia
Tel : 607-3864999
Fax : 607-3865222

Batu Pahat

17 Jalan Kota Murni
Taman Perindustrian Kota Murni
83000 Batu Pahat
Johor, Malaysia
Tel : 607-4335223/5/7
Fax : 607-4336224

Ipoh

No.1 Persiaran Sultan Azlan Shah 3
31350 Ipoh
Perak, Malaysia
Tel : 605-2493088
Fax : 605-2493089

Kuantan

Lot 123, Semambu Industrial Site
25350 Kuantan, Pahang, Malaysia
Tel : 609-5661967/00/09
Fax : 609-5662523

Mentakab

No. 1 Jalan Seraya, Taman Rimba
28400 Mentakab, Pahang
Malaysia
Tel : 609-2771649
Fax : 609-2779868

Seremban

613 Jalan Haruan 4/8
Oakland Commercial Centre
70300 Seremban
Negeri Sembilan, Malaysia
Tel : 606-6334647/4648/4649
Fax : 606-6334650

Malacca

Lot 120, Ayer Keroh Industrial Estate
75450 Malacca, Malaysia
Tel : 606-2325772/8249/4986/9308/9309
Fax : 606-2322771

Sarawak

Lot 310, Section 9 KTLD
Lorong 7, Rubber Road
P. O. Box 633
93712 Kuching
Sarawak, Malaysia
Tel : 6082-240099/500
6082-244043/046
Fax : 6082-246787

No. 4D, First Floor Jalan Kampung Datu
96008 Sibul, Sarawak
Malaysia
Tel : 6084-325809
Fax : 6084-328990

1st Floor, Lot 2302 Bulatan Commercial Centre
Jalan Dato Permaisuri
P. O. Box 1125
98008 Miri, Sarawak
Malaysia
Tel : 6085-650755
Fax : 6085-658775

Sabah

Lot 79, Lorong Kilang D
Sedco Light Industrial Estate
Mile 5 1/2 Tuaran Road
P. O. Box 14219
88848 Kota Kinabalu
Sabah, Malaysia
Tel : 6088-435541
6088-438862
Fax : 6088-422552

Block C, Lot 5, Taman Grand View
Jalan Sim Sim
90000 Sandakan
Sabah, Malaysia
Tel : 6089-271214/ 210968
Fax : 6089-274082

Lot 3, TB 4478 Ground & First Floors, Block A
Pusat Komersil Ba Zhong
Jalan Tawau Lama
91000 Tawau
Sabah, Malaysia
Tel : 6089-771202/774 383
Fax : 6089-773275

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, Malaysia

Tel : 603-78614688

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www.gab.com.my