



together, we brew success

Annual Report **2011**



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GAB's 10th consecutive year of growth

GAB delivered yet another solid performance for the financial year ended 30 June 2011, capping a decade of growth in revenue, profit and market share. This is a historic milestone for the Company, achieved through the shared efforts of our people, our portfolio of world-class brands and the effective work processes we have in place. Collectively, we have delivered great performance.

Together, we will continue to brew success.





Our Brand Portfolio

The outstanding brand portfolio offered by GAB is one of the reasons why we are well on our way to becoming an Icon in Business as it positions us for further market growth ahead of the competition. There is a brand for every occasion and a brew for every palate, all reflecting the traditions of quality, excellence and consistency.

BREWED FOR SUCCESS

Tiger Beer

Since 1932, this lager has been winning ardent admirers around the globe and is today distinctively Asian but unmistakably world-class. Its numerous accolades include the prestigious 2008 New Zealand International Beer Award and the Gold Medal at the World Beer Cup 2010. Freshly presented in its elegant and stylish new livery, Tiger Beer continues to delight discerning drinkers who seek perfection in a lager with its clean and crisp taste.

Guinness

Now over a quarter of a millennium in existence, Guinness remains black, bold and distinctive. The global icon and world-leading stout's compelling story of invention, passion and belief continues to be known for its Irish provenance and exceptional colour. The most prestigious of black beers, it is brewed today in over 50 countries and enjoyed in around 150 worldwide. Adding to the accolades in Malaysia is the fact that GAB has won the coveted global Guinness League of Excellence Award for an exceptional fifth consecutive year, which is assurance to aficionados that they are getting a premium Irish brew that is at the top of the league.

Heineken

The perfect expression of taste, Heineken draws on its rich Dutch heritage to produce the world's No. 1 international premium beer with its precise blend of malted barley, hops, purified water and the legendary Heineken A-yeast. The iconic green bottle has become a symbol of the finest and most distinctive of tastes, satisfying generations of consumers around the world with its unwavering dedication to quality.

Anchor Smooth

A beloved local favourite, this timeless pilsner is one of Malaysia's pioneer beer brands; offering a refreshing taste and vitality, plus smooth flavour which has made it a timeless choice as the perfect accompaniment for local, mouth-watering dishes and relaxed occasions.

Anchor Strong Beer

This bolder variant of the Anchor brand meets the expectations of those who demand a quality strong beer with its fuller and stronger taste. Anchor Strong Beer makes the most of its renowned brewing process, which involves longer brewing with a cold filtration process to remove all excess yeast, to present drinkers with a more robust alternative.



Our Brand Portfolio

Kilkenny

This premium Irish ale is recognised by its distinguishing velvety-smooth amber shade under a creamier head, which has earned it the undisputed title as the “Cream of Beers”. Named after its hometown Kilkenny, Ireland’s prized premium ale is now available at more than 1,000 outlets and is fast becoming a favourite with local beer lovers searching for the ever-smooth Irish beer.

Malta

The perfect energy boost, Malaysia’s leading non-alcoholic wholesome malt beverage provides refreshment in every gulp with hearty helpings of Vitamins B1, B3 and B6 ; delighting active individuals with its natural goodness and vibrant look.

Anglia Shandy

Malaysia’s No.1 shandy is the perfect accompaniment for any occasion as it serves up a uniquely refreshing and distinct blend of fizzy lemonade and beer. Fondly known as the “Real Shandy”, Anglia is an all-time favourite during Malaysia’s many festive occasions.

Paulaner

Exclusively brewed by Paulaner in Munich, this fine range of beer is from one of Germany’s leading breweries and the largest brewery in Bavaria. Brewed since 1634 with only natural and pure ingredients and in strict compliance with the Bavarian Purity Law, Paulaner guarantees absolute quality and an incontestable taste. Its refreshingly sparkling Bavarian wheat beer specialties – wheat beer natural and wheat beer dark – are among the most popular beers in the Paulaner range and the preferred choice of sophisticated beer drinkers.

Sol

Befittingly known as the “Sol of the Party”, this truly original Mexican beer brings perfect ice-cold refreshment in a stylish, clear long-neck bottle and a golden easy-to drink liquid. This imported premium beer combines a light and refreshing taste with a young and modern attitude, making it the perfect drink for sociable and active urban consumers looking to have fun.

Strongbow

This classic UK cider is the world’s best selling cider, made from fermented apple juice, which delivers instant refreshment with its authentic English recipe. Boasting a perfect blend of 50 different varieties of apples and the highest quality standards guaranteeing a great taste with body and balance, the final result is a clear golden appearance and naturally light carbonation. This iconic brand is the perfect choice for current cider drinkers as well as those looking for a new on tap drinking experience in the premium segment.

Our Achievements

A GUINNESS LEAGUE OF EXCELLENCE

Established in the 1990's, the prestigious GLoE award is the global benchmark for consistently high-quality Guinness brewed outside of Ireland. GAB has now won the prestigious GLoE award for an unprecedented 5th time, which reiterates its standing as the best brewery outside of Ireland for consistently high-quality Guinness.

B MCG INDEX AWARDS: DISTINCTION AWARD & MOST IMPROVED COMPANY AWARD 2010

The MCG index, created by the Minority Shareholder Watchdog Group (MSWG), aims to provide shareholders with information on best corporate governance practices among public listed companies in Malaysia. The annual awards ceremony names the Top 100 companies that have met specific criteria in areas such as compliance, performance and quality of disclosure. In 2010, GAB scored A+ in the overall Malaysian CG Scores and was recognised as the Most Improved Company, moving from 94th position in 2009 to 9th in 2010.

C STARBIZ-ICR MALAYSIA CR AWARD IN THE COMMUNITY CATEGORY

GAB received the StarBiz-ICR Malaysia Corporate Responsibility Award 2010 in the Community category.

The StarBiz-ICR Malaysia Corporate Responsibility Awards is organised by The Star and the Institute of Corporate Responsibility (ICR) Malaysia, together with their working partners, PwC and the Securities Industry Development Corporation (SIDC), to recognise and honour companies that demonstrate outstanding and leading CR practices in the area of Marketplace, Workplace, Environment and Community.

D GIANT SUPPLIER OF THE YEAR AWARD 2011

GAB received the award from Giant in the Alcohol category, for its performance in sales turnover, executions and activation, service levels by supplier, supports, brand shares, profits, business relationship and publicity.

E AREA INVESTMENT IN PEOPLE AWARD 2011

Enterprise Asia's Asia Responsible Entrepreneurship Awards Programme (AREA) recognises and honours Asian businesses for championing sustainable and responsible entrepreneurship in various categories, which include Green Leadership, Investment in People, Corporate Governance, Health Promotion, Social Empowerment, SME CSR, Responsible Business Leadership.

This year's Awards saw GAB receiving the recognition in the Investment in People category in reflection of its on-going commitment in incorporating responsible and ethical values, and respect for people and individuals into its business operations.

F SHORTLISTED FOR ACCA MASRA AWARDS

GAB was shortlisted for the ACCA Malaysia Sustainability Reporting Awards (MaSRA) which was previously known as the ACCA Malaysia Environmental and Social Reporting Awards (MESRA).

The Awards give recognition to organisations which report and disclose environmental and social information; encourage the uptake of environmental and social reporting; and raise awareness on corporate transparency issues.

G SHORTLISTED FOR THE EDGE BILLION RINGGIT CLUB CORPORATE AWARD

The Billion Ringgit Club and accompanying awards are established by Malaysia's leading business and investment weekly, The Edge.

The Edge Billion Ringgit Club, inducts companies listed on Bursa Malaysia with a market capitalisation or turnover of at least RM1 billion and presents awards in recognition of profitability and shareholder wealth creation.

GAB was one of the top 5 most profitable companies with highest return on equity in consumer products sector, and one of the top 10 CSR companies.

H 2011 BRAND LAUREATE AWARDS

The only Brand Awards endorsed by His Royal Highness Duli Yang Maha Mulia Seri Paduka Baginda Yang di-Pertuan Agong, Tuanku Mizan Zainal Abidin, the Brand Laureate Awards provides testimony of a brand's success and is an acknowledgement of the brand's value, strength and character.

Winners are selected based on a 300-point selection criteria consisting of brand strategy, brand culture, integrated brand communications, brand equity and brand performance.

In 2011, Heineken was awarded the Best Brand in Beer in the Heritage Brand category.

I PUTRA BRAND AWARDS 2011

The Putra Brand Awards was introduced by the Association of Accredited Advertising Agents Malaysia (4As) to recognise brand building as an integral business investment not only for public-listed companies but also local brands and SMEs that are near and dear to the hearts of Malaysians.

The 2011 edition saw Heineken receiving a Silver Award, and Tiger and Guinness receiving Bronze awards each in the alcoholic beverage category.



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

**We have a passion
for winning**

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

**We value and
respect each other**

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

**We show integrity
in all that we do**

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

We provide enjoyment

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



Our Vision & Values



Together, we share a passion for



winning

Our people are the key drivers of our success and we share a common passion to be the best in everything we do.



Together, we provide




enjoyment

Our portfolio of world-class brands is our pride. Each one is brewed to perfection with choice ingredients, providing our consumers with a brew to be enjoyed on any occasion.



Together, we deliver great



Our people; employees, trade partners and business partners have all contributed towards delivering 10 consecutive years of growth. With a portfolio of winning brands and a shared passion for winning, we look forward to delivering even greater performance.

performance

Bringing smiles

> GAB initiative enables disadvantaged Tamil school students with English language proficiency

By SHREYIN PREETA
writing@anchor.com.my

SMILES is a programme dedicated to engaging disadvantaged Tamil school students with English language skills. Sponsored by Guinness Anchor Bhd (GAB), the programme was established after the company found that one of the main reasons Tamil school students dropped out of school was their difficulty in coping with the English language.

"SMILES started off with the sponsorship

of over 100 early childhood development to develop the modules used to teach the students," she said. "Two hundred Primary Two students from five Tamil schools - SK (T) Batu Caves, SK (T) Bangi, SK (T) Taman Teratai, D'Amale, SK (T) Tasik Damai, Medan Maranjan, Tejong Mallin and SK (T) Ladang Semenyih - were sponsored for the programme, implemented in partnership with Tamil non-governmental organisation, the Education, Welfare and Research Foundation (EWRFO)."

"For this programme, classes are

Foundation releases river management handbook

By MURAFIAHAN IKHALIDIN
writing@anchor.com.my

PETALING JAYA: Looking to extend the horizon of its river rehabilitation project in Sungai, the Guinness Anchor Bhd (GAB) Foundation recently launched a handbook for industry experts, government agencies, the private sector and those interested in river rehabilitation.

The Urban River Management through Local Community Participation, is available free at public libraries and relevant government agencies and departments. Online version, also available in Bahasa Malaysia, will be introduced soon. The guide focuses key learning and best practical development during the three-year

urban river rehabilitation project conducted with the Global Environment Centre. "This handbook is a continuation of three years of hard work, collaboration and mutual cooperation between government agencies, responsible NGOs and members of the community to rehabilitate Sungai Wau" said GAB Foundation chairman Tan Sri Sani Hussain Yusoff.



Guinness Anchor net profit up 19pc

By Shreya Kaur
writing@anchor.com.my

PETALING JAYA: Guinness Anchor Bhd, Malaysia's largest liquor giant, posted a 19 per cent increase in net profit for its first quarter ended in 2013, but by growth in its core brands. Revenue rose as by 19 per cent to RM1.49 billion, while double-digit, managing director Chikara Arisawa said.

This means that GAB's full year net profit, revenue and its market share have grown by 19 per cent, he said. "Double digit revenue performance" on hand 2013.



Chikara Arisawa, Managing Director of Guinness Anchor Bhd.

WE ARE TARGETING FOR OUR NEXT PHASE OF GROWTH. WE AIM TO BE AN ICON IN THIS BUSINESS.

Chikara Arisawa, Managing Director of Guinness Anchor Bhd.

"GAB experienced about 22 per cent growth in the Malaysian beer market and is happy to enter the export market for the first time."

Chikara Arisawa, Managing Director of Guinness Anchor Bhd.

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A big day out

GAB employees, business partners dedicate work day to community service

GUINNESS Anchor Bhd (GAB) employees and business partners participated in a community service activity on the Big Day Out. The activities include the planting of 200 native tree seedlings to support the rain forest in the area.

The Big Day Out was the first time that they had visited their business partners in the area. The activities include the planting of 200 native tree seedlings to support the rain forest in the area.

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GAB Win-Big promotion found two RM99,999 winners

KUALA LUMPUR: The 16-year-old Guinness Anchor Bhd (GAB) has found two RM99,999 winners in its Big Day Out promotion.

The promotion was held in conjunction with the Big Day Out event. The winners were announced during the event.

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'Dead' river brought to life

By Shreya Sri Priya
writing@anchor.com.my

The Guinness Anchor Bhd (GAB) Foundation has successfully rehabilitated a 'dead' river in the area. The river is now flowing and has become a source of life for the community.

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Guinness posts record profit, proposes larger dividend

By Yandana Nigal Yabon
writing@anchor.com.my

GUINNESS Anchor Bhd (GAB) has posted a record profit for the first quarter of 2013. The company is also proposing a larger dividend to its shareholders.

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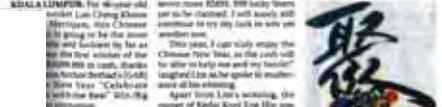
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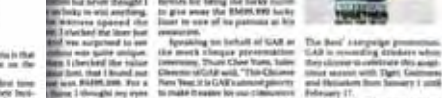
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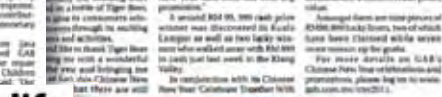
GAB in the news



A person holding a large check for RM99,999, representing a winner of the GAB promotion.



A group of people standing together, likely participants or organizers of the English Holiday Camp.



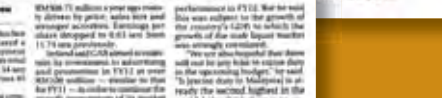
A river scene showing the results of a river rehabilitation project, with water flowing and vegetation growing.



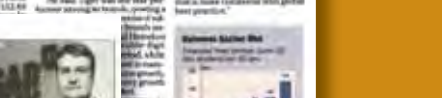
A Guinness Anchor Bhd (GAB) logo and branding.



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A Guinness Anchor Bhd (GAB) logo and branding.

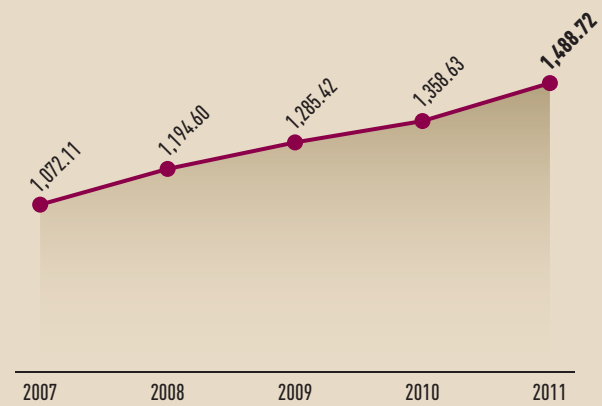
10 YEARS FINANCIAL TRACK RECORD

	Financial year ended 30 June									
	2002 RM'000	2003 RM'000	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000
Revenue	788,060	796,595	886,208	952,113	976,013	1,072,112	1,194,602	1,285,423	1,358,633	1,488,720
Profit before taxation	93,718	107,363	129,254	140,519	142,211	152,159	168,898	191,178	204,991	242,883
Taxation	21,317	29,357	30,835	32,551	14,014	39,598	43,041	49,190	52,300	61,505
Profit after taxation	72,401	78,006	98,419	107,968	128,197	112,561	125,857	141,988	152,691	181,378
Dividends	82,655*	84,831*	91,837*	90,871	91,354	99,239	109,873	123,860	135,944	163,133
Net Dividend per 50 sen stock unit (sen)	27.4*	28.1*	30.4*	30.1	30.2	32.8	36.4	41.0	45.0	54.0
Earnings per 50 sen stock unit (sen)	24.0	25.8	32.6	35.7	42.4	37.3	41.7	47.0	50.5	60.0
Reserves	124,748	146,200	159,064	176,403	213,246	234,060	260,285	291,252	319,879	365,567
Shareholders' funds	275,797	297,249	310,113	327,452	364,295	385,109	411,334	442,301	470,928	516,616
Net assets per 50 sen stock unit (sen)	91.3	98.4	103.0	108.0	121.0	127.5	136.2	146.4	155.9	171.0

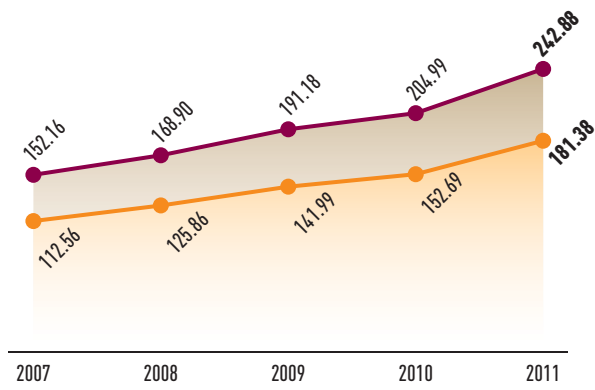
* Includes special dividends

Financial Highlights

financial year ended 30 June

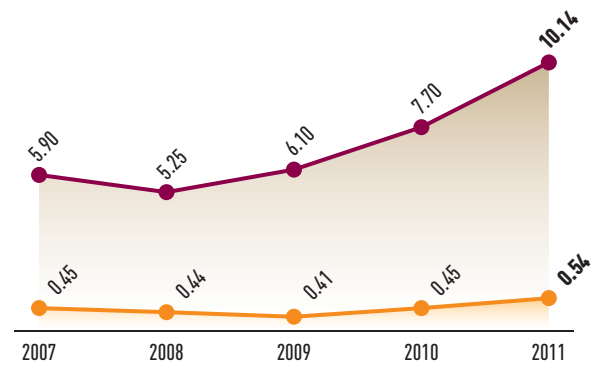


Revenue
(RM Million)



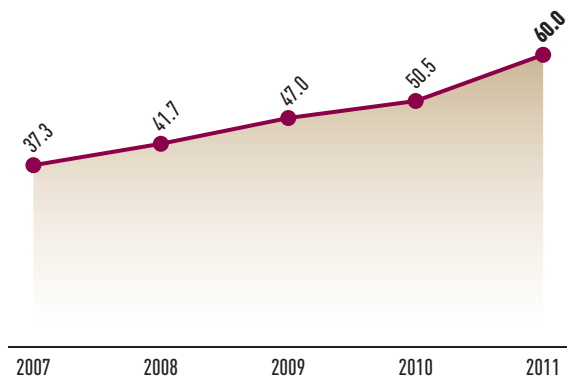
Profit Before Taxation & Profit After Taxation
(RM Million)

■ Profit Before Taxation ■ Profit After Taxation

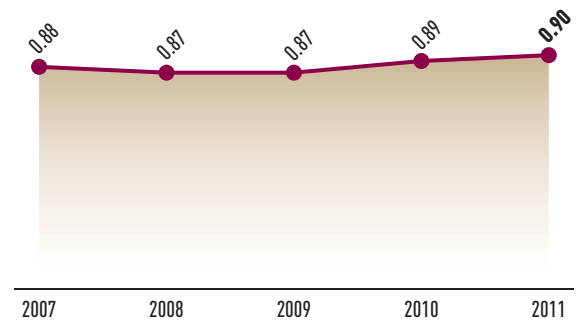


Share Price as at 30 June & Gross Dividend
(RM)

■ Share Price ■ Gross Dividend



Earnings Per 50 Sen Stock Unit
(Sen)



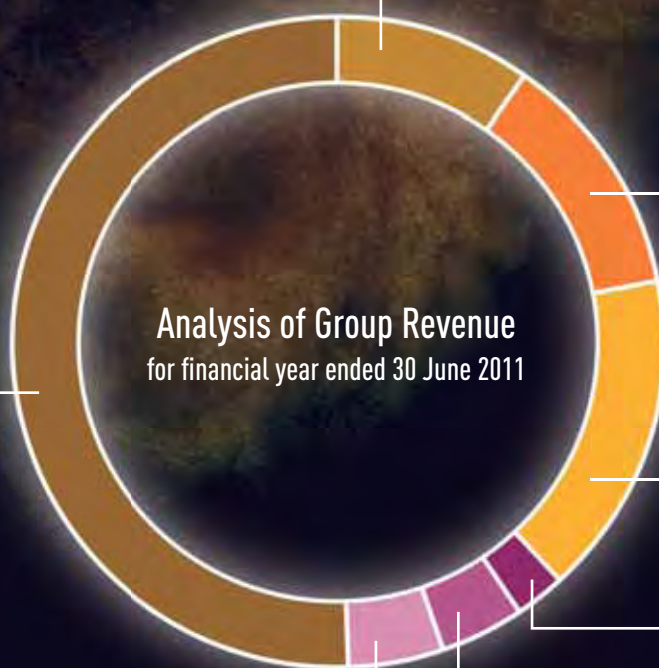
Net Dividend/Profit After Taxation
(Ratio)

Financial Highlights

9.95% Raw Materials & Packaging Costs

50.42% Excise & Customs Duties

4.83% Staff Costs



Analysis of Group Revenue
for financial year ended 30 June 2011

Profit After Taxation 12.18%

Services 16.11%

Depreciation 2.38%

Taxation 4.13%

FINANCIAL ANALYSIS

	Financial year ended 30 June		
	2011 RM'000	2010 RM'000	Change %
Statement of Comprehensive Income			
Revenue	1,488,720	1,358,633	9.6
Profit before interest & taxation (PBIT)	240,598	203,332	18.3
Profit before taxation (PBT)	242,883	204,991	18.5
Profit after taxation (PAT)	181,378	152,691	18.8
Statement of Financial Position			
Shareholders' funds	516,616	470,928	9.7
Market capitalisation	3,063,274	2,326,155	31.7
Financial Ratios			
	%	%	
Return on shareholders' funds			
- PBIT	46.6	43.2	3.4
- PBT	47.0	43.5	3.5
PBIT /Revenue	16.2	15.0	1.2
PBT/Revenue	16.3	15.1	1.2
PAT/Revenue	12.2	11.2	1.0
Per 50 sen stock unit			
	Sen	Sen	
PBT	80.4	67.9	18.4
PAT	60.0	50.5	18.8
Net assets	171.0	155.9	9.7
Net dividend	54.0	45.0	20.0

Dear Shareholders,

It gives me great pleasure to report that Guinness Anchor Berhad (GAB) has delivered its tenth successive year of growth with another year of very solid results. In the last financial year, revenue and profit after tax grew by 9.6% and 18.8% respectively. When we look back over a longer period, in the last decade we have seen revenue and profits expand by 89% and 150% respectively. Furthermore, we have grown market share in every one of the last 10 years and are the clear market leader.

Letter from Chairman



We are fortunate to have a prudent Government who, through its Economic Transformation Programme (ETP), has boosted the economy, sustained Gross Domestic Product (GDP) growth and shielded the country from the continuing after effects of the global financial crisis.

The country recorded a healthy GDP growth of 4.8% in the last quarter of 2010, which carried through to the first quarter of 2011. While the growth momentum moderated in the second quarter due to supply disruptions from the Japan disaster, the overall positive scenario provided for a conducive business environment as growth in domestic demand was sustained at around 5% throughout the period from July 2010 to June 2011.

BUILDING A SUSTAINABLE BUSINESS MODEL

While the favourable economic climate played a part in our performance, much of the credit has to go to our people, our processes and systems, and our portfolio of international premium brands.

Led by Managing Director, Charles Ireland, we have seen our dynamic and passionate teams take significant strides in meeting consumer preferences and needs, improving efficiencies and taking significant steps to innovate our product and service offerings.

Letter from Chairman

Our trade partners, too, have contributed significantly as we have built mutually beneficial relationships over the past decade. Our track record in building strong relationships has also influenced new partners to come on board, as we continue to grow the GAB family.

Our portfolio, led by our four biggest brands, Tiger, Guinness, Heineken and Anchor, continues to outperform the market and grow GAB's market share. This performance shows the passion, craftsmanship and care shown by all GAB employees, enabling the highest standards of excellence to be consistently achieved.

HELPING BUILD SUSTAINABLE COMMUNITIES

GAB strongly advocates responsible corporate conduct and we look to create sustainable value for all of our stakeholders, including our employees and shareholders, our consumers and the communities we operate in.

Our social responsibility activities are channeled through the GAB Foundation. Since its inception in 2007, the GAB Foundation has anchored various initiatives focussed on environmental conservation, educational support and community enrichment.

Amongst the on-going programmes the Foundation is carrying out are: the rehabilitation of Sungai Way; the award of scholarships to deserving students; and the English Programme, which aims to help vernacular school children improve their English language proficiency.

I am pleased to report that our Corporate Responsibility (CR) efforts have been recognised during the year under review. We received several accolades, including the AREA Awards 2011 for Investment in People and the StarBiz-ICRM CR Awards 2010 for Investment in Community.

In the area of Corporate Governance, GAB's standards and commitment was acknowledged at the MCG Index Awards organised by the Minority Shareholder Watchdog Group, winning the Distinction Award for scoring A+ for overall Malaysian Corporate Governance (CG) Scores as well as the Most Improved Company Award for significant improvement in CG scores, spring-boarding from 94th position in 2009 to 9th in 2010.

More information on our various CR initiatives is available in a separate leaflet which accompanies this annual report. This leaflet provides an overview of our CR activities. I hope you will take the time to go through it.

BUILDING THE FOUNDATIONS FOR FUTURE SUCCESS

The outlook for the rest of 2011 looks solid, as there is expected to be a rebound in Q3 2011 from the moderation in Q2 2011, due to the reconstruction of Japan and implementation of ETP projects. Hence, 2011 GDP growth is expected to reach 5.2% year-on-year, before moving up to 5.5% in 2012.

While the country's economic health augurs well for us, external issues will continue to pose challenges to the business. On top of rising commodity and fuel prices, we face a continued threat of an excise duty increase. We are engaging with various stakeholders on this topic and have put forth a comprehensive case on how excise duties could be restructured to bring them in line with global best practice. We have urged the Government to continue the efforts we have seen over the past years to step up enforcement and curb smuggling.

Nevertheless, we will continue to drive our business performance through our team of highly capable employees, our winning portfolio of brands and our well-structured systems and processes.

IN APPRECIATION

The year saw changes in the Board of Directors, with the retirements of Independent Non-Executive Director, Dato' Jaffar Indot on 4 November 2010 after 11 years of service, and Executive Director Mr. Low Teng Lum on 30 April 2011, also after 11 years of service. I would like to thank Dato' Jaffar for his many contributions during his time as Director. I would also like to acknowledge Teng Lum, who as Finance Director was instrumental in the growth of the Company over the past decade. On behalf of the Board and the Company, I would like to recognise their contributions and wish them all the best in their retirement.

At the same time, I would like to extend a warm welcome to three new Board members. Dato' Syed Salleh bin Syed Othman was appointed as Independent Non-Executive Director on 1 February 2011, and brings with him a wealth of experience having served in various capacities within the ICI Group of Companies for 35 years. Joining him are Mr. Edward McShane from Diageo and

Mr Edmond Neo Kim Soon from Asia Pacific Breweries Limited (APB), who were both appointed as Non-Independent Non-Executive Directors on 25 July 2011. Edward, who has been with Diageo for 18 years, is currently the Finance Director for Diageo South East Asia and Edmond, currently the Group Commercial Director of APB, has spent 20 years in the APB Group in various capacities. I look forward to their wise counsel in the coming years.

On behalf of the Board and the shareholders, I would also like to extend my appreciation to the Managing Director for his leadership in guiding his team to achieve yet another year of outstanding performance, making it a perfect 10. Our gratitude goes to the whole team, as without their dedication, hard work and commitment, the Company would not be where it is today.

I would also like to express our sincere thanks to all our distributors, suppliers and retailers for their continued support in helping drive our business forward, as well as to all our shareholders for their unrelenting support.



Tan Sri Saw Huat Lye

Chairman

4 August 2011



We have seen our portfolio of leading brands grow from strength to strength, driven by a committed GAB team, guided by our Company Values.

Managing Director's Review

Guinness Anchor Berhad (GAB) delivered a commendable performance for the financial year ended 30 June 2011 (FY11), capping an outstanding decade of continued expansion in revenue, profit and market share.

The robust economic climate during FY11 helped set an environment conducive for business growth, however, even with that backdrop we were delighted to grow our revenue by 9.6% and profitability by 18.8%.

OUR GROWTH DRIVERS

A straight 10 years of growth reflects the effort everyone in our Company has invested in striving to build GAB into a world-class business. Our Company Vision remains to become 'An Icon in Business, respected the world over for delivering exceptional growth in our People, Brands and Performance'.

I believe that FY11 saw us take another step forward towards achieving that vision.

We have seen our portfolio of leading brands grow from strength to strength, driven by a committed GAB team, guided by our Company Values of: having a passion for winning; valuing and respecting each other; showing integrity in all that we do and providing enjoyment. Also guiding us, have been our business enablers of Focus, Delivery, Improvement and Teamwork.

We are also mindful of the impact we have on society, particularly on the communities in which we operate, and have taken many steps to ensure that our success is achieved in a sustainable manner, mindful of all our various stakeholders' expectations.

Managing Director's Review

THE INGREDIENTS OF SUCCESS

Great individuals and great teamwork are key ingredients to our success. We have worked hard to try to create an environment where our teams can perform at the highest level to ensure that the Company delivers its full potential.

We have made many investments to improve our organisational efficiency over the past year and past decade. One of the most significant examples of this is the restructuring of our Sales Force, which was implemented at the beginning of FY11. These changes improved our work processes and procedures and further empowered our people to make a difference in the marketplace.

Similarly, we have invested in innovative programmes to develop our brands and engage with our consumers. Our Marketing and Sales teams have initiated and implemented ever bigger and ever more impactful campaigns. Our Supply Chain team continued its excellent work and maintained GAB's position as the best Guinness brewery, outside of Ireland, for the 5th year in a row, bringing home the Guinness League of Excellence Award once again.

On the human resource front, we made further progress in our journey to be the Malaysian employer of choice, while the Finance team continued to provide world-class decision support and strategic leadership on our various activities, ensuring that our Company's financial health was maintained.

During the year under review, we continued to engage with key stakeholders. Our Corporate Relations and Legal team met with many stakeholders, including officers within Government Ministries and agencies, as well as industry organisations, to present our views and position on industry-related issues.

In pursuit of our business goals, we were mindful to also contribute to and enrich the communities in which we operate. Through the GAB Foundation, we conducted programmes to meaningfully engage with them.

MARKET HEROES

A key component of our success is our strong relations with our trade partners, many of whom have grown with us over the past decade. Our various trade partner initiatives included: sharing industry best practices; executing training programmes through the GAB Academy; providing impactful marketing and promotional support; and delivering an ever increasing level of customer service. As a result, in FY11, we achieved significant growth in the number of new partners coming on board, especially in the modern on-trade.

SHARING THE EXCITEMENT

During the year, our premium international brands, especially our four pillar brands – Tiger, Guinness, Heineken and Anchor, performed admirably as a result of our initiatives to consolidate and grow their leadership positions.

Tiger Beer was, by a significant margin, the fastest growing brand in the Malt Liquor Market (MLM) in FY11. This is a phenomenal achievement given that Tiger is already such a large brand in the market. Of equally significant note was the very healthy performance of both Guinness and Heineken. Both brands responded very well to the various marketing investments made in them during the year.

In FY11, we engaged with our consumers through bigger and higher quality events, to create world-class brand experiences. A highlight was our 700 Tiger themed "Celebrate Winning Football Moments" viewing parties during the period of the most celebrated world football tournament, where huge crowds enjoyed both the football games and the event programme at various GAB partner outlets throughout the country. Catering to the Malaysian love for football, Tiger also continued with its Tiger FC viewing parties. Featuring a trademark viewing experience with high-definition TV screens and a host of exciting activities, football aficionados had a blast catching their favourite English Premier League teams in action. The year

also saw us update Tiger Beer's livery, taking on a sleek new platinum and blue colour combination to bring its look in line with its status as a premium, international award winning beer.

Guinness has over recent years gained a reputation for holding remarkable, iconic events. The 2010 Arthur's Day Celebration further bolstered this reputation as it was once again the talk of town. Following our 2009 Arthur's Day success, in FY11 we brought a medley of acts, headlined by Flo Rida, Sean Kingston and Colby O'Donis. They provided another memorable experience for an enthusiastic crowd. Guinness has also successfully brought one of the world's most well-loved global celebrations, St. Patrick's Day, into a much anticipated event in the Malaysian calendar. This year's celebration was themed "Merry Goes Round in March", with patrons at Guinness partner outlets across the country raising a toast to St. Patrick with the much-loved black brew. 36 Guinness St Patrick's Parties were held across the country, culminating with the largest ever Malaysian St. Patrick's Day Festival held in KL in Changkat Bukit Bintang on the 17th of March.

Heineken too provided world-class experiences for its consumers. It continued to provide music experiences with its music programmes and through Heineken's global sponsorship of the UEFA Champions League, it brought the famed UEFA Champions League trophy to football enthusiasts in Malaysia.

Alongside our different brand events, we tapped the power of our portfolio, bringing value to our consumers and creating excitement in the marketplace through promotional activities across all trade channels. In October, GAB held its third and largest edition of 'Oktoberfest' with a month-long celebration featuring promotions on GAB's portfolio of brands, including our imported brands, Strongbow and Paulaner. Street parties were held at various venues across Kuala Lumpur throughout the month, and for the first time, parties were held in Penang and Kota Kinabalu.

GAB's Chinese New Year campaign this year was our most successful to-date. Themed "Celebrating Together with the Best", the campaign was all about giving our consumers more reasons to celebrate. We ran promotions with our portfolio of brands and provided consumers with opportunities to win cash prizes worth more than RM999,999.

CREATING A WORLD-CLASS WORKFORCE

Our journey to become the Malaysian Employer of Choice carries on as we continue to invest in our people through our 7 HR Pillars, designed to improve, empower, motivate and reward our employees for great performance. The results are self-evident as we witness greater empowerment and accountability among employees, leading to higher productivity and more creative approaches to the way we work.

In the year under review, we received another workplace related award in the form of the Asia Responsible Entrepreneurship (AREA) Awards 2011 for our Investment in People.

Investment in our People remains one of our top priorities. Reflecting this, total investments in staff training and development increased by double digits in FY11.

MOVING FORWARD, TOWARDS ANOTHER DECADE OF GROWTH

Overall FY11 was a very good year for GAB, capping a decade of impressive growth. However, we will not become complacent and we anticipate increasing pressure from commodity prices, competitors and economic conditions.

We believe there is still room for further improvement especially in the areas of the modern on-trade channel and the premium imported brand segment.

We will continue to focus on growing our people by creating an environment where they can truly express themselves and achieve their full potential to produce great results for GAB.

GAB is on the right track and has produced another set of commendable results. I would like to thank all our people, both past and present, who have helped us deliver year in and year out. We have seen a remarkable 10 years and will continue to look for ways to further improve GAB's performance as we embark on the next phase of our development.

Management Review

Brand Highlights

Each brand continued to grow in strength throughout the year, increasing in both market share and volume, contributing to the vigour of GAB's portfolio of iconic, international brands.





TIGER BEER

NEW STRIPES, SUPERB SIGNATURE TASTE

Tiger Beer stylishly progressed into a chic and sleek new look with a contemporary yet regal platinum and blue livery; befitting of its status as an award-winning beer and one of the leading brands in Southeast Asia.

With the makeover, the globally acclaimed lager is now complemented by a new livery, which exudes confidence, prestige and progression, with thousands of people queuing up to enjoy the signature smooth taste during the debut of the new look.

Tiger Beer remained in great shape throughout the year, driven by its brand equity and trade marketing initiatives.

PREMIER EXPERIENCES FROM A PREMIER BEER

Tiger FC reasserted its position as a club that unites the football loving community, creates unforgettable experiences, and celebrates winning moments.

Now in its seventh year, Tiger FC has been playing a leading role in the region as the broadcast sponsor of ESPN Star Sports' coverage of Barclays Premier League.

Tiger FC's viewing parties have been providing football fans with exciting, unique, high energy augmented game experiences by giving them a great viewing experience, creating a stadium atmosphere, pouring out loads of fun and a celebration to remember each goal.



Management Review - Brand Highlights



During the year, Tiger FC created a priceless experience for four lucky winners who enjoyed a fully paid trip to Arsenal's Emirates Stadium where they watched the Gunners play against Birmingham City.

In addition to the Barclay's Premier League matches, the Tiger FC viewing parties also brought the battle of the most celebrated world football tournament from half way around the world to neighbourhoods throughout the country. Fans of the beautiful game cheered on to the drone of vuvuzelas and celebration dances as Spain went on to defeat the Netherlands in the final to lift the Cup.

PREMIER PREDICTION POWERS

To further complement the fan experience, the Tiger FC PowerTable® - an online football statistics analytical tool - was introduced, adding another dimension by allowing football fans to more accurately predict match outcomes based on performance.

TERRIFIC TUNES FROM TIGER

Live music events presented by Tiger Beer have always been a tremendous success and fans were delighted again when it presented the biggest Tiger Asian Music Festival™ to date, which was more than 10 hours long. It featured more than 25 artistes from 7 Asian countries.

PUTTING A TIGER IN THE SAILS

Tiger Beer put some wind in the sails of the 21st Raja Muda Selangor International Regatta with the Tiger International Challenge Cup, as the title sponsor for the Non-IRC cruising category; in line with its philosophy of celebrating winning moments.



HALLOWEEN WITH TIGER

Tiger celebrated Halloween with three Tiger Beer Halloween parties held concurrently in Bangsar, KL and Johore on 30 October. These outlets were dressed up for the occasion and consumers were treated to Tiger Beer promotions all night long. Tiger further engaged its Facebook fans through its Halloween e-greeting cards, which fans could send to their friends.



Management Review - Brand Highlights



GUINNESS

The popularity of Guinness continues to soar, attracting a new, younger generation of drinkers while retaining its loyal base of adoring fans. GAB once again won the coveted Guinness League of Excellence Award for the best brewed Guinness in the world, outside of Ireland. This makes it the 5th consecutive year that GAB has won the award, empathically validating the quality of the brew.

The award is testimony to the stringent production standards and practices, as well as passion, craftsmanship and unyielding level of care and quality that goes into the production of Guinness by GAB, edging out over 50 other Guinness breweries around the world.

GOING WITH THE FLO ON ARTHUR'S DAY

Following the phenomenal success of the Arthur's Day celebration in 2009, GAB was once again given the honour to host the party for the region this year. In what has become a much-anticipated fixture on the Malaysian party calendar, the 2010 tribute to the life and legacy of Arthur Guinness saw international artistes Flo Rida, Sean Kingston and Colby O'Donis headlining the party at Sunway Lagoon.

Over 8,000 party-goers turned up to the event. The night ended with a display of fireworks, and the crowd toasting, as always, "To Arthur".



A MAGICAL MERRY GUINNESS

The end of the calendar year once again saw Guinness providing consumers with unforgettable experiences with its countdown to the Christmas celebrations. A mix of 54 small and large "Merry Guinness" events were held all over the country as consumers celebrated Christmas the Guinness way while enjoying special Guinness promotions.

Accompanied by hearty meals, including the traditional turkey, revellers in Guinness-themed party hats were entertained by Christmas carollers, live bands and magicians. Consumers also took home limited edition Guinness Heritage Collection glasses, among other gifts and prizes.

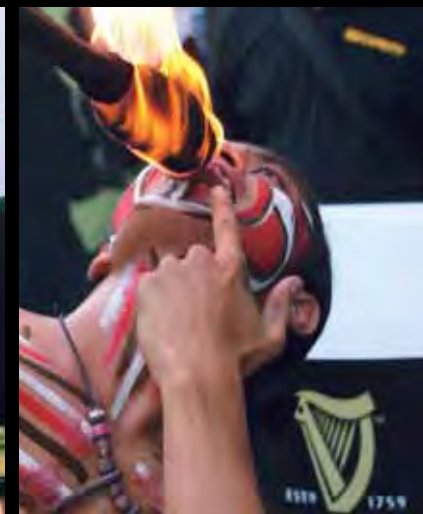


AN ENTIRE MONTH OF ST. PATRICK'S FUN IN MARCH

Kuala Lumpur turned green as thousands of people, pubs and green balloons came together at a street party to celebrate St. Patrick's Day, which was the culmination of a month long "Merry Goes Round in March" party with Guinness.

The exciting street party saw participation from 20 outlets at Changkat Bukit Bintang, and was attended by more than 8,000 party-goers. Street entertainers and dancers gave beer lovers a taste of the global party experience that has been celebrated in other major cities worldwide.

In the lead up to the street party, pubs and entertainment outlets throughout the country were dressed up in black, white and green. They contributed to the festivities with promotions, exclusive giveaways and performances as they brought the traditional Irish celebration to life.



Management Review - Brand Highlights



ORIGINAL RECIPE

HEINEKEN LAGER BEER

DIPLOME D'HONNEUR AMSTERDAM 1893



TRADE

MARK

Heineken

MEDAILLE D'OR PARIS 1875
GRAND PRIX PARIS 1889



HORS CONCOURS MEMBRE DU JURY

EST.

PREMIUM QUALITY

PASSION FOR QUALITY

Management Review - Brand Highlights



HEINEKEN

Already the world's No. 1 international premium beer, Heineken earned The Brand Laureate Heritage Award for "Best Brand in Beer" as well as another Silver at the Putra Brand Awards for "Best Beverage - Alcoholic". This reiterates the brand's efforts to constantly remain premium, relevant and contemporary to consumers.

HEINEKEN & MUSIC - TASTING, EXPERIENCING, ENJOYING

Heineken has become synonymous with the music scene in Malaysia, putting an international cutting edge to events and new music experiences for consumers. From the rainforests of Borneo to the trendiest clubs in Kuala Lumpur, Heineken has been behind some of the best funk, smoothest jazz and chilliest electronica to hit Malaysia.

ROCKING IN THE RAINFOREST

Heineken was once again a partner of the annual international music event, the Rainforest World Music Festival 2011, which was held at the Sarawak Cultural Village. This year, the brand introduced a new feature – the Heinekabana, a laidback longhouse oasis of cooling mist fans, ice cold beer and a chance to charge those ubiquitous portable electronic devices – and kept festival goers chilled, relaxed and refreshed throughout the three days of escapism and jungle vibes.



Management Review - Brand Highlights



HEINEKEN GREEN ROOM PULSATES WITH EPIC BEATS

Bringing a spirit of adventure, surprise and discovery, the Heineken Green Room has been showcasing international and local cutting edge electronic music and has developed a reputation for providing stunning, new musical experiences as well as photography, sculpture and fashion projects.

It delivered The Rapture to over 2,000 underground music lovers, whose images during the event were captured by celebrity photographer, The Cobrasnake.

HEINEKEN THIRST SLAKES MUSIC FANS

A music and lifestyle event, Heineken Thirst returned as a new flagship event from Heineken Music, fusing cutting edge electronic sounds and creative lifestyle content for a new and immersive way to experience music. Its re-entry into the party atmosphere was held at the Sepang International Circuit, heralded by Godskitchen Boombox, a unique architectural, multimedia, visual and music event concept by international super-club brand Godskitchen.



COUNTDOWN TO CHRISTMAS

In the weeks before Christmas, Heineken held 25 countdown parties nationwide. There were "Angels", prizes, presents and photos, as well as bottled water as part of Heineken's "Enjoy Heineken Responsibly" campaign.

UEFA CHAMPIONS LEAGUE TROPHY TOUR

Heineken's relationship with the UEFA Champions League has provided football fans with a world-class opportunity and Malaysia was the first stop of a four-nation tour of the most prestigious prize in club football. As the only partner allowed to showcase the trophy outside of Europe, Heineken was able to share something exclusive with fans in this part of the world. 25,000 turned up to our viewing events to see the trophy and have their pictures taken with it.





NEW
Kilkenney
in bottles

KILKENNY

Traditionally a draught beer only available in bars, pubs and restaurants, the unique taste and texture of Kilkenney was made available in a bottle at restaurants, food courts as well as pubs and bars across Malaysia.

A rising star in the GAB portfolio of premium beers, demand for the Irish ale has been steadily increasing as Malaysians seek out premium brews.





STRONGBOW

UK's no. 1 selling cider sponsored the crew of the Baby Tonga, which raced in the 21st Raja Muda Selangor International Regatta (RMSIR), Asia's oldest and most respected offshore yacht races, where it was also a beverage sponsor.

The Strongbow powered Baby Tonga emerged as champion once again in the premier cruising division in this year's race.



Management Review - Brand Highlights

ANGLIA

A perennial festive favourite, Anglia Shandy spiced up the Chinese New Year celebrations with two exciting limited edition festive flavours – Anglia Orange which made its debut in a new light orange and ice-white can, together with the return of Anglia Grape.

Anglia Shandy also served up a series of entertaining activities, which included the sponsorship of the star-studded movie directed and produced by Eric Tsang, "I Love Hong Kong".



Two Great FESTIVE FLAVOURS Are Bursting Onto The Scene

The new Anglia Orange and Anglia Grape add a fresh twist to the festivities. Time for twice the celebration with the REAL Shandy.

ANGLIA
THE REAL SHANDY
A REFRESHING BLEND OF LEMONADE BEER AND FRUIT FLAVOUR
SERVE CHILLED

ANGLIA
THE REAL SHANDY
A REFRESHING BLEND OF LEMONADE BEER AND FRUIT FLAVOUR
SERVE CHILLED

LIMITED EDITIONS

Anglia Shandy - One Great Drink, Three Refreshing Flavours

THE REAL SHANDY



MALTA

Malta grew by more than 10% in its second successive year of double digit growth. The tagline, "Malt Goodness for Active Lifestyles" is the current campaign message of the product, and this seems to be hitting the right chord with consumers. Some of the notable communication activity regarding the brand was the year-round press campaigns in both the Peninsular Malaysian, and East Malaysian dailies.

Management Review

Supply Chain Highlights

ENSURING QUALITY PRODUCTS AND PERFORMANCE

GAB's Total Productive Management (TPM) Programme has been central to the Company's success in improving the performance of our people and processes, as we strive to achieve a zero loss environment.

Now into its seventh year of implementation, the TPM Programme covers all aspects of our operations and engages all personnel from top management to frontline employees. Based on the Heineken model, it embeds a zero loss mindset, enhancing all aspects of our operations through training, constant evaluation, evolution and revision of processes.

The TPM tools are applied across all areas of operations and have become an integral part of the work culture with initiatives introduced to empower employees to manage and resolve problems as well as keeping them vigilant and mindful.

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



In the areas of Logistics, Commercial and Finance, the TPM programme helps to improve efficiency, enable accurate decision-making, guide planning and produce better results in whatever we do.

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.

Environment

During the year under review, several initiatives were undertaken to reduce the Company's overall energy consumption. These included the installation of new equipment as well as the implementation of good practices to conserve electricity.

- A new Variable Speed Drive (VSD) air compressor was installed to reduce the electricity consumption of the compressed air plant, as well as to ensure uninterrupted supply of compressed air to the production lines especially during peak production times.

- 29 units of highbay mercury lamps in the packaging and brewing sections were replaced with energy saving induction lamps. The new lamps consume 50% of the energy expanded by the mercury lamps, reducing electricity consumption by 33,408kwh per year.
- A frequency inverter controlled pump at the Effluent Treatment Plant was installed to control pump speed and further reduce electricity consumption.

In addition to the new equipment, several initiatives were introduced to further reduce electricity consumption. These include:

- Curbing signage lighting at premises to 7 hours from 12 hours previously.
- Installation of timers at isolated areas which will only turn for 10 minutes at a time when required.

- Rewiring of lightings and switches at packaging and utilities in smaller groups to enable turning on lights only in areas that are required.
- Shutting of hand valves for air and steam for packaging and brewery operations respectively during production downtimes.

Quality

Product quality remains a top priority. We are continuously improving our processes to ensure we deliver the highest possible product quality. Our key performance indicators focus on process capability and the number of complaints received for our bottled and canned products. Both these areas have shown continuous improvements.

Operations

The TPM programme has ensured that GAB continues to maintain its high performance standards with continuous levels of improvements year-on-year. Our Root Cause Failure Analysis (RCFA) teams allow for a faster and more efficient approach to problem solving in the production process.



Management Review - Supply Chain Highlights

Achieving Excellence and Recognition

For the fifth year running, GAB won the Guinness League of Excellence Award, cementing its position as the best Guinness brewery outside of Ireland. GAB is the only brewery in the world to achieve this feat. The winning streak is proof of the continuous improvements we have made in delivering world-class levels of performance, stemming from the consistent quality improvement and stringent adherence to world-class specifications.

The year under review also saw GAB bag the Giant Supplier of the Year Award 2011, which recognises suppliers who have performed in sales turnover, executions and activation, service levels by supplier, supports, brand shares, profits, business relationship and publicity.

To cap off another year of innovation and improved efficiency, GAB was one of only three breweries in the Asia Pacific region to receive the Heineken Laboratory Star System Certification. Our GAB Quality

Assurance (QA) and Satellite Laboratories were granted the official Heineken Laboratory Star System Certificates, in March 2011, after fulfilling all the requirements of a very stringent audit process. This Heineken certification is equivalent to the ISO 17025, the main standard used to certify testing and calibration laboratories. With these certifications, our laboratories are certified to be reliable to deliver quality and accurate results.

CONTINUOUSLY IMPROVING OUR OPERATIONS

Safety and Health Measures

The safety and security of GAB employees remain a top priority for us. Our security measures are constantly monitored, to ensure that all security and safety equipment are functioning properly.

During the year, we also created an enclosure for the malt treatment area to prevent dust from spreading and posing a safety hazard to other areas.

Capital Expenditure

A total of RM33 million was invested in FY11 to improve brewery efficiency and operations, energy conservation, product quality, logistics, safety measures and traffic flow in order to maintain the world-class levels at which GAB performs.

Two of the main expenditures for the year were the upgrading and adaptation of the racking plant, and the installation of the new Empty Bottle Inspector (EBI).

The upgrading and adaptation of the existing racking line was carried out to support the conversion to Euro Kegs from the existing Comet Kegs. Using Euro Kegs will result in lower production costs and provide for higher potential returns in the future.

The objective of the new EBI, meanwhile, is to ensure product quality by minimising the possibility of foreign or dirty bottles passing through the inspector. Further, the new EBI will also be able to support future innovation projects.



Conservation of Resources

We see the preservation of the environment through sustainable business practices as central to our philosophy of being a responsible company, and we constantly take measures to reduce our carbon footprint and impact on the environment.

These include improvements in CO₂ recovery from the production process, as well as reduction in specific water, electricity and thermal energy consumption. Since 2010, the brewery has been self-sufficient in terms of CO₂ usage, which has led to cost reductions and reduced overall business environmental impact.

ISO Accreditation

GAB was the first brewery in Malaysia to receive the Hazard Analysis Critical Control Point (HACCP) from the Ministry of Health in 2002, and the ISO 9001:2008 certification, having fulfilled the additional requirements to update from ISO 9001:2000 in 2010.

For the year under review, GAB once again successfully renewed both certifications.

ACHIEVING EXCELLENCE WITH TPM

The TPM programme is at the core of our continued success and we are constantly looking at ways to improve and consolidate our processes and business operations. A key component of the programme is the training of Process Control Leaders, which empowers employees to contribute and provide input for continuous improvement activities.

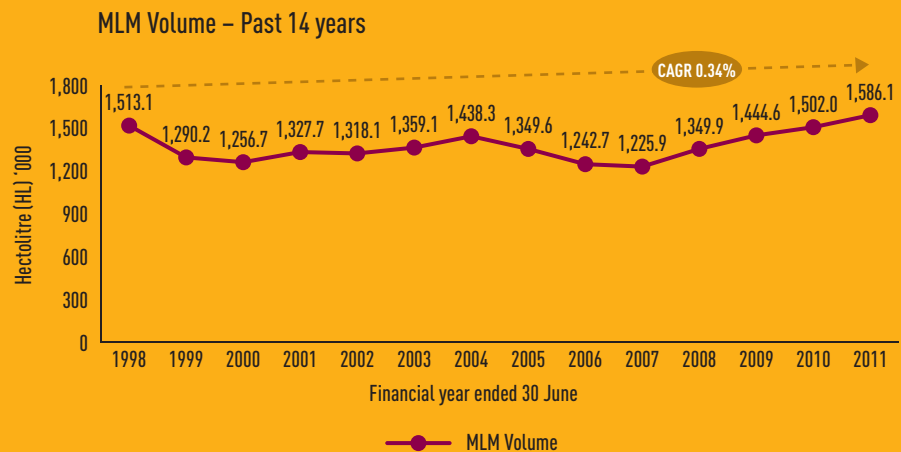
By instilling the TPM mindset in every aspect of our operations, we aim to create a conducive working environment and a sustainable business model in which employees are able to evolve and grow with the Company.

We continue to 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.



SLIGHT GROWTH IN MLM VOLUME

The Malt Liquor Market (MLM) in Malaysia has generally not grown over the past 14 years, impeded by high excise duties. The MLM recorded a Compounded Annual Growth Rate (CAGR) of +0.34% and MLM volume is now at 1.51 million hectolitres. The slight growth is largely due to healthy Gross Domestic Product (GDP) growth in 2010, which recorded a high of 10.1% in Q1 2010 and stabilised to around 5% in Q4.



Finance Director's Review



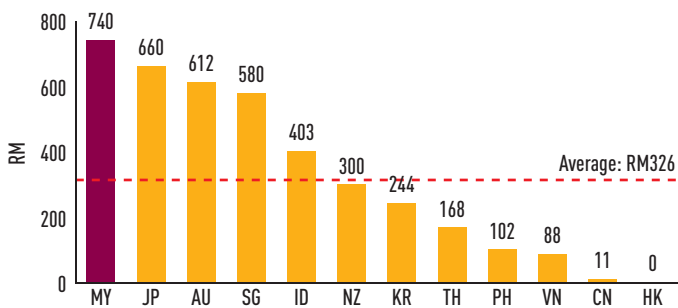
GAB continued to grow market share, outperforming the market both in terms of compounded average growth rates for volume produced and revenue.

Finance Director's Review

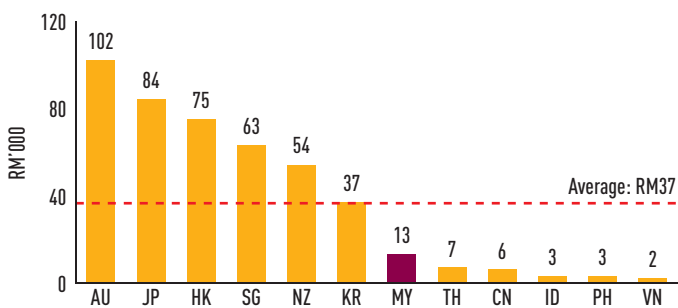
EXCISE DUTIES ARE ALREADY VERY HIGH

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 and currency exchange 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

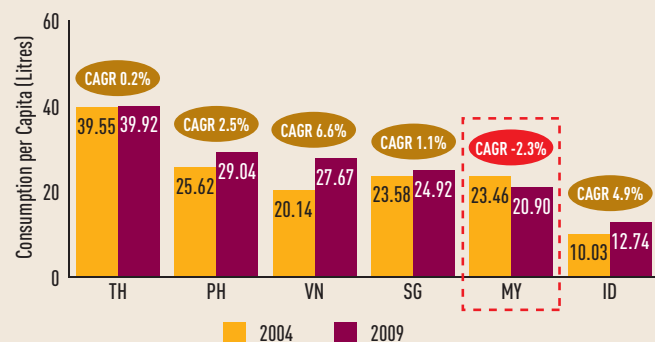
2010 Global Assessment of Beer Excise Duty

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.

HIGH EXCISE DUTIES, CONSUMPTION AND COMPETITION

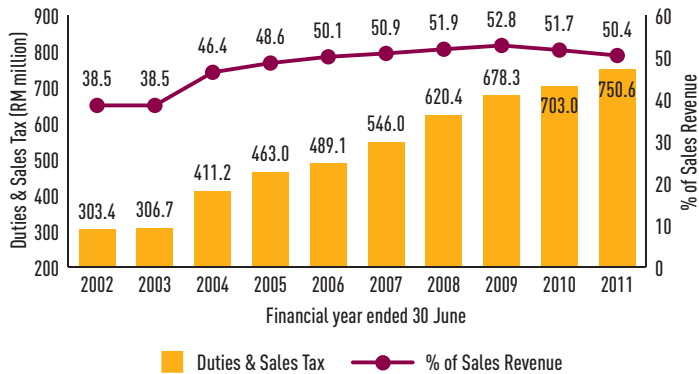
Although there was no increase in excise duties during the financial year under review, they remain the highest in the region, and the second highest in the world. GAB's percentage of excise duties to sales revenue decreased slightly to 50.4% from 51.7%, contributed by favourable product mix and pricing.

IMPACT OF ECONOMIC GROWTH ON MLM

Malaysia's MLM performance closely mirrors the country's GDP and sales are similar to the growth and overall increase in income. GAB recorded a 9.6% growth in revenue for 2011 compared to the corresponding period in 2010. Margins saw an increase to 16.3% from 15.1% due to improved and better operational efficiencies.

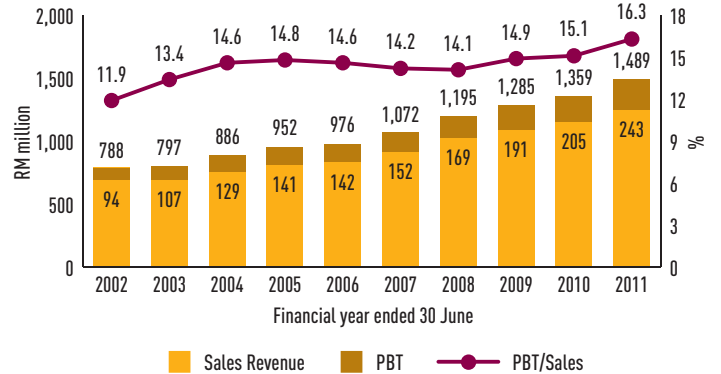
Positive consumer sentiments coupled with aggressive commercial support throughout the year saw strong growth for all GAB brands.

Duties & Sales Tax vs Sales Revenue

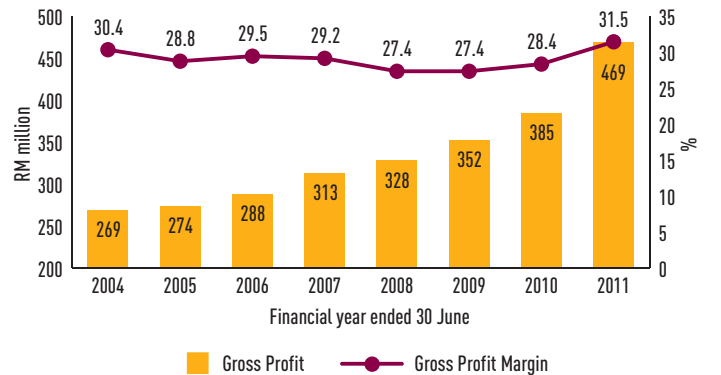


Revenue & Margin Continue to Grow in FY2011

Sales Revenue vs PBT



Gross Profit Continues to Grow while Margins Increase



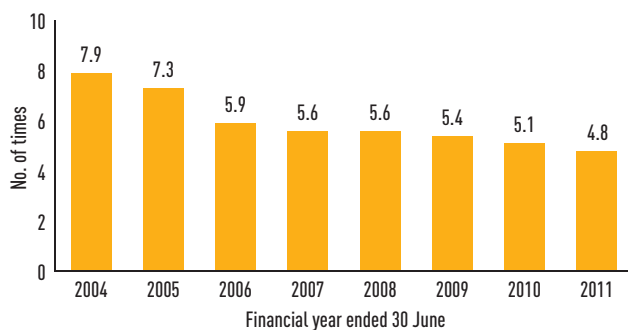
Finance Director's Review

CREATING CONTINUOUS VALUE FOR OUR SHAREHOLDERS

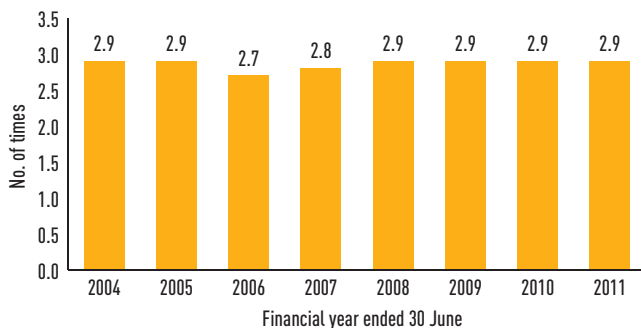
GAB has now achieved a full decade of continuous growth in the financial year ended 30 June 2011, profit after tax increased by 18.8% to a total of RM181.4 million, while revenue increased by 9.6% to RM1.48 billion.

Although the sales revenue has been increasing rapidly, the Group has managed to ensure that working capital utilisation remains consistent at around 4.8 times of revenue, with the revenue over total equity ratio remaining at 2.9.

Working Capital/Turnover Ratio



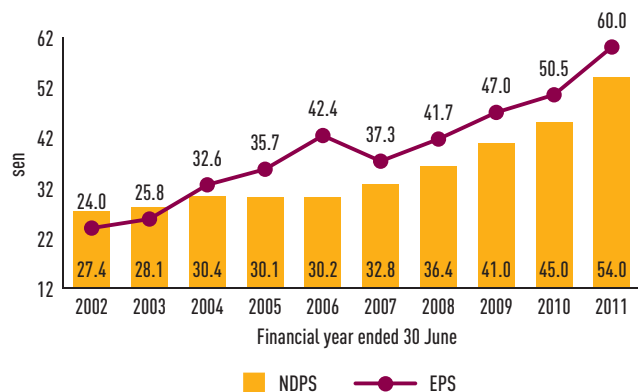
Revenue/Total Equity Ratio



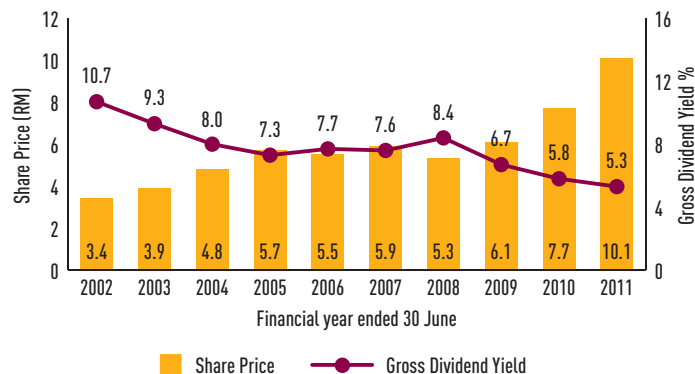
STRONG EARNINGS PER SHARE

Shareholders continued to receive commendable returns for their investment in GAB. Earnings per share grew to 60.0 sen in the financial year ended 30 June 2011 against 50.5 sen in the previous financial year. GAB has proposed a final single tier dividend payment of 44 sen per 50 sen stock unit, 9 sen higher than last year. This brings the total dividend payment to 54 sen per 50 sen stock unit, and the dividend yield to 5.3% for the year.

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



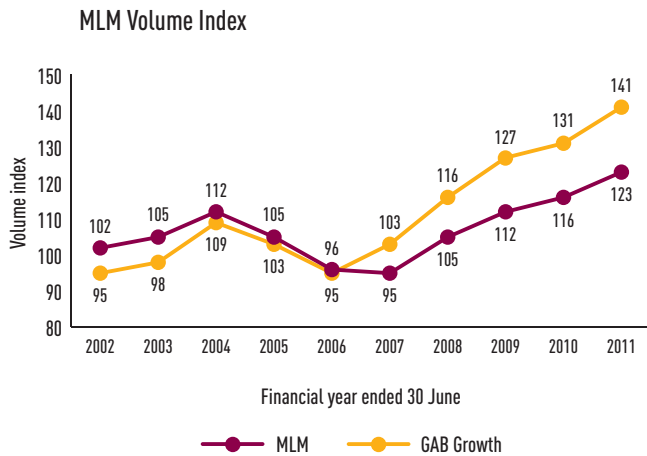
Share Price & Gross Dividend Yield



GAB CONTINUE TO LEAD MLM

Despite intense competition in the Malaysian MLM, GAB continued to grow market share, outperforming the market both in terms of CAGR for volume produced and revenue.

GAB has proposed a final single tier dividend payment of 44 sen per 50 sen stock unit, 9 sen higher than last year. This brings the total dividend payment to 54 sen per 50 sen stock unit, and the dividend yield to 5.3% for the year.



DIRECTORS

Tan Sri Saw Huat Lye (Chairman)
Charles Henry Ireland (Managing Director)
Dr Leslie Buckley
Sreesanthan Eliathamby
Martin Giles Manen
Siobhan Mary Hamilton
Dato` Syed Salleh bin Syed Othman
Edmond Neo Kim Soon
Edward McShane

SECRETARY

Ng Sow Hoong (MAICSA 7027552)

AUDITORS

KPMG
Chartered Accountants
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor, Malaysia
Tel : 603-77213388
Fax : 603-77213399

REGISTERED OFFICE

Sungei Way Brewery
Lot 1135, Batu 9, Jalan Klang Lama
P. O. Box 144, 46710 Petaling Jaya
Selangor, Malaysia
Tel : 603-78614688
Fax : 603-78614602
Website : www.gab.com.my
E-mail : general.enquiry@gab.com.my

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Tel : 603-22643883
Fax : 603-22821886

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 name : GAB
Stock code : 3255

Corporate Information



GUINNESS®

ESTD 1759

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 76, 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.

Board of Directors



CHARLES HENRY IRELAND

Executive Development Programme (Warwick Business School)

Managing Director and Member of the Executive Committee

Charles Henry Ireland, British, aged 46, 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, additionally he is a Trustee of the GAB Foundation.



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 50, 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.

Dr. Buckley has been a board member of the National Environment Agency Singapore and the Football Association Singapore since May 2001 and May 2000 respectively. He is currently an Executive Committee member of Singapore Compact for Corporate Social Responsibility.



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 51, 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
- 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, Chairman of the Audit Committee and Member of the Nomination Committee

Martin Giles Manen, Malaysian, aged 56, 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 and the Executive Committee of the International Fiscal Association (Malaysia Branch).

Martin also serves on the Board of Hong Leong Investment Bank Berhad and Unisem (M) Berhad.



Board of Directors

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, Remuneration Committee and Nomination Committee

Siobhan Mary Hamilton, Irish, aged 37, was appointed to the Board on 15 June 2010.

Siobhan began her career in her home market of Ireland in 1996 and has more than 14 years of marketing experience.

In 2001, she relocated to Australia with Diageo and worked across a number of key brands. In 2006, she moved to Diageo's regional head quarters in Singapore, as Regional Brand Director for Vodka & RTD for Asia Pacific. Siobhan is currently the Managing Director for Diageo Singapore, Malaysia and Indonesia.



Board of Directors

DATO' SYED SALLEH BIN SYED OTHMAN

Bachelor of Science Degree in Biochemistry (University of Malaya)

Independent Non-Executive Director and Member of the Audit Committee

Dato' Syed Salleh bin Syed Othman, Malaysian, aged 64, was appointed to the Board on 1 February 2011.

Dato' Syed Salleh started his career in 1970 in Cold Storage Holdings, a British company, in which he was posted to Singapore and Kuala Lumpur, working in their dairy division. In 1972, he joined the ICI Group of Companies in Malaysia. In a career spanning 35 years, he served in various capacities locally and overseas within the ICI Group of Companies and positions held by him include:

- General Manager of ICI Industrial Chemicals Malaysia (1988-1992)
- Managing Director of ICI Paints Malaysia (1992-2004)
- Director of ICI Paints Singapore, ICI Swire Paints - Hong Kong, National Starch, Esterol and Uniqema Malaysia and Tioxide Asia (1995-2006)
- Chairman of ICI-NOF Powder Coatings Malaysia (1995-2001), ICI Paints Vietnam Ltd (1997-2006), ICI Swire Paints, China (1998-2005) and ICI (Malaysia) Holdings Sdn Bhd (1999-2006)
- ICI Country Head for Malaysia (2005 to 2006)

Dato' Syed Salleh has also been actively involved in various business and trade associations. He was a Council Member of the Federation of Malaysian Manufacturers (2002-2006), a member of the Executive Council of Chemical Industry Council of Malaysia (2002-2006) and a Founder Member of the Asian Paint Industry Council (1997-2006). He was also the Chairman of the Malaysian Paint Manufacturing Association (MPMA) (1992-2007).

Dato' Syed Salleh is currently an Advisor to the MPMA, a position he has held since 2007. He also sits on the Board of Nippon Paint (Malaysia) Sdn Bhd and Mardec Polymers Sdn Bhd.



EDMOND NEO KIM SOON

Bachelor of Accounting (National University of Singapore)
Graduate Diploma in Marketing (Singapore Institute of Management)

Non-Independent Non-Executive Director

Edmond Neo Kim Soon, Singaporean, aged 46, was appointed to the Board on 25 July 2011.

Edmond is currently the Director, Group Commercial of Asia Pacific Breweries Limited (APB) and is responsible for the brand development of all the APB Group brands globally. Edmond has extensive experience in regional marketing, commercial operations and general management, having spent several of his 20 years in the APB Group working in their breweries in Singapore, New Zealand, Cambodia and Sri Lanka.

**EDWARD MCSHANE**

Chartered Accountant
Member of the Institute of Chartered Accountants of Scotland
Bachelor of Arts in Accounting and Business Law (University of Strathclyde, Scotland)

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

Edward McShane, British, aged 39, was appointed to the Board on 25 July 2011.

Edward has held a number of senior finance roles in Diageo, where he has worked for 18 years. He was the Finance and Commercial Director for the Spirit Supply business in Diageo Scotland and then served as Head of Commercial Finance and Decision Support of Diageo Ireland. He was subsequently the Finance Director for Diageo Korea from 2005 to 2009.

Edward is currently the Finance Director for Diageo South East Asia.



Management



Charles Henry Ireland
Managing Director



Mahendran Kappupial
Finance Director



Yap Swee Leng
Marketing Director

Team



Thum Chee Yuen
Sales Director



Renuka Indrarajah
Corporate Relations
& Legal Director



Bernard Marie Eloy
Supply Chain Director

Management Team 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.

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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, additionally he is a Trustee of the GAB Foundation.

MAHENDRAN KAPPUPIAL

Associate Chartered Management Accountant

Chartered Accountant C.A.

Harvard Business School Alumni

Finance Director

Mahendran Kappupial, Malaysian, joined GAB on 3 May 2011 and has over 20 years of finance, accounting and management experience. He began his career at Motorola Malaysia as an accountant in 1990 before moving into a similar capacity at Federal Flours Mills Bhd. In 1998, he joined Kellogg Asia Marketing Inc as their Financial Planning Manager for Southeast Asia before taking on the role of Functional Consultant at Oracle Australia.

Mahendran re-joined Kellogg Asia Sdn Bhd in 2002 as their Financial Planning Manager for Asia and in 2003, he was appointed to be the Finance Director at Kellogg Asia Marketing Inc looking after Southeast Asia and China. During his tenure with Kellogg Asia Marketing Inc, he was also asked to be the Acting Sales Director in 2008, a role he held while being Finance Director.

YAP SWEE LENG

Bachelor of Business Administration (National University of Singapore)

Marketing Director

Yap Swee Leng, Malaysian, was appointed as Marketing Director on 1 December 2010.

Swee Leng is well-versed in the fast moving consumer goods (FMCG) sector, serving as Senior Brand Manager with Malaysian Tobacco Company (MTC) from 1995 to 1998 and with British American Tobacco as Brand Manager for Myanmar and Cambodia in 1994. Swee Leng began her career in 1988 with Nestlé (Singapore) Pte Ltd.

Swee Leng brings more than 12 years of Malt Liquor Market (MLM) experience to the table with a strong background in brand marketing and sales. She joined GAB as a Senior Brand Manager for Heineken in 1998 and progressed rapidly through the company in a series of key positions - Marketing Manager for Heineken and Senior Marketing Manager for GAB's premium brands, namely Guinness & Heineken. This was followed by stint as the Regional Sales Manager for the Modern On-Trade channel in the central region and more recently as the National Key Account Manager.

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 and 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
Food Industry National Higher Diploma (ENSIAA), Massy and 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 Heineken Netherland Beer Services and Heineken Netherland Beer, 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.

Statement on Corporate Governance

The Board of Directors (the Board) of Guinness Anchor Berhad (GAB or the Company) 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 Company adheres to the principles of good corporate governance which has helped in contributing towards the achievement of the Group's strategic goals and values in business. This has led the Group to achieve long term sustainable financial performance and growth.

The principles adopted by the Company are in accordance with the principles and practices stipulated in the Malaysian Code on Corporate Governance (Revised 2007) (the Code) and the Malaysian International Chamber of Commerce and Industry's (MICCI) Ethics Charter (the Ethics Charter). The Code sets out the principles and best practices on structures and processes that companies may use in their operations towards achieving the optimal governance framework and the Ethics Charter is a standard guide that calls for MICCI member companies to pursue their corporate and business interests with VIGOUR, which represents the business values of Value Creation, Integrity, Governance, Obligation, Understanding and Responsibility.

The Company's commitment and efforts in sustaining high standards of corporate governance is proven by the following accolades received by the Company:

- (i) Malaysian Corporate Governance Index 2010 Awards received from the Minority Shareholder Watchdog Group:
 - Distinction Award for scoring A+ in the overall Malaysian CG Scores
 - Most Improved Company Award for significant improvement in CG Scores ranking from 94th in 2009 to 9th in 2010
- (ii) The StarBiz-ICR Malaysia Corporate Responsibility Awards 2010
 - Shortlisted as Top 25 for companies above RM1 billion market capitalisation and won in the Community category
- (iii) KPMG / The Edge Shareholder Value Awards 2010
 - One of the Top 10 public listed companies with the highest economic profit over invested capital
- (iv) The Edge Billion Ringgit Club Corporate Award 2010
 - One of the Top 5 most profitable companies with highest return on equity in consumer products sector
 - One of the Top 10 CSR companies
- (v) The Malaysian Business Ethics Excellence Award presented by the Ministry of Domestic Trade & Consumer Affairs in 2008

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 2011.

1. BOARD OF DIRECTORS

The Board

The Group is led by an effective Board which comprises members of high calibre from a diverse blend of professional backgrounds with extensive 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 presented on pages 58 to 63 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 an 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
- 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
- Marketing Director
- Sales Director
- Supply Chain Director
- Corporate Relations and Legal Director
- Human Resources Director

A brief profile of the Management Team members is presented on pages 64 to 67 of this 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

The Board currently comprises nine (9) members, of whom four (4) (including the Chairman) are Independent Non-Executive Directors, four (4) are Non-Independent Non-Executive Directors, and one (1) is an Executive Director. The proportion of Independent Non-Executive Directors complies with the requirements prescribed by the Listing Requirements.

The four (4) Independent Non-Executive Directors fulfill the criteria of independence as defined in the Bursa Securities Main Market Listing Requirements. They do not participate in the day-to-day management of the Company and do not involve themselves in business transactions or other relationship which could materially compromise their independent judgement.

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, such that no one individual has unfettered powers of decision-making.

The Chairman of the Board is primarily responsible for ensuring the effective functioning of the Board and ensuring all directors are enacted and encouraged to play their full part in the Group's activities. The Chairman has never held any executive position in the Group.

The Managing Director is responsible for the day-to-day management of the Group's business and operations including the implementation of business plans and strategies approved by the Board and communicating matters to the Board.

The current size of the Board is appropriate and commensurate with the complexity, scope and operations of the Group. It has a balanced 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.

Statement on Corporate Governance

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, as well as the closed period for dealings in securities by Directors based on the targeted date of announcement of quarterly results of the Group, 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, to consider urgent proposals or matters that require the Board's consideration. The Board met four (4) times during the financial year ended 30 June 2011 and attendance of Directors at Board meetings, was as follows:

Name	Attendance
Tan Sri Saw Huat Lye Chairman, Senior Independent Non-Executive Director	4 / 4
Charles Henry Ireland Managing Director	4 / 4
Dr Leslie Buckley Non-Independent Non-Executive Director	4 / 4
Sreesanthan Eliathamby Independent Non-Executive Director	4 / 4
Martin Giles Manen Independent Non-Executive Director	4 / 4
Siobhan Mary Hamilton Non-Independent Non-Executive Director	4 / 4
Dato' Syed Salleh bin Syed Othman Independent Non-Executive Director (Appointed on 1 February 2011)	1 / 1
Dato' Jaffar Indot Independent Non-Executive Director (Retired on 4 November 2010)	2 / 2
Low Teng Lum Finance Director (Retired on 30 April 2011)	3 / 3

Note: Mr Edward McShane and Mr Edmond Neo Kim Soon were appointed to the Board on 25 July 2011

At the quarterly Board meetings, the Board reviews Management reports on the business and financial performance of the Group and discusses major operational and financial issues. The key matters reserved specifically for the Board's decision include 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. The Board also reviews issues deliberated and recommendations made by the Board Committees and such other relevant matters significantly affecting the Group's operations.

The Directors are provided with a 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. 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 insight in the course of deliberation and partake in discussions. Any Director / Board Committee 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 on the subject matter during the meeting.

All issues discussed and all decisions made during the Board Meeting will be properly recorded by the Company Secretary. Minutes of Board Meetings are circulated to all Directors for their perusal prior to it being tabled for confirmation at the following Board Meeting. Upon receiving confirmation from all the Board members, the minutes will be signed by the Chairman of the meeting as a correct record of the proceedings of the meeting. Decisions made and policies approved by the Board at Board Meetings will be communicated to the Senior Management for action after the meeting.

The Board is regularly updated and kept informed of the latest developments in the legislation 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 Secretary 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.

Directors' Training

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 Mr Edward McShane and Mr Edmond Neo Kim Soon, the two newly appointed Directors who joined the Board on 25 July 2011. They will complete the MAP within the required timeline.

Induction programme is arranged for newly appointed 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.

On a yearly basis, an in-house training programme will be arranged by the Company Secretary for the Directors. The Directors may also request to attend additional training courses according to their needs from time to time to keep abreast with relevant changes in laws and regulations, and the business environment.

Statement on Corporate Governance

The in-house training programme which covered the following topics, was held on 16 June 2011 and attended by the Directors of the Company:

- Global Grocery Retail Trends and Implications for Food and Beverage Retail Account Management
- Commodity Trends and Impact
- Malaysia's New Economic Policy (Economic Transformation Programme / 10th Malaysia Plan)

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

Some of the Directors have also attended individually the various training programmes and conferences organised by the relevant regulatory authorities and professional bodies during the financial year ended 30 June 2011, amongst others, the following:

- "Design features of value-added tax: putting concepts into legislation" organised by IFA Malaysia
- International Indirect Tax Forum organised by International Tax & Investment Centre
- Roundtable discussion on "Sales and Service Tax" organised by KPMG
- FIDE Pilot Simulation of Board and Committee meetings organised by Bank Negara Malaysia and PIDM

- Presentation on "Semiconductor Industry outlook" by Jim Walker of Gartner
- Directors' Continuing Education Programme "Aviation and the Governing Body" organised by Transmile Group Berhad
- ICLIF Leadership Programme "Too Many Bosses, Too Few Leaders"
- "Recent Tax Developments" organised by International Fiscal Association, Malaysia Branch
- Business Sustainability Programme organised by Bursa Malaysia
- "Risk and Control Environment" organised by Bursa Malaysia
- 2011 In-House Congress organised by In-House Community/Pacific Business Press
- CEO Debate organised by MICCI
- Discharging the Audit Committee & Internal Audit Function in compliance with Risk Management Best Practices organised by Bursatra Sdn Bhd
- Directors' Training "Avoiding Minefields Amidst A Changing Anti-Corruption Landscape" organised by Sime Darby Berhad

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.

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 below.

Nomination Committee

The Nomination Committee was established by the Board on 28 May 2001. It has been entrusted with responsibility to recommend suitable candidates for appointment to the Board and Board Committees.

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)
- Dr Leslie Buckley (Non-Independent Non-Executive Director)

- Sreesanthan Eliathamby
(Independent Non-Executive Director)
- Siobhan Mary Hamilton
(Non-Independent Non-Executive Director)
- Martin Giles Manen
(Independent Non-Executive Director)
(Appointed on 4 November 2010)

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 calibre credibility with necessary skills and qualifications which will enable the Board discharge its responsibility effectively. Through the Directors self and peer assessment, the Non-Executive Directors have indicated their satisfaction with the level of independence of each of their peers and their ability to act in the best interest of the Company in decision-making.

Statement on Corporate Governance

Meetings of the Nomination Committee are held at least once a year and as and when required. During the financial year ended 30 June 2011, one (1) meeting was held and the details of attendance of the members of the Nomination Committee are as follows:

Name	Attendance
Tan Sri Saw Huat Lye (Chairman)	1 / 1
Dr Leslie Buckley	1 / 1
Sreesanthan Eliathamby	1 / 1
Siobhan Mary Hamilton	1 / 1
Martin Giles Manen (Appointed on 4 November 2010)	No meeting was held from the date of his appointment to 30 June 2011
Dato' Jaffar Indot (Retired on 4 November 2010)	1 / 1

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. A Director seeking re-election or re-appointment shall abstain from all deliberations regarding his/her re-election or re-appointment to the Board. In August 2010, the Nomination Committee recommended to the Board for the re-appointment of Mr Sreesanthan Eliathamby and Mr Low Teng Lum who were subsequently re-elected as Directors at the AGM on 4 November 2010.

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 46th AGM on 4 November 2010, Tan Sri Saw Huat Lye was re-appointed pursuant to this provision.

At the forthcoming 47th AGM scheduled for 3 November 2011, Tan Sri Saw Huat Lye will retire pursuant to Section 129 of the Companies Act, 1965. Tan Sri Saw Huat Lye has offered himself for re-appointment as a Director of the Company.

2. DIRECTORS' REMUNERATION

Remuneration Committee

The Remuneration Committee comprises entirely of Non-Executive Directors, namely:

- Tan Sri Saw Huat Lye (Chairman, Senior Independent Non-Executive Director)
- Dr Leslie Buckley (Non-Independent Non-Executive Director)
- Siobhan Mary Hamilton (Non-Independent Non-Executive Director)
- 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 based on their KPIs results. 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 Remuneration Committee is also entrusted with responsibility to review and formulate the succession plans and policies for the Group.

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

- (i) 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;
- (ii) 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
- (iii) 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:

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

Meetings of the Remuneration Committee are held as and when required, and at least once a year. During the financial year ended 30 June 2011, one (1) meeting was held and the details of attendance of the members of the Remuneration Committee are as follows:

Name	Attendance
Tan Sri Saw Huat Lye (Chairman)	1/1
Dr Leslie Buckley	1/1
Siobhan Mary Hamilton	1/1
Sreesanthan Eliathamby (Appointed on 4 August 2010)	No meeting was held from the date of his appointment to 30 June 2011
Dato' Jaffar Indot (Retired on 4 November 2010)	1/1
Charles Henry Ireland (Resigned on 4 August 2010)	1/1

Statement on Corporate Governance

Amongst the items deliberated by the Remuneration Committee at its meeting held in August 2010 were:

- Performance bonus for the Senior Management and Management staff of the Group for the financial year ended 30 June 2010
- Performance and rewards for the former Finance Director for the financial year ended 30 June 2010 and his Remuneration Package for the financial year ended 30 June 2011
- Remuneration package of the Managing Director for the financial year ended 30 June 2011
- Salary increment, bonus KPIs and structure for Management staff for the financial year ended 30 June 2011
- Revision of car entitlement for Senior Management
- Reconstitution of the Remuneration Committee to comprise only of Non-Executive Directors

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

The fees and allowances payable to the Non-Executive Directors are determined by the Board as authorised by the shareholders of the Company. The current remuneration policy for the Non-Executive Directors (as approved by the shareholders on 26 November 2009) comprises the following:

Directors' fee for each Non-Executive Director	RM45,000 per annum
Meeting attendance allowance	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.

Directors' Remuneration

The details of the remuneration paid to Directors (including past Directors) for the financial year ended 30 June 2011 are as follows:

Remuneration	Executive Directors RM'000	Non-Executive Directors RM'000
Fees & Chairman allowance	–	348
Meeting attendance allowance	–	78
Benefits in kind*	492	31
Salary & Other emoluments**	2,073	–
Total	2,565	457

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 2011 which fall within the required disclosure bands are as follows:

Range of Remuneration (RM)	Executive Directors	Non-Executive Directors
1 – 50,000	–	2
50,001 – 100,000	–	4
100,001 – 150,000	–	1
150,001 – 1,000,000	1	–
1,000,001 – 1,650,000	1	–

Statement on Corporate Governance

3. EXECUTIVE COMMITTEE (EXCO)

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

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

- Tan Sri Saw Huat Lye (Chairman, 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)

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
 - 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 2011, six (6) EXCO meetings were held and all the members attended the said meetings.

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. The Group firmly believes that prompt and timely information should be provided to shareholders and investors to enable them to make informed investment decisions.

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.

In addition, the Managing Director and Finance Director hold post-announcement of results press conferences and discussions with investment analysts and shareholders. In addition, management personnel responsible for investor relations activities meet regularly with equity research analysts, fund managers, institutional shareholders and investors on a one-on-one basis. Presentations are made to provide comprehensive insight into the Group's business 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 a principal platform for open communication between the shareholders, Directors and Senior Management of the Company. At each AGM, a comprehensive review of the progress and performance of the Group's business together with an overview of the Group's activities will be presented to 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 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. At the 46th AGM of the Company held on 4 November 2010, in addition to the above, the Company also shared its response to the questions submitted in advance by the Minority Shareholder Watchdog Group.

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 AGM is announced to Bursa Securities on the same meeting day.

A press conference is normally held after the AGM 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 and disclosures 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 inquire about investor relations matters, 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.

Statement on Corporate Governance

5. ACCOUNTABILITY AND AUDIT

Audit Committee

The Audit Committee assists the Board by providing an objective review of the effectiveness and efficiency of the Group's internal control, risk management and governance framework. It comprises six (6) Non-Executive Directors, four (4) of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee 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 this Annual Report.

The Audit Committee met five (5) times during the financial year ended 30 June 2011. 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 is committed to providing a clear, balanced and understandable assessment of the Group's financial position and prospects.

The Board, assisted by the Audit Committee, oversees the financial reporting of the Group. The Audit Committee reviews the Group's annual and interim financial statements and the appropriateness of the Group's accounting policies and the changes to these policies to ensure that these financial statements comply with accounting standards and regulatory requirements.

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 141 of the Financial Statements section of this 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.

The Statement of Internal Control, which provides an overview of the state of internal controls within the Group, is presented on pages 88 to 91 of this Annual Report.

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 Audit Committee meets with the external auditors at least twice a year to discuss their audit plan and audit findings in relation to the Group's financial statements. 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 to discuss the audit findings and any other

observations they may have during the audit process. In addition, the external auditors are invited to attend the AGM of the Company and are available to answer shareholders' queries on the conduct of the statutory audit and the preparation and content of their audit report.

The Audit Committee is responsible for approving audit and non-audit services provided by the external auditors. In approving such services, the Audit Committee ensures that the independence and objectivity of the external auditors are not compromised.

Further information on the role of the Audit Committee in relation to the external auditors is stated on pages 82 to 87 of this 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 AGM 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 2011 were for the purchase of manufacturing and marketing materials, payment of engineering, technical, marketing and advertising services fees, payment of royalties for licence to brew our products and the sale and purchase of beverages products.

Details of these transactions are set out under Note 24 to the Audited Financial Statements on pages 137 and 138 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 2011, 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 2011 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 77 consistent with the disclosure requirements under the Listing Requirements.

This Statement on Corporate Governance has been approved by the Board of Directors on 4 August 2011.

Audit Committee Report

Composition

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

Martin Giles Manen (Chairman)

Independent Non-Executive Director

(Re-designated as Chairman of the Audit Committee on 4 November 2010)

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

Tan Sri Saw Huat Lye

Senior Independent Non-Executive Director

Dr Leslie Buckley

Non-Independent Non-Executive Director

Sreesanthan Eliathamby

Independent Non-Executive Director

Dato' Syed Salleh bin Syed Othman

Independent Non-Executive Director

(Appointed on 1 February 2011)

Edward McShane

Non-Independent Non-Executive Director

(Appointed on 22 September 2011)

Meetings

During the financial year ended 30 June 2011, five (5) Audit Committee meetings were held and details of attendance of the Audit Committee members are as follows:

Name	Attendance
Martin Giles Manen (Chairman)	5/5
Tan Sri Saw Huat Lye	5/5
Dr Leslie Buckley	5/5
Sreesanthan Eliathamby	4/5
Dato' Syed Salleh bin Syed Othman (Appointed on 1 February 2011)	1/1
Siobhan Mary Hamilton (Resigned on 22 September 2011)	5/5
Dato' Jaffar Indot (Retired on 4 November 2010)	3/3

Note : Mr Edward McShane was appointed to the Audit Committee on 22 September 2011

Some members of Senior Management ie, the Managing Director, Finance Director and the Head of Internal Audit were also invited to attend these meetings to brief the members on specific issues.

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.

Audit Committee Report

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.

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 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 controls 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 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 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 controls 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 Control 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 2011:

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 before recommending them for approval by the Board
- Reviewed the annual audited financial statements of 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.

Audit Committee Report

Internal Audit

- Reviewed the Internal Audit Plan 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
- Suggested additional improvement opportunities in the areas of internal control, systems and efficiency improvement
- Reviewed the results of ad hoc 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 ad hoc 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 2011

Other Activities

- Reviewed the effectiveness of the Group's Risk Management Programme including the process for identifying, evaluating and managing business risks, and reviewed the annual and quarterly risk profiles of the Group
- Reviewed the adequacy, effectiveness and reliability of controls over financial reporting based on the Control Assurance and Risk Management Programme assessment
- Reviewed the 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 2011, the Audit Committee members (save for Mr Sreesanthan Eliathamby) attended the in-house training programme organised for the Company's Directors. Mr Sreesanthan Eliathamby attended the Directors' Training "Avoiding Minefields Amidst A Changing Anti-Corruption Landscape" organised by Sime Darby Berhad during the said financial year. Some of the Audit Committee members have also individually attended various training programmes and

conferences organised by the relevant regulatory authorities and professional bodies during the financial year ended 30 June 2011, the details of the topics are set out in the Statement on Corporate Governance on Directors' Training.

Internal Audit Function

The Internal Audit function is carried out in-house by the Internal Audit Department led by the Head of Internal Audit who reports directly to the Audit Committee. The Audit Committee determines the adequacy of the scope, functions, competency and resources of the Internal Audit function which comprises 5 staff as of 22 September 2011.

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 on the adequacy, integrity and effectiveness of the Group's overall system of internal controls, risk management and governance.

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 based on the Annual Internal Audit Plan approved by the Audit Committee. The main activities carried out by the Internal Audit Department during the financial year ended 30 June 2011 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
 - National key accounts operation, procurement, logistics operations, information system and warehousing management systems
 - Brand marketing, trade marketing and credit control activities
- (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 2011 was RM795,061.

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, but not absolute, assurance against the occurrence of any material misstatement or loss.

The Group has in place a continuous and systematic 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.

RISK MANAGEMENT FRAMEWORK

The Group has in place a Risk Management Framework 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 Board has established an organisational structure with clearly defined lines of accountability and delegated authority as part of its Risk Management Framework. Policies and procedures of business processes are documented with clearly defined limits of authority delegated to appropriate levels of staff to exercise control over the Group's commitment of both capital and operational expenditure and manage areas of significant risk. These policies and procedures and the limits of authority are subject to review on a quarterly basis to reflect the changing risks and operational needs.

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.

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 based on the audit plan approved by the Audit Committee. The annual audit plan is developed based on the risk profiles of the respective operating units identified in accordance with the Group's Risk Management Framework. Internal Audit findings are discussed at Management level and actions are agreed in response to the Internal Audit recommendations. The progress of implementation of the agreed actions will be monitored by the Internal Audit through follow-up reviews.

The Internal Audit function has a clear line of reporting to the Audit Committee and its performance is reviewed by the Audit Committee on an annual basis. Thus, the Internal Audit function is independent of the operational and management activities they audit.

CONTROL ASSURANCE AND RISK MANAGEMENT

To enhance the Company's corporate governance, the Group has implemented Control Assurance and Risk Management (CARM) Programme, a web-based self-assessment program. It involves each business unit to evaluate and ensure that it has appropriate controls in place to manage a broad range of risks arising from the day-to-day business activities within the Group.

CARM emphasizes on internal controls over financial reporting for the purpose of compliance with the requirements of the US Sarbanes-Oxley Act and it focuses 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.

Statement of Internal Control

KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the Group's internal controls system are described below:

Authority and Responsibility

- 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 Procedures Manual. This Manual is subject to regular review and improvement to reflect changing risks or to resolve operational deficiencies and is communicated and made assessable to all employees on the Company's web-based shared portal to ensure compliance. 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

Monitoring, Reporting and Performance Measurement

- Management Team meetings are held on a regular basis to identify, discuss and resolve operational, financial and key management issues
- RCW meets on a quarterly basis 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
- 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 Audit Committee 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

Employees Competency and Awareness

- Annual briefing is conducted for process owners and new employees to raise awareness on the importance of internal controls and risk management and to help them understand its impact on their day-to-day activities

- Training and development programmes are organised to ensure that staff are kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives. Every staff is encouraged to attend at least one training per year for staff learning, growth and knowledge sharing
 - Briefings are conducted for relevant employees to keep them informed of changes to legislation that are expected to affect the Group's operations or the way the Group conducts its business. For instance, employees are briefed on the impending enforcement of the Competition Law, the potential implication and measures to be taken to mitigate risk and to ensure compliance with the law
 - The Group has in place a Code of Conduct that govern the standards of ethics and responsible business conduct expected from employees. It covers all aspects of the Group's business operations such as confidentiality of information, fraud and improper payments, integrity and completeness of records, conflict of interest, dishonest conduct, safety and health, community and environment, and sexual harassment. The Group has also in place a Whistle-blowing Policy, which forms part of the Code of Conduct, to provide an avenue for employees to freely communicate to the appropriate parties their concerns about unethical practices without repercussions in a safe and confidential manner
 - Corporate values which emphasise on ethical behaviour are set out in the Management Handbook and the Code of Conduct
 - A comprehensive Business Continuity Plan, which is simulated periodically, is in place to ensure continuity of business operations in the event of a significant disruption or disaster
- Other Policies**
- A Vendor Code which outlines the standard for ethical and business conduct expected from suppliers and service providers in their business relationship with the Group. The Group engages the suppliers and service providers to raise their awareness on the Group's expectation on the standards of business ethics and to review their performance based on the obligations committed to the Group.

REVIEW OF THIS STATEMENT

The Internal Audit Department has reviewed this Statement of Internal Control for the financial year ended 30 June 2011 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 2011 have been, or are being, addressed and that none of the weaknesses have resulted in any material losses, contingencies or uncertainties that 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.

This Statement has been approved by the Board of Directors on 4 August 2011 based on the recommendation of the Audit Committee.

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 a continuous and systematic 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 2011. 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.

RISK MANAGEMENT PROCESS

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

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. This workgroup is responsible for assessing the major areas of risk including the business continuity plan and risk financing, process, operations and financial related risks, as well as transactions with related parties. The RCW meets on a quarterly basis 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. It 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 the 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



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 allocates 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 stabilizing 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.

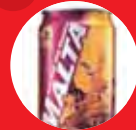
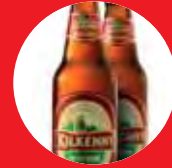
A simulation on political instability was conducted in October 2010 to assess the Group's preparedness in dealing with crisis and to raise awareness of crisis management processes. The simulation was attended by members of the Crisis Management Team, Emergency Response and Recovery Teams.

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.

GAB delivered a commendable performance for the financial year ended 30 June 2011, capping an outstanding decade of continued expansion in revenue, profit and market share.



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Directors' Report

for the year ended 30 June 2011

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 2011.

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 for the year attributable to: Owners of the Company	181,378	186,120

RESERVES AND PROVISIONS

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

DIVIDENDS

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

- (i) a final dividend of 35 sen per 50 sen stock unit tax exempt, under single tier tax system, totalling RM105,734,300, in respect of the year ended 30 June 2010, on 10 December 2010.
- (ii) an interim dividend of 10 sen per 50 sen stock unit tax exempt, under single tier tax system, totalling RM30,209,800, in respect of the year ended 30 June 2011, on 20 April 2011.

The Directors now recommend the declaration of a final dividend of 44 sen per 50 sen stock unit tax exempt, under single tier tax system, totalling RM132,923,120 payable on 12 December 2011.

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*)

Dr Leslie Buckley

Sreesanthan Eliathamby

Martin Giles Manen

Siobhan Mary Hamilton

Dato' Syed Salleh bin Syed Othman (*Appointed on 1 February 2011*)

Edward McShane (*Appointed on 25 July 2011*)

Edmond Neo Kim Soon (*Appointed on 25 July 2011*)

Dato' Jaffar Indot (*Retired on 4 November 2010*)

Low Teng Lum (*Retired on 30 April 2011*)

David Heginbottom (*Alternate Director to Siobhan Mary Hamilton*) (*Resigned on 8 September 2010*)

Anna Olive Magdelene Manz (*Alternate Director to Siobhan Mary Hamilton*) (*Appointed on 8 September 2010 and resigned on 16 March 2011*)

Directors' Report

for the year ended 30 June 2011

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 (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	← Ordinary stock units of 50 sen each →			
	At 1.7.2010	Bought	Sold	At 30.6.2011
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 2011 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 2011

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2011 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.

Directors' Report

for the year ended 30 June 2011

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 2011

Statements of Financial Position

as at 30 June 2011

	Note	Group			Company		
		30.6.2011 RM'000	30.6.2010 RM'000 restated	1.7.2009 RM'000 restated	30.6.2011 RM'000	30.6.2010 RM'000 restated	1.7.2009 RM'000 restated
Assets							
Property, plant and equipment	3	222,953	227,103	226,110	209,425	214,934	216,008
Intangible assets	4	9,124	10,434	6,529	9,124	10,434	6,529
Prepaid lease payments	5	-	-	-	-	-	-
Investment in subsidiaries	6	-	-	-	14,369	14,369	46,718
Deferred tax assets	7	-	1,412	1,924	-	-	-
Other receivables	8	1,152	728	1,585	785	527	1,169
Total non-current assets		233,229	239,677	236,148	233,703	240,264	270,424
Current assets							
Inventories	9	65,402	75,691	69,453	27,750	33,586	33,709
Receivables, deposits and prepayments	8	205,966	196,135	176,777	16,524	15,907	20,606
Current tax asset		764	1,433	-	764	1,433	-
Cash and cash equivalents	10	179,777	149,626	163,772	167,538	140,209	146,792
Total current assets		451,909	422,885	410,002	212,576	191,135	201,107
Total assets		685,138	662,562	646,150	446,279	431,399	471,531
Equity							
Share capital	11	151,049	151,049	151,049	151,049	151,049	151,049
Reserves		5,113	4,859	5,063	-	-	-
Retained earnings		360,454	315,020	286,189	203,348	153,172	95,275
Total equity attributable to owners of the Company		516,616	470,928	442,301	354,397	304,221	246,324
Liabilities							
Deferred tax liabilities	7	32,592	31,846	31,048	29,975	31,846	31,048
Total non-current liabilities		32,592	31,846	31,048	29,975	31,846	31,048
Trade and other payables, including derivatives	12	132,577	155,064	162,970	61,907	95,332	187,112
Current tax liabilities		3,353	4,724	9,831	-	-	7,047
Total current liabilities		135,930	159,788	172,801	61,907	95,332	194,159
Total liabilities		168,522	191,634	203,849	91,882	127,178	225,207
Total equity and liabilities		685,138	662,562	646,150	446,279	431,399	471,531

The notes on pages 105 to 139 are an integral part of these financial statements.

Statements of Comprehensive Income

for the year ended 30 June 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue		1,488,720	1,358,633	1,023,341	1,006,471
Cost of sales		(1,019,249)	(973,260)	(946,947)	(917,877)
Gross profit		469,471	385,373	76,394	88,594
Other income		17,694	4,565	9,229	20,151
Distribution, marketing and selling expenses		(187,541)	(145,583)	(4,962)	(5,083)
Administrative expenses		(44,195)	(37,308)	(17,514)	(12,951)
Other expenses		(14,831)	(3,715)	(7,486)	(3,606)
Dividend income		–	–	142,440	146,775
Results from operating activities		240,598	203,332	198,101	233,880
Finance income	13	2,714	2,004	2,673	1,968
Finance expense	14	(429)	(345)	(258)	(157)
Net finance income		2,285	1,659	2,415	1,811
Profit before tax	15	242,883	204,991	200,516	235,691
Income tax expense	17	(61,505)	(52,300)	(14,396)	(53,934)
Profit for the year		181,378	152,691	186,120	181,757
Other comprehensive income/(loss), net of tax					
Foreign currency translation differences for foreign operation		254	(204)	–	–
Total comprehensive income for the year		181,632	152,487	186,120	181,757
Profit for the year attributable to:					
Owners of the Company		181,378	152,691	186,120	181,757
Total comprehensive income attributable to:					
Owners of the Company		181,632	152,487	186,120	181,757
Basic/Diluted earnings per ordinary stock unit (sen)	18	60.0	50.5		

The notes on pages 105 to 139 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2011

Group	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 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	19	-	-	(123,860)	(123,860)
At 30 June 2010/1 July 2010		151,049	4,859	315,020	470,928
Total comprehensive income for the year		-	254	181,378	181,632
Dividends to owners of the Company	19	-	-	(135,944)	(135,944)
At 30 June 2011		151,049	5,113	360,454	516,616
		Note 11	Note 11		

Company	Note	← Attributable to owners of the Company →			Total equity RM'000
		Non-distributable		Distributable	
		Share capital RM'000	Retained earnings RM'000	Retained earnings RM'000	
At 1 July 2009			151,049	95,275	246,324
Total comprehensive income for the year			-	181,757	181,757
Dividends to owners of the Company	19		-	(123,860)	(123,860)
At 30 June 2010/1 July 2010			151,049	153,172	304,221
Total comprehensive income for the year			-	186,120	186,120
Dividends to owners of the Company	19		-	(135,944)	(135,944)
At 30 June 2011			151,049	203,348	354,397
			Note 11		

Statements of Cash Flows

for the year ended 30 June 2011

	Note	Group 2011 RM'000	2010 RM'000 restated	Company 2011 RM'000	2010 RM'000 restated
Cash flows from operating activities					
Profit before tax		242,883	204,991	200,516	235,691
<i>Adjustments for:</i>					
Amortisation of intangible assets	4	2,892	2,395	2,892	2,395
Depreciation of property, plant and equipment		35,408	28,727	32,712	26,410
Dividend income		–	–	(142,440)	(146,775)
Loss/(Gain) on disposal of property, plant and equipment		124	(610)	502	(24)
Interest expense	14	429	345	258	157
Interest income	13	(2,714)	(2,004)	(2,673)	(1,968)
Restructuring of distribution channel expenses		7,000	–	–	–
Unrealised foreign exchange loss/(gain)		171	(779)	822	(773)
Operating profit before changes in working capital		286,193	233,065	92,589	115,113
Changes in working capital:					
Inventories		10,289	(6,238)	5,836	123
Receivables, deposits and prepayments		(10,255)	(18,501)	(875)	5,341
Trade and other payables, including derivatives		(29,404)	(7,331)	(34,247)	(91,007)
Cash generated from operations		256,823	200,995	63,303	29,570
Income tax paid		(60,049)	(57,530)	(15,598)	(61,616)
Interest paid		(429)	(345)	(258)	(157)
Net cash from/(used in) operating activities		196,345	143,120	47,447	(32,203)
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(31,810)	(29,910)	(27,756)	(25,513)
Acquisition of intangible assets		(1,582)	(6,300)	(1,582)	(6,300)
Dividend received		–	–	142,440	146,775
Interest received		2,714	2,004	2,673	1,968
Proceeds from disposal of property, plant and equipment		428	800	51	201
Capital repayment from subsidiaries		–	–	–	32,349
Net cash (used in)/from investing activities		(30,250)	(33,406)	115,826	149,480

The notes on pages 105 to 139 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 30 June 2011

	Note	2011 RM'000	Group 2010 RM'000 restated	2011 RM'000	Company 2010 RM'000 restated
Cash flows from financing activities					
Dividends paid to owners of the Company	19	(135,944)	(123,860)	(135,944)	(123,860)
Net cash used in financing activities		(135,944)	(123,860)	(135,944)	(123,860)
Net increase/(decrease) in cash and cash equivalents		30,151	(14,146)	27,329	(6,583)
Cash and cash equivalents at 1 July		149,626	163,772	140,209	146,792
Cash and cash equivalents at 30 June	10	179,777	149,626	167,538	140,209

Cash and cash equivalents

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

	Note	2011 RM'000	Group 2010 RM'000	2011 RM'000	Company 2010 RM'000
Deposits placed with licensed banks	10	161,217	135,247	161,217	135,247
Cash and bank balances	10	18,560	14,379	6,321	4,962
		179,777	149,626	167,538	140,209

Notes to the Financial Statements

for the year ended 30 June 2011

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 2011 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 authorised for issue by the Board of Directors on 4 August 2011.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
 - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
 - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements To FRSs (2010)

Notes to the Financial Statements

for the year ended 30 June 2011

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures (revised)*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations 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, 1 July 2011 and 1 January 2012, except for Amendments to FRS 2, IC Interpretation 15, IC Interpretation 18, IC Interpretation 19 and Amendments to IC Interpretation 14 which are not applicable to the Group or the Company.

The initial application of the above standards, amendments or interpretations, which will be applied prospectively, is not expected to have significant financial impacts to the current and prior periods financial statements of the Group and the Company upon their first adoption.

Following the announcement made by the MASB on 1 August 2008, the Group and the Company's financial statements will be prepared in accordance with International Financial Reporting Standards (IFRS) framework for the financial year ending 30 June 2013. The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group and the Company.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of 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 other than those disclosed in Note 12 – cost of restructuring of distribution channels.

Notes to the Financial Statements

for the year ended 30 June 2011

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(e) - Leased assets.

(a) Basis of consolidation

(i) Subsidiaries

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

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

Investments in subsidiaries are stated in the Company's 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 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.

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.

Notes to the Financial Statements

for the year ended 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency (cont'd)

(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 the 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

(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.

(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.

Notes to the Financial Statements

for the year ended 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

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

Financial assets (cont'd)

(b) *Loans and receivables*

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

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. (see Note 2(i)(i)).

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 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.

Notes to the Financial Statements

for the year ended 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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. All leasehold land and buildings were revalued in 1984 and no later valuation has been recorded for these property, plant and equipment.

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in profit or loss.

(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. Capital work-in-progress is 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 land 61 – 95 years
- 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.

Notes to the Financial Statements

for the year ended 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

In previous year, 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 was treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

The Group has adopted the amendment made to FRS 117, Lease on 1 July 2010 in relation to the classification of leasehold land to property, plant and equipment. Leasehold land which in substance is a finance lease has been reclassified and measured as such retrospectively.

The leasehold land payments are amortised evenly over the respective lease term of the land which ranges from 61 to 95 years. The amortisation of leasehold land payments is recognised as an expense in profit or loss.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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 leasehold land in accordance with the transitional provisions in FRS 117.67A.

(f) Intangible assets

(i) Computer softwares

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

(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 and adjusted as appropriate at end of the reporting period.

Notes to the Financial Statements

for the year ended 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Inventories

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

The cost of inventories is based on the weighted average cost and includes cost of raw materials, duties where applicable, and other expenses incurred in acquiring the inventories and bringing them to their existing location and condition. For finished goods and work-in-progress, cost also includes direct labour and an appropriate proportion of production overheads based on normal operating capacity. In arriving at net realisable value, due allowance is made for obsolescence, the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits placed with licensed banks. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(i) 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.

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.

Notes to the Financial Statements

for the year ended 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment (cont'd)

(ii) Other assets

The carrying amounts of other 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 costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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 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.

(j) Equity instrument

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

(k) 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.

Notes to the Financial Statements

for the year ended 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Employee benefits (cont'd)

(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.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) Restructuring of distribution channels

A provision for restructuring of distribution channels is recognised when the Group has approved a detailed formal restructuring plan and the restructuring either has commenced or has been communicated to the affected parties. Future operating costs are not provided for.

(ii) 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.

(m) 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.

(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 2011

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 to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of 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

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 Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Notes to the Financial Statements

for the year ended 30 June 2011

3. PROPERTY, PLANT AND EQUIPMENT

Group		Freehold land	Long-term leasehold land	Buildings	Plant and machinery	Movable plant	Capital work-in-progress	Total
Cost	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2009		4,037	–	77,568	306,046	138,368	7,365	533,384
Effect of adopting amendments to FRS 117	5	–	20,191	–	–	–	–	20,191
At 1 July 2009, restated		4,037	20,191	77,568	306,046	138,368	7,365	553,575
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 2010/1 July 2010, restated		4,037	20,191	81,181	307,265	155,515	6,265	574,454
Additions		–	–	46	243	4,610	26,911	31,810
Disposals		–	–	(6)	(3,744)	(2,850)	–	(6,600)
Transfers		–	–	2,059	12,565	18,332	(32,956)	–
At 30 June 2011		4,037	20,191	83,280	316,329	175,607	220	599,664
Representing items at:								
Cost		4,037	510	51,687	316,329	175,607	220	548,390
Valuation (1984)		–	19,681	31,593	–	–	–	51,274
At 30 June 2011		4,037	20,191	83,280	316,329	175,607	220	599,664
Accumulated depreciation								
At 1 July 2009		–	–	33,179	196,757	91,195	–	321,131
Effect of adopting amendments to FRS 117	5	–	6,334	–	–	–	–	6,334
At 1 July 2009, restated		–	6,334	33,179	196,757	91,195	–	327,465
Depreciation charge for the year		–	256	1,938	14,891	11,642	–	28,727
Disposals		–	–	(68)	(4,084)	(4,689)	–	(8,841)
At 30 June 2010/1 July 2010, restated		–	6,590	35,049	207,564	98,148	–	347,351
Depreciation charge for the year		–	256	2,480	14,004	18,668	–	35,408
Disposals		–	–	–	(3,226)	(2,822)	–	(6,048)
At 30 June 2011		–	6,846	37,529	218,342	113,994	–	376,711
Carrying amounts								
At 1 July 2009, restated		4,037	13,857	44,389	109,289	47,173	7,365	226,110
At 30 June 2010/1 July 2010, restated		4,037	13,601	46,132	99,701	57,367	6,265	227,103
At 30 June 2011		4,037	13,345	45,751	97,987	61,613	220	222,953
		Notes 3.1 & 3.2		Note 3.1		Note 3.3		

Notes to the Financial Statements

for the year ended 30 June 2011

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

Company		Long-term leasehold land	Buildings	Plant and machinery	Movable plant	Capital work-in- progress	Total
Cost	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2009		–	76,609	306,046	122,423	7,365	512,443
Effect of adopting amendments to FRS 117	5	20,191	–	–	–	–	20,191
At 1 July 2009, restated		20,191	76,609	306,046	122,423	7,365	532,634
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 2010/1 July 2010, restated		20,191	79,510	307,265	138,154	6,265	551,385
Additions		–	40	243	562	26,911	27,756
Disposals		–	(17)	(3,744)	(1,006)	–	(4,767)
Transfers		–	2,059	12,565	18,332	(32,956)	–
At 30 June 2011		20,191	81,592	316,329	156,042	220	574,374
Representing items at:							
Cost		510	49,999	316,329	156,042	220	523,100
Valuation (1984)		19,681	31,593	–	–	–	51,274
At 30 June 2011		20,191	81,592	316,329	156,042	220	574,374
Accumulated depreciation							
At 1 July 2009		–	32,330	196,757	81,205	–	310,292
Effect of adopting amendments to FRS 117	5	6,334	–	–	–	–	6,334
At 1 July 2009, restated		6,334	32,330	196,757	81,205	–	316,626
Depreciation charge for the year		256	1,883	14,891	9,380	–	26,410
Disposals		–	(3)	(4,084)	(2,498)	–	(6,585)
At 30 June 2010/1 July 2010, restated		6,590	34,210	207,564	88,087	–	336,451
Depreciation charge for the year		256	2,239	14,004	16,213	–	32,712
Disposals		–	–	(3,226)	(988)	–	(4,214)
At 30 June 2011		6,846	36,449	218,342	103,312	–	364,949
Carrying amounts							
At 1 July 2009, restated		13,857	44,279	109,289	41,218	7,365	216,008
At 30 June 2010/1 July 2010, restated		13,601	45,300	99,701	50,067	6,265	214,934
At 30 June 2011		13,345	45,143	97,987	52,730	220	209,425
		Notes 3.1 & 3.2	Note 3.1		Note 3.3		

Notes to the Financial Statements

for the year ended 30 June 2011

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

- 3.1 The Group's long-term leasehold land and buildings were revalued 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 land and 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Long-term leasehold land	276	282	276	282
Buildings	45,693	46,473	45,085	45,639

- 3.2 The carrying amounts of leasehold land at 1 July 2009 and 30 June 2010 have been restated following the adoption of the amendments to FRS 117, Lease, where leasehold land, in substance is a finance lease, has been reclassified from prepaid lease payments to property, plant and equipment.
- 3.3 During the financial year, the Company has accelerated the depreciation rates for certain cranes due to the impending new cranes design in the next financial year. The change of depreciation rates has resulted in an additional depreciation charge of RM4,900,000 for the financial year ended 30 June 2011.

4. INTANGIBLE ASSETS

	Computer software RM'000	Capital work-in- progress RM'000	Total RM'000
Group and Company			
Cost			
At 1 July 2009	14,808	298	15,106
Additions	150	6,150	6,300
Transfer	4,071	(4,071)	-
At 30 June 2010/1 July 2010	19,029	2,377	21,406
Additions	-	1,582	1,582
Transfer	3,388	(3,388)	-
At 30 June 2011	22,417	571	22,988

Notes to the Financial Statements

for the year ended 30 June 2011

4. INTANGIBLE ASSETS (CONT'D)

	Computer software RM'000	Capital work-in-progress RM'000	Total RM'000
Group and Company			
Amortisation			
At 1 July 2009	8,577	–	8,577
Amortisation for the year	2,395	–	2,395
At 30 June 2010/1 July 2010	10,972	–	10,972
Amortisation for the year	2,892	–	2,892
At 30 June 2011	13,864	–	13,864
Carrying amounts			
At 1 July 2009	6,231	298	6,529
At 30 June 2010/1 July 2010	8,057	2,377	10,434
At 30 June 2011	8,553	571	9,124

5. PREPAID LEASE PAYMENTS (LEASEHOLD LAND)

	Note	2011 RM'000	2010 RM'000
Group and Company			
Cost			
At 1 July		–	20,191
Effect of adopting amendments to FRS 117	3	–	(20,191)
At 1 July/30 June, restated		–	–
Amortisation			
At 1 July		–	6,334
Effect of adopting amendments to FRS 117	3	–	(6,334)
At 1 July/30 June, restated		–	–
Carrying amounts			
At 1 July/30 June, restated		–	–

Notes to the Financial Statements

for the year ended 30 June 2011

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2011 RM'000	2010 RM'000
Unquoted shares		
– at cost	125	125
– at Directors' valuation	14,244	14,244
	14,369	14,369

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2011 %	2010 %
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) Sendirian Berhad [*]	Negara Brunei Darussalam	Dormant	–	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

[#] Not required to be audited, hence consolidated using unaudited financial statements.

^{*} Overseas incorporated subsidiary audited by a member firm of KPMG International. Deemed dissolved with effect from 23 March 2011.

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

[^] Officially struck off from the register of companies of Companies Commission of Malaysia on 13 May 2011.

Notes to the Financial Statements

for the year ended 30 June 2011

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

- a) On 27 October 2010, the Company announced that Guinness (B) Sendirian Berhad, a wholly-owned subsidiary of Guinness Singapore Pte Limited which in turn is a wholly-owned subsidiary of Guinness Anchor Berhad, was placed under Member's Voluntary Liquidation pursuant to Section 154(1)(b) of the Companies Act, Cap 39 in Brunei Darussalam.

The Liquidator of Guinness (B) Sendirian Berhad had convened the Final Meeting on 22 December 2010 to conclude the Member's Voluntary Liquidation of Guinness (B) Sendirian Berhad. A Notice relating to the Final Meeting was lodged on 25 January 2011 with the Registrar of Companies of Brunei Darussalam and Guinness (B) Sendirian Berhad was deemed dissolved with effect from 23 March 2011.

- b) In the previous financial year, Guinness Sarawak Sdn Bhd and Malayan Breweries (Malaya) Sdn Bhd undertook 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 in previous financial year.

On 11 February 2011, Guinness Sarawak Sdn Bhd, Malayan Breweries (Malaya) Sdn Bhd and Malayan Breweries Marketing Sdn Bhd had applied to the Companies Commission of Malaysia ("CCM") to have their names struck off from the register of companies of CCM pursuant to Section 308 of the Companies Act, 1965.

On 27 May 2011, Guinness Sarawak Sdn Bhd received a notice of striking off pursuant to Section 308(2) of the Companies Act, 1965 from CCM that it has been struck off from the register of companies of CCM.

The application to strike off of Malayan Breweries (Malaya) Sdn Bhd and Malayan Breweries Marketing Sdn Bhd are pending approval from CCM.

The liquidation / striking off of the above dormant subsidiaries do not have any material impact on the net assets and earnings per share of the Group for the financial year ended 30 June 2011.

Notes to the Financial Statements

for the year ended 30 June 2011

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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Group						
Property, plant and equipment	1,053	1,412	(31,938)	(33,079)	(30,885)	(31,667)
Other items	3,713	1,233	(5,420)	–	(1,707)	1,233
Tax assets/(liabilities)	4,766	2,645	(37,358)	(33,079)	(32,592)	(30,434)
Set off of tax	(4,766)	(1,233)	4,766	1,233	–	–
Net tax assets/(liabilities)	–	1,412	(32,592)	(31,846)	(32,592)	(30,434)
Company						
Property, plant and equipment	–	–	(31,938)	(33,079)	(31,938)	(33,079)
Other items	1,963	1,233	–	–	1,963	1,233
Net tax assets/(liabilities)	1,963	1,233	(31,938)	(33,079)	(29,975)	(31,846)

Movement in temporary differences during the year

	At 1.7.2009 RM'000	Recognised in profit or loss (Note 17) RM'000	At 30.6.2010 RM'000	Recognised in profit or loss (Note 17) RM'000	At 30.6.2011 RM'000
	Group				
Property, plant and equipment	(31,734)	67	(31,667)	782	(30,885)
Other items	2,610	(1,377)	1,233	(2,940)	(1,707)
	(29,124)	(1,310)	(30,434)	(2,158)	(32,592)
Company					
Property, plant and equipment	(33,658)	579	(33,079)	1,141	(31,938)
Other items	2,610	(1,377)	1,233	730	1,963
	(31,048)	(798)	(31,846)	1,871	(29,975)

Notes to the Financial Statements

for the year ended 30 June 2011

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-current					
Other receivables	8.1	1,152	728	785	527
Current					
Trade					
Trade receivables		186,476	195,256	7,658	8,860
Less : Impairment losses		(8,303)	(11,449)	-	-
		178,173	183,807	7,658	8,860
Non-trade					
Other receivables	8.1	2,729	2,359	2,468	1,748
Amount due from a subsidiary	8.2	-	-	4,043	4,043
Deposits		3,015	1,172	1,985	541
Prepayments	8.3	22,049	8,797	370	715
		27,793	12,328	8,866	7,047
		205,966	196,135	16,524	15,907

8.1 Other receivables

Staff loans of the Group and of the Company amounting to RM1,619,000 (2010: RM1,220,000) and RM1,098,000 (2010: RM846,000) of which RM1,152,000 (2010: RM728,000) and RM785,000 (2010: RM527,000) are repayable after the next 12 months respectively.

8.2 Amount due from a subsidiary

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

8.3 Prepayments

Promotional activities prepayments of RM21,679,000 (2010: 6,955,000) are upfront payments made to the Group's distributional channels to carry out promotional activities over the period specified in the contract. The amount is amortised to the profit or loss on a straight-line basis over the period stipulated in the contract.

Notes to the Financial Statements

for the year ended 30 June 2011

9. INVENTORIES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Raw materials	7,654	7,906	7,654	7,906
Work-in-progress	4,121	5,246	4,121	5,246
Finished goods	45,122	53,342	7,624	11,361
Packaging materials	4,196	5,072	4,196	5,072
Engineering stores and spares	4,309	4,125	4,155	4,001
	65,402	75,691	27,750	33,586

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits placed with licensed banks	161,217	135,247	161,217	135,247
Cash and bank balances	18,560	14,379	6,321	4,962
	179,777	149,626	167,538	140,209

11. CAPITAL AND RESERVES

11.1 Share capital

	Group		Company	
	Amount 2011 RM'000	Number of shares 2011 '000	Amount 2010 RM'000	Number of shares 2010 '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

11.2 Capital reserve

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

Notes to the Financial Statements

for the year ended 30 June 2011

12. TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade					
Trade payables	12.1	42,617	84,665	20,291	42,302
Non-trade					
Amount due to subsidiaries	12.2	–	–	17,718	32,940
Other payables		6,007	3,979	5,424	3,487
Accrued expenses	12.3	83,933	66,420	18,454	16,603
Financial liabilities at fair value through profit or loss		20	–	20	–
		89,960	70,399	41,616	53,030
		132,577	155,064	61,907	95,332

12.1 Trade payables

During the financial year, the Group paid RM18,000,000 (2010: nil) (of which RM5,000,000 (2010: nil) was paid by the Company) in respect of the costs accrued for the security markings imposed by the Royal Malaysian Customs for the period from May 2006 to December 2008. Although the requirements for the security markings were abolished with effect from 1 January 2009, payment had not been made until an agreement on the pricing was reached in August 2010.

12.2 Amount due to subsidiaries

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

12.3 Accrued expenses

Included in accrued expenses of the Group are cost of restructuring of distribution channels of RM7,000,000 (2010: nil).

13. FINANCE INCOME

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest income received from deposits placed with licensed banks	2,687	1,972	2,653	1,943
Interest income received from staff loan	27	32	20	25
Recognised in profit or loss	2,714	2,004	2,673	1,968

14. FINANCE COSTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest expenses of financial liabilities that are not at fair value through profit or loss:				
– unsecured banker's acceptance	258	157	258	157
– customers' security deposits	171	188	–	–
Recognised in profit or loss	429	345	258	157

Notes to the Financial Statements

for the year ended 30 June 2011

15. PROFIT BEFORE TAX

	Group		Company	
	2011 RM'000	2010 RM'000 restated	2011 RM'000	2010 RM'000 restated
Profit before tax is arrived at after charging:				
Amortisation of intangible assets	2,892	2,395	2,892	2,395
Auditors' remuneration				
– Statutory audit				
KPMG	150	115	94	70
– Other services				
KPMG	37	15	27	10
Affiliates of KPMG	87	55	66	35
Depreciation of property, plant and equipment	35,408	28,727	32,712	26,410
Hire of equipment	720	714	546	510
Legal fees paid to a firm in which a Director is a member	20	274	13	272
Loss on disposal of property, plant and equipment	124	–	502	–
Personnel expenses (including key management personnel):				
– Contributions to defined contribution plans	9,337	8,110	3,690	3,665
– Wages, salaries and others	62,553	48,214	26,211	20,016
Restructuring of distribution channels expenses	7,000	–	–	–
Realised loss on foreign exchange	653	646	650	646
Rental expense on buildings	3,036	2,579	742	405
Unrealised loss on foreign exchange	171	–	822	–
and after crediting:				
Dividend income from unquoted subsidiaries	–	–	142,440	146,775
Gain from subsidiaries' capital reduction and repayment exercises	–	–	–	16,403
Gain on disposal of property, plant and equipment	–	610	–	24
Realised gain on foreign exchange	–	36	–	–
Reversal of impairment loss on trade receivables	322	509	–	–
Costs over-accrued in respect of security markings	11,823	–	5,190	–
Unrealised gain on foreign exchange	–	779	–	773

Notes to the Financial Statements

for the year ended 30 June 2011

16. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors				
– Fees	354	365	348	359
– Remuneration	1,945	2,309	1,945	2,309
– Defined contribution plans	128	132	128	132
– Meeting attendance allowance	78	81	78	81
Other short-term benefits (including estimated monetary value of benefit-in-kind)	492	511	492	511
	2,997	3,398	2,991	3,392
Other key management personnel: Short-term employee benefits	2,824	3,573	1,604	2,163
	5,821	6,971	4,595	5,555

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.

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current tax expense				
Malaysian – current year	60,061	51,372	16,890	53,409
– prior year	(714)	(382)	(623)	(273)
Total current tax recognised in the profit or loss	59,347	50,990	16,267	53,136
Deferred tax expense				
Origination and reversal of temporary differences	1,937	1,009	(1,940)	678
Underprovision in prior years	221	301	69	120
Total deferred tax recognised in the profit or loss	2,158	1,310	(1,871)	798
Total income tax expense	61,505	52,300	14,396	53,934

Notes to the Financial Statements

for the year ended 30 June 2011

17. INCOME TAX EXPENSE (CONT'D)

Recognised in the profit or loss (cont'd)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Reconciliation of tax expense				
Profit for the year	181,378	152,691	186,120	181,757
Total income tax expense	61,505	52,300	14,396	53,934
Profit excluding tax	242,883	204,991	200,516	235,691
Income tax calculated using Malaysian tax rates of 25% (2010: 25%)	60,721	51,248	50,129	58,923
Non-deductible expenses	2,121	1,185	1,275	458
Tax incentives	(844)	(52)	(844)	(52)
Tax exempt dividend	-	-	(35,610)	(1,141)
Tax exempt income – capital gain	-	-	-	(4,101)
Overprovision in prior years	(493)	(81)	(554)	(153)
Income tax expense	61,505	52,300	14,396	53,934

18. EARNINGS PER ORDINARY STOCK UNIT

Group

Basic earnings per ordinary stock unit

The calculation of basic earnings per ordinary stock unit at 30 June 2011 was based on the profit attributable to ordinary shareholders of RM181,378,000 (2010: RM152,691,000) and a weighted average number of ordinary stock unit outstanding during the year of 302,098,000 (2010: 302,098,000).

Weighted average number of ordinary stock unit

	2011 '000	2010 '000
Issued ordinary stock unit at beginning of the year	302,098	302,098
Basic earnings per ordinary stock unit (sen)	60.0	50.5

Diluted earnings per ordinary stock unit

There were no diluted earnings per ordinary stock unit for the Group as at 30 June 2011 and 2010.

Notes to the Financial Statements

for the year ended 30 June 2011

19. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen per stock unit	Total amount RM'000	Date of payment
2011			
Interim 2011 ordinary	10.00	30,210	20 April 2011
Final 2010 ordinary	35.00	105,734	10 December 2010
Total amount		135,944	
2010			
Interim 2010 ordinary	10.00	30,210	6 May 2010
Final 2009 ordinary	31.00	93,650	22 December 2009
Total amount		123,860	

After the reporting period, the Directors recommend the declaration of a net final dividend of 44 sen per 50 sen stock unit, tax exempt under the single tier tax system, totalling RM132,923,120. The dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

20. 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 1% (2010: 2%) of the total sales is exported, mainly to Southeast Asian countries. As such, only one reportable segment analysis is prepared. The Group's Managing Director (the chief operating decision maker) reviews internal management reports at least on a monthly basis.

Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

Segment assets, liabilities and capital expenditure

Segment assets, liabilities and capital expenditures information are included in the internal management reports that are reviewed by the Group's Managing Director.

	2011 RM'000	2010 RM'000
Segment Balance Sheet		
Total Assets	685,138	662,562
Total Liabilities	168,522	191,634
Total Equity	516,616	470,928
	685,138	662,562

No reconciliation is performed for Segment Balance Sheet as there is no difference.

Segment profit	243,137	204,787
<i>Included in the measure of segment profit are:</i>		
Revenue from external customers	1,422,474	1,307,002
Cost of sales	(974,333)	(927,330)
Depreciation	38,300	30,309
<i>Not included in the measure of segment profit but provided to Managing Director</i>		
Interest income	2,285	1,659

Notes to the Financial Statements

for the year ended 30 June 2011

20. OPERATING SEGMENTS (CONT'D)

Reconciliation of reportable segment revenue, profit or loss

	2011 RM'000	2010 RM'000
Profit or loss		
Segment profit	243,137	204,787
Foreign operation translation	(254)	204
Consolidated profit before tax	242,883	204,991
	2011 RM'000	2010 RM'000
Revenue		
Revenue from external customers	1,422,474	1,307,002
Sales tax	45,230	43,740
Dealer incentives	(7,501)	(4,798)
Discretionary marketing spend – non-gratis turnover relates	28,517	12,689
Consolidated revenue	1,488,720	1,358,633
	2011 RM'000	2010 RM'000
Cost of sales		
Cost of sales	(974,333)	(927,330)
Delivery costs	56,507	47,001
Sales tax	(45,230)	(43,740)
Production fixed overhead - brewing	(29,537)	(28,448)
Production fixed overhead - packing	(26,656)	(20,743)
Consolidated cost of sales	(1,019,249)	(973,260)
	2011 RM'000	2010 RM'000
Interest income		
Interest income	2,714	2,004
Interest expense	(429)	(345)
Consolidated interest income	2,285	1,659

No reconciliation is performed for reportable segment depreciation to consolidated total depreciation as there is no difference.

Notes to the Financial Statements

for the year ended 30 June 2011

21. FINANCIAL INSTRUMENTS

Certain comparative figures have not been presented for 30 June 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

21.1 Categories of financial instruments

- a) Loan and receivable (L&R);
- b) Other financial liabilities measured at amortised cost (OL);
- c) Fair value through profit or loss (FVTPL).

	Carrying amount RM'000	L&R/ (OL) RM'000	FVTPL RM'000
2011			
Financial assets			
Group			
Trade and other receivables	182,054	182,054	-
Deposits	3,015	3,015	-
Cash and cash equivalents	179,777	179,777	-
	364,846	364,846	-
Company			
Trade and other receivables	14,954	14,954	-
Deposits	1,985	1,985	-
Cash and cash equivalents	167,538	167,538	-
	184,477	184,477	-
Financial liabilities			
Group			
Trade and other payables, including derivatives	132,577	132,557	20
Company			
Trade and other payables, including derivatives	61,907	61,887	20

Notes to the Financial Statements

for the year ended 30 June 2011

21. FINANCIAL INSTRUMENTS (CONT'D)

21.2 Net gains and losses arising from financial instruments

	Group 2011 RM'000	Company 2011 RM'000
Net gains/(losses) arising on:		
Loans and receivables	(16,959)	(17,322)
Financial liabilities measured at amortisation cost	18,742	18,265
Fair value through profits or loss	(20)	(20)
	1,763	923

21.3 Financial risk management objectives and policies

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

21.3.1 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company 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.

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.

(a) Receivables

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.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

Notes to the Financial Statements

for the year ended 30 June 2011

21. FINANCIAL INSTRUMENTS (CONT'D)

21.3 Financial risk management objectives and policies (cont'd)

21.3.1 Credit risk (cont'd)

(a) Receivables (cont'd)

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2011 RM'000	2010 RM'000
Malaysia	175,348	178,500
Asia	2,825	5,307
	178,173	183,807

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

	Gross RM'000	Individual Impairment RM'000	Net RM'000
Group			
2011			
Not past due	168,572	-	168,572
Past due 1 – 30 days	7,709	-	7,709
Past due 31 – 120 days	853	-	853
Past due more than 120 days	9,342	(8,303)	1,039
	186,476	(8,303)	178,173
Group			
2010			
Not past due	180,077	-	180,077
Past due 1 – 30 days	426	-	426
Past due 31 – 120 days	2,258	-	2,258
Past due more than 120 days	12,495	(11,449)	1,046
	195,256	(11,449)	183,807

Notes to the Financial Statements

for the year ended 30 June 2011

21. FINANCIAL INSTRUMENTS (CONT'D)

21.3 Financial risk management objectives and policies (cont'd)

21.3.1 Credit risk (cont'd)

(a) Receivables (cont'd)

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

	2011 RM'000	Group 2010 RM'000
At 1 July	11,449	11,958
Impairment loss reversed	(322)	(509)
Impairment loss written off	(2,824)	-
At 30 June	8,303	11,449

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.

During the year, allowance for impairment losses amounting to RM2,824,000 (2010: nil) were written off against trade receivables.

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

Type of collaterals	Carrying amounts RM'000
Bank guarantees	38,795
Cash deposits	6,521
Properties charged	25,361
Quoted shares	927
	71,604

(b) Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to a subsidiary and the results of the subsidiary 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.

Advances are only provided to a subsidiary which is wholly-owned by the Company.

Impairment losses

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

Notes to the Financial Statements

for the year ended 30 June 2011

21. FINANCIAL INSTRUMENTS (CONT'D)

21.3 Financial risk management objectives and policies (cont'd)

21.3.2 Liquidity risk

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

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.

Maturity analysis

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

	Carrying amount RM'000	Contractual cash flows RM'000	Under 1 year RM'000
2011			
Group			
<i>Non-derivative financial liabilities</i>			
Trade and other payables, excluding derivatives	132,557	132,557	132,557
<i>Derivative financial liabilities</i>			
Forward exchange contracts (gross settled):			
Outflow	20	5,205	5,205
Inflow	–	(5,185)	(5,185)
	132,577	132,577	132,577

21.3.3 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.

(a) 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 U.S. Dollar (USD), Great Britain Pound (GBP), Euro Dollar (EURO) and Swiss Franc (CHF).

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.

Notes to the Financial Statements

for the year ended 30 June 2011

21. FINANCIAL INSTRUMENTS (CONT'D)

21.3 Financial risk management objectives and policies (cont'd)

21.3.3 Market risk (cont'd)

(a) Currency risk (cont'd)

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	CHF RM'000
2011				
Trade receivables	2,859	-	-	-
Trade payables	(109)	(3,751)	(195)	(49)
Forward exchange contracts	(20)	-	-	-
Net exposure	2,730	(3,751)	(195)	(49)
2010				
Trade receivables	5,307	-	-	-
Trade payables	(20)	(280)	(3,123)	-
Forward exchange contracts	1,050	96	1,493	-
Net exposure	6,337	(184)	(1,630)	-

As foreign currency risks arising from Group's operations is not material, sensitivity analysis is hence not presented.

(b) Interest rate risk

Interest rate risk is the risk of change in cashflows due to changes in interest rates. The Group's and the Company's fixed rate short-term deposits with licensed banks are not exposed to a risk of change in their fair values due to changes in interest rate. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss. Receivables and payables are not significantly exposed to interest rate risk.

(c) Other price risk

Other price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk comprises equity price risk and commodity price risk.

The Group is not exposed to any other price risk.

21.4 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short-term receivables and payables approximately fair values due to the relatively short-term nature of these financial instruments.

Notes to the Financial Statements

for the year ended 30 June 2011

22. OPERATING LEASES**Leases as lessee**

Operating lease rentals are payable as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Less than one year	2,956	2,477	885	1,021
Between one and five years	1,116	2,306	248	942
	4,072	4,783	1,133	1,963

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.

23. CAPITAL AND OTHER COMMITMENTS

	Group and Company	
	2011 RM'000	2010 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Authorised but not contracted for	59,387	16,514
Authorised and contracted for within one year	4,477	9,124
	63,864	25,638

24. 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.

Notes to the Financial Statements

for the year ended 30 June 2011

24. RELATED PARTIES (CONT'D)

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
2011				
Purchase of goods	13,096	16	18,235	11,792
Sale of products	13,230	-	-	-
Royalties payable	5,517	18,278	-	3,660
Marketing and technical fees payable	3,016	-	-	61
Marketing fees receivable	-	8,996	-	3,177
Amounts due from	2,542	-	-	-
Amounts due to	3,461	3,041	-	416
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

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

25. 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 balance level of total equity to ensure the Group has adequate capital to support its future development and the payment of dividends to shareholders.

Notes to the Financial Statements

for the year ended 30 June 2011

25. CAPITAL MANAGEMENT (CONT'D)

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.

26. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES AND COMPARATIVE FIGURES

The Group has adopted the amendments to FRS 117. The Group has reassessed and determined that leasehold land of the Group which in substance is finance lease and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

The reclassification does not affect the basic earning per ordinary share for the current and prior periods.

FRS 117, Leases

Following the adoption of the amendments to FRS 117, certain comparative have been re-presented as follows:

	30.6.2010		1.7.2009	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Group				
Statements of financial position				
Property, plant and equipment	227,103	213,502	226,110	212,253
Prepaid lease payments	–	13,601	–	13,857
Statements of cash flows				
Depreciation of property, plant and equipment	28,727	28,471		
Amortisation of prepaid lease payments	–	256		
	30.6.2010		1.7.2009	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Company				
Statements of financial position				
Property, plant and equipment	214,934	201,333	216,008	202,151
Prepaid lease payments	–	13,601	–	13,857
Statements of cash flows				
Depreciation of property, plant and equipment	26,410	26,154		
Amortisation of prepaid lease payments	–	256		

Notes to the Financial Statements

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27. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFIT OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profit or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 30 June 2011, into realised and unrealised profits, pursuant to the directive, is as follows:

	2011	
	Group RM'000	Company RM'000
Total retained earnings of the Company and its subsidiaries:		
– realised profits	401,929	240,139
– unrealised losses	(40,632)	(36,792)
	361,297	203,347
Less: consolidation adjustment	(843)	–
Total retained earnings	360,454	203,347

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

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 100 to 139 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 2011 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 27 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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 2011

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, **Mahendran Kapuppial**, the Officer primarily responsible for the financial management of Guinness Anchor Berhad, do solemnly and sincerely declare that the financial statements set out on pages 100 to 140 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 2011.



Mahendran Kapuppial

Before me:



Commissioner for Oaths

Independent Auditors' Report

to the members of Guinness Anchor Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Guinness Anchor Berhad, which comprise the statements of financial position as at 30 June 2011 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 information, as set out on pages 100 to 139.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 2011 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 REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 27 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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



Chew Beng Hong

Approval Number: 2920/02/12(J)
Chartered Accountant

Analysis of Stockholdings

as at 22 September 2011

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	772	7.02	6,172	0.00
100 – 1,000	4,071	37.05	3,254,222	1.08
1,001 – 10,000	4,827	43.93	19,299,582	6.39
10,001 – 100,000	1,177	10.71	34,090,146	11.28
100,001 – 15,104,899	141	1.28	91,377,978	30.25
15,104,900 and above	1	0.01	154,069,900	51.00
TOTAL	10,989	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	%
GAPL Pte Ltd	154,069,900	51.00	-	-
Aberdeen Asset Management PLC and its subsidiaries	16,814,500	5.56	-	-
Aberdeen Asset Management Asia Limited	16,393,300	5.43	-	-
Credit Suisse Group AG	-	-	16,824,500 [#]	5.57 [#]
Mitsubishi UFJ Financial Group, Inc	-	-	17,113,918 [#]	5.66 [#]

[#] Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965

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 interested by virtue of stocks held by spouse

Analysis of Stockholdings

as at 22 September 2011

30 LARGEST STOCKHOLDERS

	No. of stock units	%
1. GAPL Pte Ltd	154,069,900	51.00
2. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	10,217,480	3.38
3. HSBC Nominees (Asing) Sdn Bhd - BNP Paribas Secs Svs Lux for Aberdeen Global	8,311,000	2.75
4. HSBC Nominees (Asing) Sdn Bhd Exempt An for BNP Paribas Securities Services (Jersey GBP)	3,977,600	1.32
5. HSBC Nominees (Asing) Sdn Bhd BNYM SA/NV for Virtus Emerging Markets Opportunities Fund	2,900,899	0.96
6. Cartaban Nominees (Asing) Sdn Bhd RBC Dexia Investor Services Bank For Vontobel Fund - Emerging Markets Equity	2,638,984	0.87
7. HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs Svs Paris for Aberdeen Asian Smaller Companies Investment Trust Plc	2,250,000	0.74
8. Tokio Marine Life Insurance Malaysia Bhd as Beneficial Owner (PF)	2,227,000	0.74
9. Tai Tak Estates Sdn Bhd	2,156,000	0.71
10. Cartaban Nominees (Asing) Sdn Bhd RBC Dexia Investor Services Bank for Vontobel Fund - Far East Equity	2,071,309	0.69
11. Chinchoo Investment Sdn.Berhad	1,865,000	0.62
12. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund W4B3 for Wasatch Emerging Markets Small Cap Fund	1,681,020	0.56
13. Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Private Limited (Client A/C-NR)	1,451,759	0.48
14. Ho Sim Guan	1,330,000	0.44
15. Kam Loong Mining Sdn Bhd	1,320,000	0.44

Analysis of Stockholdings

as at 22 September 2011

30 LARGEST STOCKHOLDERS (CONT'D)

	No. of stock units	%
16. CIMSEC Nominees (Asing) Sdn Bhd Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	1,308,170	0.43
17. Gan Teng Siew Realty Sdn.Berhad	1,277,000	0.42
18. Key Development Sdn.Berhad	1,250,000	0.41
19. Cartaban Nominees (Asing) Sdn Bhd Exempt An for RBC Dexia Investor Services Trust (Clients Account)	1,226,849	0.41
20. Citigroup Nominees (Asing) Sdn Bhd Exempt An for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)	1,204,650	0.40
21. HSBC Nominees (Asing) Sdn Bhd DZ PRIVATBK for Uniasiapacific	1,200,000	0.40
22. Chan Emily	1,052,000	0.35
23. CIMSEC Nominees (Tempatan) Sdn Bhd Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	1,039,700	0.34
24. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund AM4N for Aberdeen Institutional Commingled Funds Llc	999,200	0.33
25. HSBC Nominees (Asing) Sdn Bhd Exempt An for Clariden Leu Ltd. (SG-Clients NR)	980,000	0.32
26. Hong Leong Assurance Berhad as Beneficial Owner (Life Par)	957,300	0.32
27. HLG Nominee (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	941,640	0.31
28. HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (Mineworkers PS)	921,726	0.31
29. HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (Taiwan)	917,900	0.30
30. Mrs Chan Lam Choon Nee Mun Swee Heong	896,400	0.30
	214,640,486	71.05

Other Information

UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposal during the financial year ended 30 June 2011.

SHARE BUYBACK

There was no share buyback exercise carried out by the Company during the financial year ended 30 June 2011.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities issued by the Company during the financial year ended 30 June 2011.

DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year ended 30 June 2011,

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 2011.

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 2011 amounted to RM124,000. This payment was in respect of advisory services for the Group's taxation matters and filing of tax returns; review of FRS139 disclosure and the Statement of Internal Control; and services provided as observers in the process of selection of contestants for a promotion contest.

VARIATION IN RESULTS

There were no profit estimate, forecast or projection issued by the Company during the financial year ended 30 June 2011.

PROFIT GUARANTEE

There were no profit guarantees given by the Company and its subsidiaries during the financial year ended 30 June 2011.

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 2011 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 2011 RM'000	Date of Acquisition / Revaluation *
Lot 1135, Batu 9 Jalan Klang Lama 46000 Petaling Jaya Selangor	20.84	Office building & factory	Leasehold expiring 23 September 2063	45	58,240	30 September 1984*
120, Air Keroh Industrial Estate 75450 Melaka	1.07	Office building & store	Leasehold expiring 13 January 2080	29	546	30 September 1984*
Lot 123, Semambu Industrial Site 25350 Kuantan Pahang	0.52	Office building & store	Leasehold expiring 5 March 2046	29	360	30 September 1984*
Lot 1136, Batu 9 Jalan Klang Lama 46000 Petaling Jaya Selangor	2.88	Storage	Freehold	Not applicable	4,037	31 December 1991
					63,183	

* 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 47th 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, 3 November 2011 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 2011 together with the Directors' and Auditors' Reports thereon. **Ordinary Resolution 1**
2. To approve the declaration of a final single tier dividend of 44 sen per 50 sen stock unit in respect of the financial year ended 30 June 2011 as recommended by the Directors. **Ordinary Resolution 2**
3. To re-elect Mr Charles Henry Ireland 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 Martin Giles Manen 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 Dato' Syed Salleh bin Syed Othman 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-elect Mr Edmond Neo Kim Soon who retires pursuant to Article 96 of the Company's Articles of Association as a Director of the Company. **Ordinary Resolution 6**
7. To re-elect Mr Edward McShane who retires pursuant to Article 96 of the Company's Articles of Association as a Director of the Company. **Ordinary Resolution 7**
8. 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 8**
9. To approve the Directors' Fees of RM449,000 payable to the Non-Executive Directors for the financial year ending 30 June 2012 (2011 : RM359,000). **Ordinary Resolution 9**
10. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 10**

Notice of Annual General Meeting

As Special Business

11. To consider and, if thought fit, to pass the following resolution:

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 2.2 of the Circular to Shareholders dated 12 October 2011 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 detrimental to the minority shareholders of the Company; and
- (ii) disclosure of the aggregate value of the transactions of the Proposed Shareholders' Mandate conducted during the financial year will be disclosed in the Annual Report for the said financial year,

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

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

whichever is earlier;

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

Ordinary Resolution 11

12. 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 single tier dividend of 44 sen per 50 sen stock unit in respect of the financial year ended 30 June 2011 will be paid on 12 December 2011 to Stockholders registered at the close of business on 15 November 2011.

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 2011 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 2011 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

Ng Sow Hoong (MAICSA 7027552)
Company Secretary

Petaling Jaya
12 October 2011

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 of **20 October 2011** and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the meeting or appoint a proxy to attend and/or vote on his/her behalf.
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, 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:

Ordinary Resolution 9

- Payment of Directors' Fees to the Non-Executive Directors for the Financial Year Ending 30 June 2012

Ordinary Resolution 9, if passed, will allow the Company to pay the Directors' fees to its Non-Executive Directors periodically during the financial year rather than a lump sum payment after the conclusion of its AGM.

Ordinary Resolution 11

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

Ordinary Resolution 11, 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 be eliminated. 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 12 October 2011.

Statement Accompanying the Notice of Annual General Meeting

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION OR RE-APPOINTMENT AT THE 47TH 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 Charles Henry Ireland
- Mr Martin Giles Manen

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

- Dato' Syed Salleh bin Syed Othman
- Mr Edmond Neo Kim Soon
- Mr Edward McShane

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

The profiles of the above Directors are presented in the "Board of Directors" section on pages 58 to 63.

2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Four (4) Board Meetings were held during the financial year ended 30 June 2011. Details of attendance of the Directors are set out in the Statement on Corporate Governance appearing on page 70 of the Annual Report.

3. PLACE, DATE AND TIME OF THE 47TH ANNUAL GENERAL MEETING

The 47th 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, 3 November 2011 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.

5. ANNUAL REPORT 2011

The Company's Annual Report 2011 is available on the Company's corporate website at www.gab.com.my and also on Bursa Malaysia's website at www.bursamalaysia.com under Company Announcements.

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 47th Annual General Meeting of the Company to be held at Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 3 November 2011 at 11.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

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

RESOLUTIONS	FOR	AGAINST
ORDINARY RESOLUTION 1		
ORDINARY RESOLUTION 2		
ORDINARY RESOLUTION 3		
ORDINARY RESOLUTION 4		
ORDINARY RESOLUTION 5		
ORDINARY RESOLUTION 6		
ORDINARY RESOLUTION 7		
ORDINARY RESOLUTION 8		
ORDINARY RESOLUTION 9		
ORDINARY RESOLUTION 10		
ORDINARY RESOLUTION 11		

Signed this _____ day of _____ 2011

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 **20 October 2011** and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the meeting or appoint a proxy to attend and/or vote on his/her behalf.
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, 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
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

Please fold here to seal

Group Directory

CORPORATE OFFICE

Guinness Anchor Berhad

Sungei Way Brewery
Lot 1135, Batu 9
Jalan Klang Lama
46000 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

Seremban

613 Jalan Haruan 4/8
Oakland Commercial Centre
70300 Seremban
Negeri Sembilan, Malaysia
Tel : 606-6334647/8/9
Fax : 606-6334650

Bentong

Lot 380 Batu 2½ Jalan Tras
28700 Bentong
Pahang, Malaysia
Tel : 609-2220116/368
609-2771649
Fax : 609-2220682
609-2779868

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
6082-244043/6
Fax : 6082-246787

1st Floor, Lot 2302 Bulatan Commercial Centre
Jalan Dato Permaisuri
P O Box 1125
98008 Miri, Sarawak, Malaysia
Tel : 6084-326533
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Sabah

Lot 79, Lorong Kilang D
Sedco Light Industrial Estate
Mile 5½ Tuaran Road
P O Box 14219
88848 Kota Kinabalu
Sabah, Malaysia
Tel : 6088-435541/542/526
6088-438862/340
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 : 6089-771202/774383
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