
Letter from Chairman

Dear Shareholders,

I have been with GAB for 25 years, first as a Board member then subsequently as the Company's Chairman. During this period, I am pleased to have had the chance to participate in the Company's impressive growth and to witness first-hand the immense commitment put in by all employees to shape GAB into the market leader that it is today.

When we delivered our 10th successive year of growth in volume, market share and profit in Financial Year 2011 (FY11), it was a huge milestone by all accounts. I am glad to say that success has only spurred us on. The

team led by the Managing Director, Charles Ireland, has made history once again by delivering GAB's 11th consecutive year of growth. GAB achieved another record-breaking performance in Financial Year 2012 (FY12).

Over the past financial year, GAB's revenue and profit after tax increased by 9.1 per cent and 14.3 per cent respectively. The Company's strong financial performance has also enabled us to do well by you, our Shareholders. In FY12, we were able to issue record dividends amounting to over RM370 million, our highest yet. Our share price also reached an all time high, highlighting the market's confidence in GAB.



Making iconic strides

Apart from financial performance, GAB has also made tremendous progress on other fronts. Our portfolio has grown and today, Tiger, Guinness, Heineken and Anchor make up four of the top five biggest beer brands in Malaysia. Our marketing activities have also made their mark. Events like Tiger Asian Music Festival, Guinness Arthur's Day, and Heineken Thirst have such a strong following that they have become icons in their own right.

Needless to say underlining all these achievements is a team that has stood the test of time; one that believes in the Company's vision to become an Icon in Business. Respected the world over for delivering exceptional growth in people, brands and performance.

To ensure that we attract and retain the best of talent, GAB is always looking to adopt HR practices that are in the industry's forefront. When the Company introduced the HR 7 Pillars in 2007, we were able to introduce policies that went beyond just training and development. We strived to create a working environment that is conducive and to implement an attractive benefit scheme so that employees' total needs are met.

Our efforts have certainly paid off as we have received numerous HR awards over the past five years. GAB is certainly well on its way to becoming the employer of choice in Malaysia.

Credibility through governance

One of GAB's key contributing success factors is the Company's commitment to invest in its performance. Through the years, the Company has been very proactive in enhancing GAB's transparency, integrity and ethical behaviour. We are always keeping a close watch on the business to ensure all our stakeholders' interests are being looked after.

To ensure that continuous improvements are made to our corporate governance, we continue to facilitate training sessions for our Board of Directors. During the course of the financial year, we also received a Distinction Award from the Minority Shareholder Watchdog Group for scoring A+ in the overall Malaysian Corporate Governance Scores. This is another example that GAB is moving in the right direction.

Focusing on Corporate Responsibility

In the time that I have been with the Company, I must say I am most proud of the progress we have made in the area of Corporate Responsibility (CR). Today, CR is central in every aspect of our business from supply chain to marketing and to our community outreach initiatives.

Over the past 5 years, we have invested over RM120 million in our brewery to modernise our operations, increase efficiency and reduce environmental impact. Besides infrastructure upgrades, we also instituted processes such as the Total Productive Management (TPM) system so that we can meet the stringent benchmarks that we have set for ourselves.

The team led by the Managing Director, Charles Ireland, has made history once again by delivering GAB's 11th consecutive year of growth.

I believe that the Company's strategy of investing in people, brands and performance will prevail and FY13 will be another good year for GAB.

Being responsible also means actively engaging with our various stakeholders. In the past financial year, we have been working very closely with the Government sector on the issue of contraband beers, providing support to authorities like the Royal Malaysian Customs, the Royal Malaysian Police, Marine Operations Force and the Malaysian Maritime Enforcement Agency as they step up their enforcement efforts in this country.

We are also engaging the Government sector through the GAB Foundation. After having successfully rehabilitated the Sungei Way River through the W.A.T.E.R Project, we hosted a workshop to share our learnings and best practices from the Project with officials from the Department of Irrigation and Drainage Malaysia in FY12.

We also try to ensure all employees are aware of the importance of environmental conservation. In celebration of World Water Day in March, GAB Foundation organised a fun-filled mini carnival for employees and their families to educate them on water and river conservation in a fun and engaging way.

More CR highlights can be found in a separate leaflet, which accompanies this annual report.

Making plans for the future

We expect the domestic market to remain fairly robust in Financial Year 2013 (FY13), barring any strong negative impact from uncertainty in the global market. Europe remains quite fragile but with signs of stabilisation in other markets such as the United States, we look forward to the future with some confidence. Whilst Malaysia's economy is tied to the global economy, our country's fundamentals remain strong. I am confident that the Government will continue to ensure that Malaysia's economy maintains growth despite the uncertain outlook. With initiatives such as the Economic Transformation Programme (ETP) and Government Transformation Programme (GTP) in place, the Government has implemented various measures to ensure the domestic market remains resilient and competitive.

As for GAB, we are operating in an increasingly challenging environment. Our journey to greater success will definitely be peppered with challenges. Malaysia's excise duty for beer remains the highest in Asia and second highest in the world after Norway.

The industry is also confronted with an alcohol tax structure that is complex and inequitable. Beer is currently taxed at higher rates than some products with much greater alcohol content. These high taxes have led to high beer prices, making contraband beers an attractive option for consumers.

As mentioned earlier, GAB is working closely with the relevant Government departments to request for the maintenance, if not lowering of excise duty and the review of the alcohol tax structure. We are also providing support to the Government in their efforts against contraband beers, especially in East Malaysia.

Despite the challenges, I believe that the Company's strategy of investing in people, brands and performance will prevail and FY13 will be another good year for GAB.

A bitter sweet farewell

I will retire from the Board and as Chairman of GAB in November 2012.

It is always hard to say goodbye when you have been with a company for over two decades. But I have had such an extraordinary experience with GAB and there is no better way to leave than when things are on a high.

I would like to record a grateful thanks to you our shareholders. I truly appreciate your staunch support over the years and I hope you will continue to place your trust in GAB.

My sincere appreciation and thanks to our esteemed Board of Directors for their advice, experience and support. I would also like to extend a warm welcome to Dato' Saw Choo Boon, our newest Board Member, who was appointed as Independent Non-executive Director on 21 May 2012. Dato' Saw brings with him a wealth of experience, having served in various capacities within Shell Malaysia for 40 years, including as Chairman from 2006 to 2009. He also sits on the Board of various other public listed companies. I am sure that GAB will benefit from his vast experience and wise counsel.

On the GAB Foundation front, the Board of Trustees has also been a pleasure to work with. Without their advice and counsel, GAB Foundation would not be able to make such positive change to the environment, education and community.

A very special mention has to go to Charles Ireland, GAB's Managing Director and his Management Team in bringing the Company to such great heights.

All the success would certainly not have been possible without our dedicated GAB employees. They have really shown me the success that passion, drive and commitment can reap. I could not have asked to work with a better team.

Last but not least, I would also like to take this opportunity to extend my sincere thanks to all our distributors, suppliers and retailers for their roles in our continued success. I am proud of the partnerships we have made and do sincerely hope they will continue to work closely with GAB for many more years to come.

It has been quite a journey for me, one that is filled with milestones, memories and immense pride.

Together, We Brew Success.

Tan Sri Saw Huat Lye

Chairman

28 August 2012

Managing Director's Review

This is my fifth review as Managing Director of Guinness Anchor Berhad (GAB), and it is with immense personal and professional pride that I am able to discuss our 11th consecutive year of revenue, volume, market share and profit growth for the financial year ended 30 June 2012 (FY12).

In FY12, our revenue grew by 9.1 per cent, profitability by 14 per cent and volume expanded by over nine per cent. We achieved this growth even with the market softening in the second half of the financial year and despite our implementation of a revised strategy to focus on the domestic market. I believe our track record of delivering such consistent performance underlines GAB's resilience and the health of our business.

Our share price grew 32 per cent to RM13.36, increasing our market capitalisation by approximately 1 billion Ringgit. We were able to give our highest dividend payout to date - over RM370 million in total for FY12.

At the core of our success is a tried and tested strategy, one that is focused on investing in our people, our portfolio of brands and systems performance. I believe this approach has put us in a strong position to weather economic challenges; it has also enabled us to make significant strides towards our vision of being 'An Icon in Business'. We believe this strategy will keep us on the growth path in FY13 and beyond.



Focusing on what we do well

In FY12, our core Malt Liquor Market (MLM) business grew by nine per cent from a year ago. We were able to achieve significant gains in market share in the first half of the year, and when the economy softened we managed to defend these gains with our various brand campaigns.

During FY11, we made the decision to focus on the domestic market and as a result our Malaysian Duty Not Paid (MDNP) business was cut by over 50 per cent. However, this reduction had only a limited impact on our bottom line. By revising our strategy to focus on the domestic market, we have been able to increase our efforts on our duty paid products which have historically enjoyed healthier margins.

Employees who want careers, not jobs

GAB's success is driven by our employees. As such, we believe that it is important for all employees to always have an understanding of the thinking behind GAB's strategy and goals to feel empowered. The Company puts great emphasis on communication to develop a culture of trust and transparency. Apart from quarterly townhalls, monthly MD and department updates, we also have an "open door policy", where employees are encouraged to raise concerns and queries to their line manager or to any member of the Management Team.

Another key consideration for us is to create a working environment that looks after total employee welfare while maximising employees' productivity as a team. Since the introduction of our HR 7 Pillars five years ago, significant efforts have been made to enhance our HR policies and initiatives so that our employees will feel inspired and fulfilled with their careers.

During the past six years, our total benefits expenditure per employee increased by more than 55 per cent. GAB's financial success has also allowed us to increase our budgets on training and development. Our FY12 budget for training and development is about 50 per cent more than what it was in FY07. Over the past financial year, much resource was also allocated to mapping out careers of our employees in the form of Career Days. Through this initiative, our employees get a chance to review where they are at and where they hope to be in GAB.

As GAB grows, the depth and breadth of our business operations is growing in tandem. Over 130 new employees were recruited in FY12, while 70 existing employees were promoted to meet the Company's evolving needs.

We will continue to improve our HR policies and initiatives to further enhance our appeal as Malaysia's employer of choice and to ensure that we will always attract the best from the talent pool.

In FY12, our revenue grew by 9.1 per cent, profitability by 14 per cent and volume expanded by over nine per cent.

We witnessed growth across our top five brands, with particularly strong performance from our three biggest brands – Tiger, Guinness and Heineken.

Worthy of an Iconic Portfolio

Last financial year also proved to be exceptional on the brand front. We witnessed growth across our top five brands, with particularly strong performance from our three biggest brands – Tiger, Guinness and Heineken. Leading the charge was Guinness, with double-digit volume growth, while Tiger and Heineken enjoyed single-digit volume growth last financial year.

During the year, we also won big on the consumer endorsement front. GAB walked away with four awards at this year's annual Putra Brand Awards – Tiger and Heineken both won Gold, while Anchor received a Silver and Guinness a Bronze. These awards continue our winning streak, we have received a total of 10 Putra Brand Awards since the Award's inception.

The appeal of our iconic portfolio extends beyond our consumers to our trade partners too. I am delighted to say that in the course of one year, we were able to sign over 1,500 new outlets to be our primary trade partners. This huge number is a clear sign that we are a preferential supplier to retailers in Malaysia.

If we take an industry snapshot, based on our internal analysis, nine out of every 10 new outlets in Malaysia choose to be our trade partner today.

GAB is able to make such a huge impact on our consumers and trade partners because of the consistent investment that we have made in our iconic brands. Our brand events such as Guinness Arthur's Day, Guinness St. Patrick's Day, Tiger Asian Music Festival, Tiger Street Football, Heineken Green Room and Heineken Thirst are regionally and globally recognised. This year's Guinness St. Patrick's Day celebration in Changkat Bukit Bintang attracted 15,000 and was the largest St. Patrick's Day celebration in Asia. Last year's Guinness Arthur's Day celebration was attended by 20,000 party revellers making it the largest 'Live' Arthur's Day celebration in the world. The Tiger Asian Music Festival in May 2012 saw 40,000 rocking to the tunes of their favourite Asian Bands. For Heineken Thirst, last November at Sepang, close to 25,000 enjoyed a show by world-renowned DJ Tiesto. In short, GAB's dynamic marketing team have committed themselves to build the equities of our brands by creating consumer events that are of epic proportions.

Whilst it is important to maintain their iconic status, we believe the same dedication has to go into the brew quality of our brands. The supply chain team takes great pains to ensure that our quality is consistently good from brewery to bar top. No other brewery in the world can claim winning the Guinness League of Excellence award five times in a row. This accolade is testament that our Guinness is indeed the best in the world outside of Ireland.

GAB's dedication to quality also goes beyond the brew with much investment being made to ensure the quality is maintained at all our outlets. Since the launch of the GAB Academy (now known as GAB Professional Solutions), the Company has invested RM4.5 million on training employees of partner outlets. To date, over 900 outlets have participated in the programme.

Updating and upgrading to deliver

To deliver results, sound investments must also be made to enhance our systems and processes. In FY12, we embarked on a major IT infrastructure upgrade called Project Quantum. The 18 months project, which will be completed in FY13, was a necessary update for our IT systems and architecture. With Project Quantum, we will be simplifying and streamlining our processes from four legacy systems to two new ones. We are putting a commercial management system in place called C.A.S. to replace three legacy commercial management systems. This is necessary as the old systems were reaching the end of their shelf life and systems stability was being impacted.

As for our existing SAP, we have had it for nine years and as part of Project Quantum, we will be doing a complete re-installation with the latest versions. With this new installation, we will be able to obtain more in-depth commercial data, making us able to better fine-tune our commercial spend, thereby becoming more effective and efficient.

Project Quantum will go 'live' in October 2012, and be fully operational by January 2013. From a financial perspective, the cost of Project Quantum will only be felt from fiscal 2013 onwards, and amortised over four to seven years.

Taking proactive steps to shape our future

In FY12, we launched a 5 Star Service initiative focused on strengthening our relationships with internal as well as external stakeholders. 5 Star Service is an extension of our existing values that shape GAB's distinct culture. In FY13, we will continue to build a 5 Star Service mind-set in all of our actions and activities. By delivering above what is expected we believe GAB can secure a future of growth and success.

Our brands will continue to have great momentum in the new financial year, and we will keep investing in them to ensure they grow. In terms of our systems and processes, we will also continue to look for areas of improvement so that our people will be able to continue to perform to the best of their ability.

Our continued success also depends on our ability to hire well, and to retain and continuously improve the skills and abilities of those who are already part of the GAB family. Hence, the HR department will continue to benchmark our policies and initiatives so that we can become Malaysia's employer of choice.

Whilst we remain cautious of the global uncertainties, I do believe that if we do continue to invest in our people, brands and performance, GAB will be able to achieve another decade of growth.

Working with only the best

During my time in GAB, one of the things I truly appreciate is the phenomenal team that I have been privileged to work with. One person stands out because of the role he played guiding me as GAB's Managing Director. The person I am talking about is of course our Chairman, my boss, Tan Sri Saw Huat Lye. Tan Sri Saw has dedicated 25 years to GAB and in that time he has seen the Company through to the success that it is today. Tan Sri Saw will be retiring at our Annual General Meeting this year. He will be deeply missed for his wisdom, knowledge and love for the company. Please join me in wishing Chairman a wonderful retirement.

Charles Ireland
Managing Director

August 2012

From Brewery to Consumers' Glasses:

Ensuring that we deliver quality and operate sustainably every step of the way

BREWING & PRODUCTION

Investing in Excellence

Over **RM120 million** invested in Capital Expenditure in the last 3 years for brewery upgrading



Outstanding Quality

- ★ **5-time** consecutive winner of the Guinness League of Excellence Award
- ★ **2-time** consecutive winner of the Tiger Quality Award



Continuous Improvement

Total Productive Management (TPM) system to sustain and increase brewery efficiency




Today, we brew the world's best Guinness outside of Ireland

CORPORATE RESPONSIBILITY


Enriching Communities

RM5 million contributed to the GAB Foundation in the past 5 years



Brand Efforts

RM216.5 million raised by Tiger-Sin Chew Chinese Education Charity Concert as at June 2012 and **RM6 million** donated by Guinness Torch Fund as at June 2012



Drink Sensibly

Over the past 2 years, **RM900,000** has been spent on our Drink Sensibly Campaign to educate consumers on responsible drinking behaviour. This programme was extended to East Malaysia in FY12



Making corporate responsibility a priority

CONSUMERS

World-Class Events

Iconic and beloved brand events, from Guinness St. Patrick's Day, Guinness Arthur's Day to Tiger Asian Music Festival and Heineken Thirst



Innovative Consumer Brand Experiences

RM80 million spent over the past 5 years



Undisputed Winners

10 Putra Brand Awards won in 3 years

Exciting Campaigns

In FY12 we gave consumers the chance to win a 1kg Golden Dragon in the "9 Grand Treasures for the Year of the Dragon" Campaign, and 6 European Cars in the "Win Exciting European Action Here" Campaign



Widening Reach

Increased our consumer engagement in East Malaysia through campaigns such as Chinese New Year, Oktoberfest and Harvest Festival celebration



Iconic brands, iconic events

PACKAGING

Iconic Redesign

The new Heineken bottle was successfully rolled out in July 2012



Green & Greener



It's also South East Asia's first returnable Heineken bottle

Less is More

Reduced the wall thickness of our aluminum cans since FY11, saving **31.98** metric tonnes of aluminum in the process

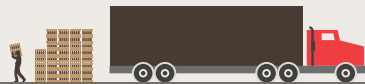


Packaging that makes an impact, and more importantly, a difference

DISTRIBUTION

Reduction of total pipeline inventory

In FY12, we reduced total pipeline inventory (manufacturing & distribution) by **11%** resulting in an improvement in the freshness of our beers and also a reduction in working capital



Reuse, reduce, recycle



Instead of buying new crates, we modified our existing crates for the new Heineken bottles saving the Company **RM4 million**. The bottles featuring the old Heineken design were all **recycled**

Efficiency rules

OUTLETS

Investing in Partners

RM4.5 million invested by the GAB Professional Solutions in the past 3 years to equip employees of partner outlets with quality service skills

HEROs in Training

Over **900** outlets in Malaysia have been part of the GAB Professional Solutions HERO training programme

Smart Spending

RM282.5 million spent over the past 3 years on quality trade promotions



Quality beyond the brews

Management Review

BRAND HIGHLIGHTS

GAB's iconic portfolio of brands continue to gain interest, recognition and admiration, with our core brands Tiger, Guinness and Heineken each attracting and connecting with their legion of loyal fans.

Iconic Brands, Iconic Events

GAB's iconic portfolio of brands continues to gain interest, recognition and admiration. Our core brands Tiger, Guinness and Heineken each attract and connect with their own legion of loyal fans. These three brands, along with Anchor Beer, were winners at the Putra Brand Awards in 2012, bringing our total to ten awards over the past three years. Our other brands have also established themselves as key players in their respective segments, solidifying their positions through their distinct identities and unique offerings.

GAB continues to create and deliver iconic brand events that capture the imagination and the hearts of audiences around the country. From the record-breaking Guinness St. Patrick's Day celebration, the largest in Asia, to the pulse-pounding Tiger Asian Music Festival, the biggest Asian music festival in Malaysia, our events are memorable, beloved and constantly talked-about both within and beyond the industry.

Innovative Consumer Brand Experiences

One of the key contributors to the growing recognition of our iconic portfolio is the creation of innovative brand experiences that have helped expand on the unique stories and personalities of each brand. In the past five years, we have spent over RM80 million in bringing our audiences events, activities and contests that have heightened engagement, built rapport and encouraged loyalty.

Exciting Campaigns

In order to drive consumer engagement, increase recognition and enhance positive word-of-mouth, we embarked on various exciting consumer campaigns in FY12. These included giving customers a chance to win a 1kg Golden Dragon in the "9 Grand Treasures for the Year of the Dragon" Campaign, and the opportunity to drive away with 6 European Cars in the "Win Exciting European Action Here" Campaign.



Additionally, we made significant in-roads into the East Malaysian market with innovative campaigns for Chinese New Year and Oktoberfest as well as culturally-relevant activities such as the Harvest Festival celebration.

Going Beyond to Strengthen Partnerships

The delivery of outstanding service is an essential ingredient towards our continued success. We have, in the past three years, invested RM4.5 million through GAB Professional Solutions, formerly known as the GAB Academy, to build a culture of service excellence amongst our partner outlets.

GAB Professional Solutions conducts trainings and programmes to equip employees of these outlets with top-notch service skills in order to continue delivering a high standard of customer satisfaction.

So far, over 900 outlets in Malaysia have been part of the GAB Professional Solutions Training Programme, and over 5,000 people have been trained.

Additionally, we have invested close to RM300 million over the past three years in quality trade promotions to bring value to and strengthen our relationships with our partners and, to engage with our consumers.

Reaching Out, Giving Back

At GAB, making a difference in the communities we operate is a big part of our business. Through the GAB Foundation, we seek to create resonant change through charitable efforts focusing on Environmental Conservation, Education and Community.

In the past five years, we have contributed RM5 million to the GAB Foundation, which has been channeled into numerous

successful endeavours including river rehabilitation, English enrichment programmes and the Big Day Out, GAB's very own community-centric initiative.

Our iconic brands have also been making significant contributions toward the betterment of society for the past 20 years; the Tiger-Sin Chew Chinese Education Charity Concert (CECC) series has raised RM216.5 million, while the Guinness Torch Fund has garnered contributions exceeding RM6 million.

Over the past two years, through our Drink Sensibly campaign, we have reached out to more than 20,000 consumers on responsible drinking. On top of that, we have trained over 5,000 front line staff of outlets on sensible serving. In FY12, we extended our Drink Sensibly programme to East Malaysia.



Tiger Beer



- Won the **Gold People's Choice Award** at the Putra Brand Awards **again** in 2012
- More than **40,000** people attended the 2012 Tiger Asian Music Festival, the biggest ever in Malaysia
- Tiger FC has **130,000** members
- **165** teams from **10** countries participated in the Tiger Street Football Tournament

Tiger Street Football – A Fierce Debut

The first ever Tiger Street Football event held in September 2011 was a massive success, attracting teams from Malaysia, China, Singapore, Vietnam and Thailand, as well as two invited teams from Brazil and the Netherlands. Held at the One Utama open-air car park, the Grand Finals of this world-class street football event was attended by over 20,000 people, with ADC Florianopolis of Brazil taking home the grand prize of US\$30,000 in an exhilarating display of street-smart soccer. The event attracted a PR value of over RM6 million and engaged additional fans via viewing parties and online activities. With such a successful debut, Tiger Street Football is set to become another worthy addition to our annual calendar of iconic events.

Tiger Living It Up Party – Earning New Stripes

Created to celebrate the end of 2011 and introduce Tiger Beer’s all-new “Here’s to Tiger Time” campaign, this first-of-its-kind party was a collaborative effort with a group of outstanding local celebrities including Namewee, Douglas Lim, Manhand and the Chong Sisters. These personalities recorded their entire planning process, posting their discussion on social networking sites to create hype and word-of-mouth. This led to a massive demand for invites to the exclusive party held at the Vertigo Club, The Gardens, Mid Valley City. The party itself was a dream come true for fans, as they got to experience hanging out with their favourite celebrities, enjoy explosive performances and really live it up, Tiger-style.



The first-ever Tiger Street Football event was a massive success, attracting teams from Malaysia, China, Singapore, Vietnam and Thailand, as well as two invited teams from Brazil and the Netherlands.

BRAND HIGHLIGHTS



Tiger Asian Music Festival - A Musical Roar

The Sunway Lagoon Theme Park was transformed into a pulsating musical playground as some of the biggest performers in Asia once more converged for the Tiger Asian Music Festival. Malaysia's very own Manhand rocked the sold-out crowd alongside Beyond's Ka Keung and Paul Wong, Taiwan's A-Lin, Chan Chen-Yue, Jam Hsiao and MC Hotdog, and Hong Kong's LMF for a night of spectacular performances. This is the second edition of this popular music extravaganza, and the overwhelming response is a positive sign of Tiger Beer's growing popularity with the contemporary crowd.

Tiger FC –Reinforcing Affinity with Football Fans

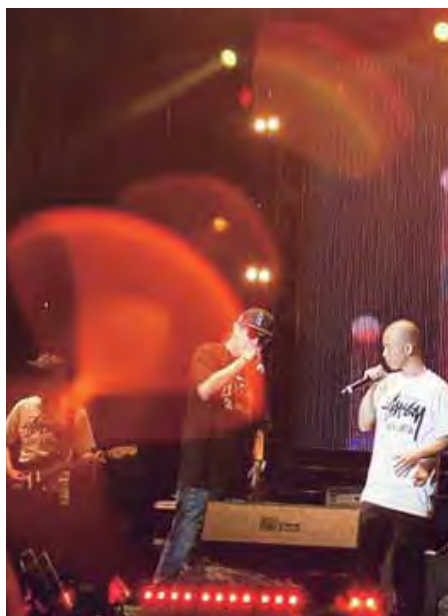
Tiger FC consolidated its position as the biggest football community in Malaysia with the introduction of its FANS OF REAL FANS

proposition which rides on football fans passion for their football clubs and Tiger Beer.

In FY12, more than 500 Tiger FC football viewing parties were held at Tiger Beer outlets nationwide. Tiger FC also reintroduced Tiger FC BIG Away Games, the largest of which was held at Publika. This party emulated an actual football stadium atmosphere and created a unique viewing experience through its giant elevated cube screen and top notch sound system.

Tiger FC further delighted football fans with the appearance of football legends such as Didi Haaman, Viv Anderson, Phil Neil and John Barnes at its football viewing parties. On top of this, football fans at Tiger FC viewing parties also had a chance to walk away with attractive prizes. Those who participated in Tiger FC's Predict and Win contest were rewarded with Tiger FC merchandize, Tiger FC Prepaid Cards pre-loaded with RM1,000 and 40 inch

Some of the biggest performers in Asia converged for the Tiger Asian Music Festival.



LCD TVs for their support and passion for their clubs and of course Tiger Beer.

Tiger Crystal - A Refreshingly Different Experience

Tiger Beer showed just how seriously it takes consumer experiences when it flew its Tiger Crystal “Refreshingly Different” Facebook photo contest winner to the world-renowned ICEHOTEL in the small village of Jukkasjärvi in Sweden, the world’s first-ever ice hotel. The winner went dog-sledding in the wilderness of Jukkasjärvi, camped for a night on the snowy shores of Torne River and slept in a thermal sleeping bag on a bed of icy weave surrounded by snow walls adorned by ice-blue butterflies in the Art Suite.

Packaged in a crystal-clear bottle and filled with a refreshingly crisp yet full-bodied beer, Tiger Crystal is a limited edition celebration brew which is only available during the festive season.





Guinness

- Won the prestigious “**Guinness League of Excellence**” Award for the best Guinness brewed outside of Ireland **5** years in a row (2006 – 2010)
- Over **20,000** partygoers at Guinness Arthur’s Day 2011, making it the largest in the world, in a single event
- We made Malaysia’s Guinness St. Patrick’s Day 2012 celebration the largest in Asia, with over **15,000** consumers joining the festivities in Changkat Bukit Bintang
- 17th March, St. Patrick’s Day was declared ‘**Officially the Friendliest Day of the Year!**’ in the Guinness Book of World Records

Arthur's Day – The Biggest Ever

With over 20,000 attendees, the Malaysian 2011 Arthur's Day party was the single largest live celebration of the event in the world, bar none. This six-hour music festival was headlined by international sensation Taio Cruz, who belted out many of his chart-topping hits. He was ably supported by a host of local and international artistes. The Malaysian celebration was the last leg of the 24-hour global Arthur's Day celebration and was capped by a spectacular fireworks display.

Merry Guinness – A Masterful Christmas

MasterChef Adam Liaw, the season 2 winner of the popular reality programme MasterChef Australia, launched the 2011 Merry Guinness Christmas campaign with an impressive culinary display. The celebrity chef unveiled 8 bold new Yuletide Guinness infused recipes that were featured in participating Merry Guinness outlets throughout the month of December.



With over 20,000 attendees, the Malaysian 2011 Arthur's Day party was the single largest live celebration of the event in the world, bar none.

BRAND HIGHLIGHTS



St. Patrick's Day – “The Friendliest Day of the Year”

Thousands of happy partygoers enjoyed a night of excitement and revelry at Changkat Bukit Bintang on 16th and 17th March 2012. The St. Patrick's Day celebration transformed the entire Changkat strip into one big Guinness arena. More than fulfilling the global Guinness pledge to make St. Patrick's Day celebration “The Friendliest Day of the Year”, GAB hosted the largest event of its kind in Asia. Partygoers also had the opportunity to visit the Frangipani Restaurant & Bar, which was reinvented as Arthur's Lounge for the celebration.



More than fulfilling the global Guinness pledge to make St. Patrick's Day celebration “The Friendliest Day of the Year”, GAB hosted the largest event of its kind in Asia.





Heineken

- Won the **Gold People's Choice Award** at the Putra Brand Awards 2012
- More than **25,000** people attended Thirst, headlined by world renowned DJ Tiesto
- Heineken Green Room - Voted '**Best Indie Gig for 2011**' by The Star



Heineken Green Room – Green Is In

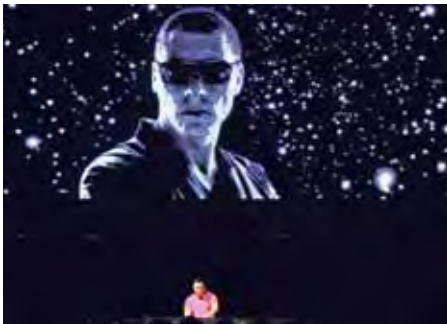
The Heineken Green Room event turned up the energy and style with its headliners, US indie darlings Gossip and Australian dance rockers Art vs. Science at KL Live on 5th October. Local acts Mini Compo, Twilight Actiongirl and opens HypeemBeats and Jeehoes completed the exceptional line-up, with guests treated to some of the smoothest grooves and thrilling beats in town.

Heineken Thirst – Quenching Musical Appetites

Bringing together approximately 25,000 guests, a crowd over four times bigger than the previous year, this year's Heineken Thirst event was a complete soul-quenching experience featuring world-renowned performer DJ Tiesto, who was a magnetic presence as the show's headliner. Also performing on the night were DJ Tommy Cham and DJ Nick Haydez, the winner and runner-up of Found@Thirst 2011 respectively, Phil K. Lee, the winner of the 2010 edition, and the ever-reliable DJ Blink, who kept the guests enthralled until the main event. Heineken Thirst continues to be the event for the more sophisticated party crowd.

UEFA Champions League – Bringing Legendary Football to Life

In conjunction with the UEFA Champions League (UCL), the best and most prestigious football club competition in the world, it was only fitting that Heineken organised a truly groundbreaking event for its fans. With the Heineken Legendary Night, lucky football fans were invited to attend the UCL Finals at the GSC Signature Cineplex at The Gardens, where they were treated to a first-time ever live telecast of



Bringing together approximately 25,000 guests, this year's Heineken Thirst event was a complete soul-quenching experience featuring world-renowned performer DJ Tiesto.

BRAND HIGHLIGHTS

the match in High Definition. The Cineplex was infused with a stadium-like atmosphere with DJ Blastique, DJ Darling Sabrina and electric violinist Genervie Kam providing pulse-pounding entertainment as guests indulged in interactive games to win prizes. More than 65,000 Facebook fans participated in the Legendary Night app game on Heineken's Facebook page leading up to the event, of which just 400 were chosen to attend.

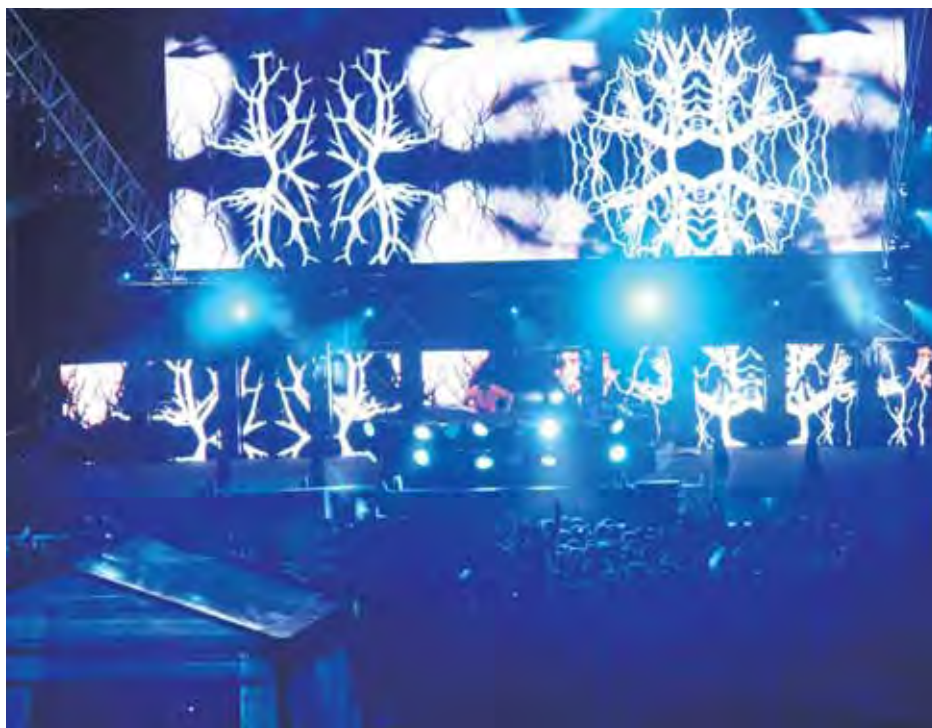
Additionally, three Malaysians who participated in a promotional drive held at Heineken outlets nationwide were also

rewarded with the ultimate football fan's dream; an all-expense paid trip to Munich, Germany to watch Chelsea FC win the 2012 UCL Final.

The Art of Pouring – A Heineken Treat

Beer aficionados and bartenders in Penang and Kuala Lumpur were given a rare treat by Franck Evers, Heineken's Beer Craftsman from the Netherlands, who for three special evenings in July 2011 demonstrated the art behind pouring a perfect Heineken pint. In a special collaboration with GAB Professional Solutions (formerly known as GAB

Academy), Heineken presented 'The Art of Pouring' workshop at the Eastern & Oriental Hotel and at the Hilton in Kuala Lumpur, where Evers shared the four essential steps that go into pouring a perfect pint of beer (Rinse, Pour, Skim and Enjoy). Evers also discussed service standards and the role it plays in providing consumers with the perfect drinking experience.





Anchor

- **Gold Quality Award winner** at the Monde Selection for 3 consecutive years in 2010, 2011 and 2012
- Named by Malaysian consumers as a top beer choice, winning **Silver** at the **Putra Brand Awards 2012**

Kilkenny

- Over 100% growth in volume achieved since 2009
- Kilkenny's all year long advertising campaign in key lifestyle magazines drove brand awareness and consideration
- As a testament of Kilkenny's growing pool of discerning drinkers, 70,000 Malaysians "liked" Kilkenny on Facebook within 9 months of its launch



Strongbow

- Strongbow is a proud sponsor of Penang Jazz 2011, Borneo Jazz 2012 and the Baby Tonga racing yacht, prize winner in the Raja Muda Selangor International Regatta 2008 – 2011
- Strongbow is now available in more than 350 outlets nationwide



BRAND HIGHLIGHTS

Paulaner

- For GAB's Oktoberfest celebrations, Paulaner offered Malaysians its Oktoberfest variant "Paulaner Oktoberfest Bier", which is the exact same beer served at the original Oktoberfest in Munich, Germany



Anglia

- Anglia sponsored the blockbuster movie 'The Great Magician' during Chinese New Year by bringing its consumers the best of entertainment
- In 2012, Anglia's festive digital campaign debut reached over 4 million consumers



Malta

- In 2012, Malta continues to enjoy progressive volume growth and continues to be the top choice malt drink for people with active lifestyles
- Malta's press campaign together with its "M-Factor" radio campaign aired in Hitz & Mix FM stations throughout the year generated brand awareness and communicated the goodness of Malta for active lifestyles

Leveraging on the Strength of Our Portfolio

Whilst GAB has iconic individual brands, they are made even stronger when combined as a portfolio. Our portfolio campaigns received overwhelming response from consumers with thousands of people participating in the many activities.



Chinese New Year - 9 Grand Treasures for the Year of the Dragon Campaign

Held over two months, with a grand prize of a 1kg golden dragon statue and eight pieces of 100g gold dragon coins up for grabs, the aptly named 9 Grand Treasures for the Year of the Dragon Campaign took this year's Chinese New Year celebrations to glittering new heights. The campaign also saw GAB partnering with the Sin Chew Group to organise fundraising activities at 9 Chinese New Villages across the country, where part of the proceeds were donated to the villages' development fund; in total, more than 12,000 guests attended the dinners, raising over RM1.3 million for the 9 participating villages.

Euro 2012 – Win Exciting European Action Here Promotion

The excitement of the Euro 2012 competition was further heightened with our "Win Exciting European Action Here" promotion. Consumers were given the opportunity to drive home some of the top European automobiles, namely a BMW X1 and BMW 320i, Volvo S40, Peugeot 508, Volkswagen Golf TSI, Volkswagen Passat TSI, just by enjoying any of GAB's award-winning brews either at their favourite venues or by purchasing six-packs at participating retail outlets.

SUPPLY CHAIN HIGHLIGHTS

The TPM Programme is a key contributing factor to our ongoing success. It improves process efficiency, drives staff performance levels and enhances internal and external systems.



For the past eight years, GAB has worked tirelessly to implement a Total Productive Management (TPM) Programme that encompasses every operational aspect of the business, with all our employees at every single level.

This has resulted in GAB cultivating an ecologically sound Zero-Loss mindset. This approach ensures that all components within the supply chain consistently function at optimum levels at all times.

The TPM Programme is a key contributing factor to our ongoing success. It improves process efficiency, drives staff performance levels and enhances internal and external systems. As such, it results in the delivery of exceptional results in all components of the supply chain at all times.

BREWING & PRODUCTION

Brewing the World's Best Beers

In the past three years, we have invested over RM120 million in upgrading and improving our brewery. Key enhancements include the upgrading and adaptation of our new racking line, the installation of the new Empty Bottle Inspector (EBI), as well as the installation and implementation of the new Heineken bottling (K2) line.

This commitment to excellence has enabled us to consistently deliver brews of outstanding quality, receiving recognition from our global network of breweries.



Today, we brew the world's best Guinness outside of Ireland, having won the Guinness League of Excellence (GLOE) Award for 5 consecutive years, from 2006 – 2010. GAB is the only brewery to have achieved such a feat.

We also garnered the Tiger Quality Award for two consecutive years, in 2008 and 2009.

Our Heineken brand recorded the highest improvement in quality score within the brand's global network of breweries in 2011, and as at August 2012, we are ranked number one in the Heineken Beer Quality Award 2012 scheme. In the year under review, GAB also garnered the highest score in beer taste stability, which measures the stability of our Heineken beer flavour, that it does not age with time.

Additionally, GAB is the first brewery in Malaysia to receive the Hazard Analysis Critical Control Point (HACCP) certification from the Ministry of Health. GAB has also achieved the ISO 9001: 2008 certification. Both certifications were successfully renewed for the year under review.

PACKAGING

Packaging Goes Green... and Greener

The quality of our brews is further enhanced by our dedication to creating innovative and attractive packaging that befits our iconic brands.

In FY12, we successfully rolled out the new Heineken bottle, reinvigorating the classic bottle in subtle but significant ways. We

added a thumb groove for a firmer grip, gave it a longer neck to add distinction, and designed a cap that reflects its premium quality, all to match the growing sophistication of its consumers.

The new bottle also adds weight to Heineken's signature green imagery. With its introduction, GAB is among the first breweries in the Asia-Pacific region that have migrated to the new generation of K2 bottles.

Our ecologically-sound sensibilities with regards to packaging are also evident in our efforts to reduce the wall thickness of our aluminum cans. In FY11 these initiatives helped us save 31.98 metric tones of aluminum, proving that less can really be more.

SUPPLY CHAIN HIGHLIGHTS

Another key focus in terms of enhancing efficiency is the reduction of environmental impact of our operations.



DISTRIBUTION

A Firm Focus on Efficiency

We reduced total pipeline inventory in both manufacturing and distribution by 11% throughout FY12 through improved demand forecasting. This has led to a marked improvement in the freshness of our beers, reduction in working capital and lower out-of-stock incidences.

Another key focus in terms of enhancing efficiency is the reduction of environmental impact of our operations. In this context, our efforts in reusing, reducing and recycling have shown promising results. By modifying our existing crates for the new Heineken bottles instead of purchasing brand new ones, we achieved a cost

savings of RM4 million. We also recycled bottles featuring old Heineken designs as part of our ongoing green initiatives.

Additionally, in terms of utilities and energy consumption, we have recorded marginal improvements in comparison with the previous year across all major areas mainly due to the implementation of our TPM practices, which focus on the continuous quest for loss eradication.

Continuous Excellence with TPM

Our TPM programme is central to our ambition of being the best in the world at what we do. Achieving this pinnacle will ensure our continued success,



thus we are constantly looking at ways to improve and consolidate our processes and business operations.

In order to consolidate our leadership we must continuously improve the competitiveness of our products and services in quality, price, costs and customer responsiveness.

Achieving this will increase our profitability and ensure constant and significant returns on investment in human, material, capital, and technology resources.

Our biggest assets are our people. In this regard, we have always focused on the training of Process Control Leaders as a key component of our TPM programme.

Our development programme educates and empowers our employees to achieve more with less, to smooth out the kinks and achieve a smooth workflow directed towards the desired outcome - supply to the customer, and ultimately, our consumers.

Every day, our people are more focused and concentrated on positive outcomes. We are increasingly able to draw a clear distinction between operations that add value and those that create waste.

Equally, we acknowledge that our quest for perfection is a never-ending goal. We constantly judge our progress by the pace of improvement in eliminating non value-adding steps while reducing defects,

throughput time, inventories, as well as management time devoted to fire-fighting, expediting and negotiating.

Today, we enjoy a strong TPM mindset in every aspect of our operations. Our working environment is healthy, positive and performance-oriented. It is a sustainable professional environment where all employees are given numerous opportunities to step up, perform, evolve as leaders and grow with the Company.

We are glad to say that today, our vision of being an Icon in Business and also the best brewery in our class in the world is fast becoming a reality.





Corporate Information

Directors

Tan Sri Saw Huat Lye (Chairman)
Charles Henry Ireland (Managing Director)
Martin Giles Manen
Dato' Syed Salleh bin Syed Othman
Dato' Saw Choo Boon
Dato' Sreesanthan Eliathamby
Siobhan Mary Hamilton
Dr. Leslie Buckley
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
Email : 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 short name : GAB
Stock number : 3255

Website

www.gab.com.my

The Company's Annual Report 2012 is available on the Company's website at www.gab.com.my and also on Bursa Malaysia's website at www.bursamalaysia.com

Board of Directors

Tan Sri Saw Huat Lye



Charles Henry Ireland



Martin Giles Manen



**Dato' Syed Salleh
bin Syed Othman**

Dato' Saw Choo Boon



Siobhan Mary Hamilton



Edmond Neo Kim Soon



Dato' Sreesanthan Eliathamby



Dr. Leslie Buckley



Edward McShane

Directors' Profile



Tan Sri Saw Huat Lye

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

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

Tan Sri Saw Huat Lye, Malaysian, aged 77, was appointed to the Board on 24 February 1987 and was elected Chairman of the Board on 8 September 1997.

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

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

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

Charles Henry Ireland

Executive Development Programme (Warwick Business School)

Managing Director and Member of the Executive Committee

Charles Henry Ireland, British, aged 47, 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 is the past President of the Malaysian International Chamber of Commerce and Industry (MICCI). He currently serves as a Governing Council Member of the Confederation of Malaysian Brewers Berhad and a Trustee of the GAB Foundation.



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 57, 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 (formerly known as MIMB Investment Bank Berhad) and Unisem (M) Berhad.



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 65, 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 KL, 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) and was later an advisor to MPMA until end April 2012.

Dato' Syed Salleh currently sits on the Board of Nippon Paint (Malaysia) Sdn Bhd.

DIRECTORS' PROFILE



Dato' Saw Choo Boon

Bachelor of Science (Hons) (Chemistry) (University of Malaya)

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

Dato' Saw Choo Boon, Malaysian, aged 66, was appointed to the Board on 21 May 2012. Dato' Saw joined Shell in 1970 as a Refinery Technologist in the Port Dickson refinery. He then served in various capacities in manufacturing, supply, trading and planning in Malaysia, Singapore and the Netherlands. In 1996, Dato' Saw was appointed Managing Director of Shell MDS (Malaysia) Sendirian Berhad. In 1998, he assumed the position of Managing Director for Downstream Shell Malaysia. In 1999, with the globalisation of Shell's business, Dato' Saw was appointed the Vice-President of the Commercial business in the Asia-Pacific region, and in 2004, he became the President of Shell Oil Products East. In 2005, he managed Shell's global marine products business. Dato' Saw was appointed the Chairman of Shell Malaysia from 1 March 2006 until 31 December 2009 and then as Senior Adviser till 30 June 2010 when he retired from Shell Malaysia after 40 years of continuous service.

Dato' Saw also sits on the Board of Shell Refining Co. (FOM) Bhd, RHB Capital Bhd, RHB Investment Bank Berhad and Digi. Com Berhad. In addition, he serves on the Government's Public-Private Sector Special Task Force on Facilitating Business (PEMUDAH), Federation of Malaysian Manufacturers (FMM) Council, and the Socio-Economic Research Centre (SERC) Board of the Associated Chinese Chambers of Commerce and Industry Malaysia.



Dato' 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

Dato' Sreesanthan Eliathamby, Malaysian, aged 51, was appointed to the Board on 1 March 2008.

Dato' Sreesanthan is an Advocate & Solicitor and a Partner with the legal firm of Messrs Kadir, Andri & Partners. Dato' 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 and Messrs Zul Rafique & Partners.

Dato' Sreesanthan was a member of the Investment Committee of the Amanah Saham Wawasan 2020 Fund managed by Permodalan Nasional Berhad until August 2012. He currently serves as a member of the Listing Committee of Bursa Malaysia Berhad and the Disciplinary Committee Panel of the Advocates and Solicitors' Disciplinary Board.

Dato' Sreesanthan also sits on the Boards of the following public listed companies:

- Sime Darby Berhad
- Scomi Group Berhad

Dato' Sreesanthan has been granted leave of absence by the GAB Board since 2 August 2012.



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 38, was appointed to the Board on 15 June 2010.

Siobhan began her career in her home market of Ireland in 1996 and spent much of the early part of her career working in various brand marketing roles. 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, and served as Regional Brand Director for Vodka & RTD for Asia Pacific. She has 14 years of marketing experience. Since 2010 Siobhan has been serving as Managing Director for Diageo Singapore, Malaysia and Philippines.



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 51,
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 recently retired as board
member of the National Environment Agency
Singapore, the Football Association Singapore
and Singapore Compact for Corporate Social
Responsibility. He is currently a board member
of six other brewing companies within the
Asia Pacific Breweries Limited Group.



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 47,
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 as well as the development
of commercial excellence programs.
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 40, 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 the Finance
Director for Diageo Korea from 2005 to 2009.

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

Management Team

FROM LEFT:

Charles Henry Ireland

Managing Director

Mahendran Kapuppial

Finance Director

Yap Swee Leng

Marketing Director

Thum Chee Yuen

Sales Director

Renuka Indrarajah

Corporate Relations & Legal Director

Cornelius Koh Beng Yan

Human Resources Director

Bernard Marie Eloy

Supply Chain Director

Anand Panchalingam

Chief Information Officer



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.

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 is the past President of the Malaysian International Chamber of Commerce and Industry (MICCI). He currently serves as a Governing Council Member of the Confederation of Malaysian Brewers Berhad and a Trustee of the GAB Foundation.

Mahendran Kapuppial

Associate Chartered Management Accountant
Chartered Accountant C.A.
Harvard Business School Alumni

Finance Director

Mahendran Kapuppial, 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 as 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 Nestle (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.

MANAGEMENT TEAM PROFILE

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.

Renuka Indrarajah

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

Corporate Relations & Legal Director

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

Renuka began her career as a solicitor in Queensland, Australia until 1993 when she returned to Malaysia. She continued her career in the Corporate Department of Skrine, a prominent firm of Advocates & Solicitors in Kuala Lumpur. In December 1998, she joined Sema Group and was responsible for setting-up and managing the regional legal department, which entailed having all legal matters pertaining to the Asian 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, Corporate 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.

Cornelius Koh Beng Yan

Bachelor of Social Science (Hons) (Universiti Sains Malaysia)
Post-Graduate Diploma in Training and Performance
Management (University of Leicester)

Human Resources Director

Cornelius Koh Beng Yan, Malaysian, joined GAB as Human Resources Director on the 3 January 2012.

Cornelius has over 20 years of experience in HR. Prior to joining GAB, he was the General Manager, Strategic Human Capital Development for the Tan Chong Group (Nissan) from 2008 to 2011. During that time, he was in charge of talent management, organizational effectiveness, performance management, strategic rewards and learning and development across three groups, Tan Chong Motor Holdings, Warisan TC Holdings, and APM. In 2011, he was also acting head of Human Capital Services for Warisan TC Holdings.

At Motorola, Cornelius was mainly in charge of employee learning and development. His last position there was as Senior Manager, Motorola University Asia Pacific with responsibility for Engineering learning in the Asia Pacific Region. He has also served in various roles at Motorola from 1990 to 2007, including Senior Country Learning Manager, Country Staffing Manager and Human Resources Manager. His first job was as a Contract – Research Assistant at the Young Buddhists Association Malaysia in 1989.

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 his capacity.

Anand Panchalingam

BEng. (Hons) Electronic and Comms Engineering
(University of Liverpool)
MBA (Nottingham Business School)

Chief Information Officer

Anand Panchalingam, Malaysian, joined GAB on 1 October 2011.

Anand has 18 years of experience in managing Business-IT systems. Prior to joining GAB, he was in British American Tobacco (Malaysia and Asia Pacific Region) for 10 years.

During his tenure at British American Tobacco (BAT), Anand established the IT integration strategy for a new BAT acquisition in the Asia Pacific Region, a governance framework for BAT Malaysia's IT planning, consolidated Malaysian IT planning operations with BAT operations in other ASEAN markets and subsequently led the implementation of the new Global BAT IT Organisation for the Asia Pacific region. He also oversaw the development of the global IT architecture for BAT's Demand-Supply Planning systems and was responsible for the programme office that oversaw the planning and execution of BAT Malaysia's route to market strategy.

Before BAT, Anand was a consultant with Accenture for 8 years. He led the development of the business process design in Sales and Distribution, and the implementation of SAP solutions for a diverse range of clients around the world.

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 line 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 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 in the financial year ended 30 June 2012:

- (i) Malaysian Corporate Governance Index Awards 2011 organised by the Minority Shareholder Watchdog Group
 - Distinction Award for scoring A+ in the overall Malaysian CG Scores
- (ii) KPMG / The Edge Shareholder Value Awards 2011
 - One of the top 10 public listed companies with the highest economic profit over invested capital
- (iii) The Edge Billion Ringgit Club Top 10 CSR Companies 2011
 - One of the top 5 most profitable companies with the highest return on equity in the consumer products sector and one of the top 10 CSR companies
- (iv) Malaysian Dutch Business Council Sustainability Awards 2011
 - GAB is awarded for its corporate sustainability practices in the areas of Human Resources and Community Development

The Board is pleased to report the Company’s application of the underlying principles set out in the Code and the extent to which the Company has complied with the Code throughout the financial year ended 30 June 2012.

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 61 of this Annual Report.

The Board has formal terms of reference to guide the Directors in the discharge of their responsibility. It sets out the Board strategic intent and outlines the Board roles and responsibilities. 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; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

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

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

A brief profile of the Management Team members is presented on pages 62 to 65 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 ten (10) members, of whom five (5) (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 five (5) Independent Non-Executive Directors fulfill the criteria of independence as defined in the Bursa Malaysia 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 help the Directors 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. During the financial year ended 30 June 2012, six (6) Board meetings were held and the details of attendance of Directors at Board meetings, are as follows:

Name	Attendance
Tan Sri Saw Huat Lye Chairman, Senior Independent Non-Executive Director	6/6
Charles Henry Ireland Managing Director	6/6
Martin Giles Manen Independent Non-Executive Director	6/6
Dato' Syed Salleh bin Syed Othman Independent Non-Executive Director	5/6
Dato' Saw Choo Boon Independent Non-Executive Director (Appointed on 21 May 2012)	1/1
Dato' Sreesanthan Eliathamby Independent Non-Executive Director	6/6
Siobhan Mary Hamilton Non-Independent Non-Executive Director	5/6
Dr. Leslie Buckley Non-Independent Non-Executive Director	5/6
Edmond Neo Kim Soon Non-Independent Non-Executive Director	5/6
Edward McShane Non-Independent Non-Executive Director	6/6

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 Board also discusses and pre-identifies specific areas of interest / concern at the conclusion of each Board Meeting for discussion at next Board Meeting. Key matters reserved specifically for the Board deliberation and decision include the approval of quarterly financial statements, business strategy formulation and planning, emerging business issues, challenges arising from regulatory changes and changes in business environment, succession planning, material transactions / investments, 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, etc. The Board also reviews issues deliberated and recommendations made by the Board Committees and such other relevant matters significantly affecting the Group's operations. Off-site Board meeting to discuss specific topics will be arranged, when necessary, to facilitate more time for discussion and view sharing.

The Directors are provided with a structured agenda together with comprehensive Management reports and proposal papers on a timely basis prior to the scheduled 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 resources
- Environmental and industry issues
- Legal and regulatory updates
- Information systems updates

Directors are encouraged to pose queries (if any) to Management prior to each Board meeting to enable them to better prepare for the meeting.

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.

STATEMENT ON CORPORATE GOVERNANCE

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 organised by Bursa Securities.

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.

The in-house training programme which covered the following topics was held on 21 and 22 June 2012 and attended by all Directors of the Company:

- Malaysia's consumer trends
- Responsible investment outlook
- IFRS convergence and its implication to financial disclosures
- Malaysian Code on Corporate Governance 2012
- Economic Outlook
- Personal Data Protection Act 2010 and new insights into the Competition Act 2010

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 2012, amongst others, the following:

- Sustainability: Taking Corporate Governance A Step Further organised by Bursa Malaysia
- Anti-Money Laundering / Counter Financing of Terrorism organised by RHB
- Financial Institutions Directors' Education (FIDE) Core Program conducted by The ICLIF Leadership & Governance Centre (ICLIF)
- Shell General Business Principles, Anti-Bribery and Corruption and Anti Competition Law organised by Shell
- Managing Corporate Reputation in Digital Age conducted by Murson Marstellar
- Malaysia's Distinctive Corporate Governance Strategy for Boards conducted by ICLIF
- FIDE Programmes on Board Risk Management Committee, Corporate Finance, and Board IT Governance & Risk Management conducted by ICLIF
- Internal Capital Adequacy Assessment Process (ICAAP) conducted by ICLIF
- 8th Sime Darby Developing Sustainable Futures Lecture Series – The True Costs of Terrorism: Can We Deal With It? Conducted by His Excellency, Mr Shaukat Aziz, the former Prime Minister of Pakistan
- Sime Darby Berhad Board Retreat – My Five Journeys conducted by Mr Mechai Viravaidya, Chairman of Mechai Viravaidya Foundation

- Competition Act 2010 – Property conducted by Messrs Rahmat Lim & Partners
- Corporate Governance Conference organised by Securities Commission and Bursa Malaysia

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)
- Dato' Sreesanthan Eliathamby (Independent Non-Executive Director)
- Siobhan Mary Hamilton (Non-Independent Non-Executive Director)
- Martin Giles Manen (Independent Non-Executive Director)
- Dato' Saw Choo Boon (Independent Non-Executive Director)
- Appointed on 28 August 2012

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 program 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 and credibility with necessary skills and qualifications which will enable the Board to 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 2012, two (2) meeting were held and the details of attendance of the members of the Nomination Committee are as follows:

Name	Attendance
Tan Sri Saw Huat Lye (Chairman)	2/2
Dr Leslie Buckley	1/2
Dato' Sreesanthan Eliathamby	2/2
Siobhan Mary Hamilton	1/2
Martin Giles Manen	2/2

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 2011, the Nomination Committee recommended to the Board for the re-appointment of Mr Charles Henry Ireland and Mr Martin Giles Manen who were subsequently re-elected as Directors at the AGM on 3 November 2011.

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 47th AGM on 3 November 2011, Tan Sri Saw Huat Lye was re-appointed pursuant to this provision.

At the forthcoming 48th AGM scheduled for 22 November 2012, Tan Sri Saw Huat Lye will retire pursuant to Section 129 of the Companies Act, 1965 and Dato' Sreesanthan Eliathamby will retire by rotation pursuant to Article 89 of the Articles. Both have conveyed their intention to retire as Directors of the the Company and are not seeking re-appointment / re-election.

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)
- Dato' Sreesanthan Eliathamby (Independent Non-Executive Director)

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 Director(s) 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 Director(s) 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 Director(s) 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 Director(s) 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 2012, three (3) meetings were held and the details of attendance of the members of the Remuneration Committee are as follows:

Name	Attendance
Tan Sri Saw Huat Lye (Chairman)	3/3
Dr Leslie Buckley	3/3
Siobhan Mary Hamilton	3/3
Dato' Sreesanthan Eliathamby	3/3

Amongst the items deliberated by the Remuneration Committee at its meetings held during the financial year ended 30 June 2012 were:

- Performance bonus for the Senior Management and Management staff of the Group for the financial year ended 30 June 2011
- Payment of performance bonus to the former Finance Director who retired from the Company on 30 April 2011
- Payment of performance bonus to the Managing Director
- Salary increment, bonus KPIs and structure for Management staff for the financial year ended 30 June 2012
- Proposed renewal of Collective Agreement with the Union of Beverage Industry Workers
- Proposed review of the remuneration and benefits scheme for Management staff

STATEMENT ON CORPORATE GOVERNANCE

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 Director(s), 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 Director(s)

The Remuneration Committee recommends to the Board the basic salary for the Executive Director(s) after taking into account the performance of the Executive Director(s), 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 Director(s). 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 Director(s) 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 Director(s) 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 Director(s).

(f) Notice Period

The notice period for termination of contract of service of Executive Director(s) by either the Company or the Executive Director(s) is three months written notice.

Directors' Remuneration

The details of the remuneration paid to Directors (including the former Finance Director who retired on 30 April 2011) for the financial year ended 30 June 2012 are as follows:

Remuneration	Executive Director(s) RM'000	Non-Executive Directors RM'000
Fees & Chairman allowance	–	448
Meeting attendance allowance	–	101
Benefits in kind*	504	27
Salary & Other emoluments**	2,011	–
Total	2,515	576

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. This includes the performance bonus paid to the former Finance Director who retired from the Company on 30 April 2011.

The number of Directors of the Company (including the former Finance Director who retired on 30 April 2011) whose total remuneration including benefits-in-kind for the financial year ended 30 June 2012 which fall within the required disclosure bands are as follows:

Range of Remuneration (RM)	Executive Director(s)	Non-Executive Directors
1 - 50,000	–	2
50,001 - 100,000	–	6
100,001 - 150,000	–	1
200,001 - 250,000	1	–
2,250,001 - 2,300,000	1	–

3. Executive Committee ("EXCO")

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

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

- Tan Sri Saw Huat Lye (Chairman, Senior Independent Non-Executive Director)
- Charles Henry Ireland (Non-Independent Executive Director)
- Dr Leslie Buckley (Non-Independent Non-Executive Director)
- Siobhan Mary Hamilton (Non-Independent Non-Executive Director)

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

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

STATEMENT ON CORPORATE GOVERNANCE

- (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 2012, four (4) 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 Director 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 47th AGM of the Company held on 3 November 2011, 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.

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 seven (7) Non-Executive Directors, five (5) 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 80 to 85 of this Annual Report.

The Audit Committee met four (4) times during the financial year ended 30 June 2012. 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.

STATEMENT ON CORPORATE GOVERNANCE

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 review from the Managing Director on pages 24 to 31 of 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 144 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 on Internal Control, which provides an overview of the state of internal controls within the Group, is presented on pages 86 to 89 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 Director, 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 80 to 85 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 Main Market 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 2012 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 140 and 141 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 Main Market 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 2012, 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 2012 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 75 consistent with the disclosure requirements under the Main Market Listing Requirements.

In March 2012, the Securities Commission issued the Malaysian Code on Corporate Governance 2012 ("the new CG Code"). The new CG Code is the key deliverable under the Securities Commission's Corporate Governance Blueprint and it sets out the broad principles and specific recommendations on structure and processes which companies should adopt in making good corporate governance an integral part of their business dealings and culture. It will come into effect and supersede the Code by 31 December 2012.

The Company will review the transition to the new CG code and will endeavour to ensure that the Company adopts the principles and adheres to the recommendations elaborated in the new CG Code and as mandated by the relevant laws, regulations and requirements, where appropriate.

This Statement on Corporate Governance has been approved by the Board of Directors on 28 August 2012.

Audit Committee Report

Composition

The Audit Committee comprises the following seven (7) members, five (5) of whom, including the Chairman, are Independent Non-Executive Directors:

Martin Giles Manen (Chairman)
Independent Non-Executive Director
(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

Dato' Syed Salleh bin Syed Othman
Independent Non-Executive Director

Edward McShane
Non-Independent Non-Executive Director
(Appointed on 22 September 2011)
(A Chartered Accountant and a member of the Institute of Chartered Accountants of Scotland)

Dato' Saw Choo Boon
Independent Non-Executive Director
(Appointed on 23 May 2012)

Dato' Sreesanthan Eliathamby
Independent Non-Executive Director
(On leave with effect from 2 August 2012)

Meetings

During the financial year ended 30 June 2012, four (4) Audit Committee meetings were held and details of attendance of the Audit Committee members are as follows:

Name	Attendance
Martin Giles Manen (Chairman)	4/4
Tan Sri Saw Huat Lye	4/4
Dr Leslie Buckley	4/4
Dato' Sreesanthan Eliathamby	3/4
Dato' Syed Salleh bin Syed Othman	4/4
Edward McShane (Appointed on 22 September 2011)	3/3
Dato' Saw Choo Boon (Appointed on 23 May 2012)	1/1
Siobhan Mary Hamilton (Resigned on 22 September 2011)	1/1

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 Director, 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 with 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
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 on 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 2012:

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 to the Board for approval.
- 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 Main Market 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 on 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 2012.

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 pursuant to the shareholders' mandate on recurrent related party transactions approved by shareholders on 3 November 2011, and the Circular to Shareholders in respect of renewal of shareholders' mandate for recurrent related party transactions.
- Reviewed capital management and dividend distribution strategy and all dividend payments proposed by Management.

Training

During the financial year ended 30 June 2012, the Audit Committee members attended the in-house training programme organised for the Company's Directors. Some of the Audit Committee members 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 2012, 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 ("IAD") led by the Head of Internal Audit who reports directly to the Audit Committee and has direct access to the Chairman of the Audit Committee on all internal control and audit issues. The Audit Committee determines the adequacy of the scope, functions, competency and resources of the IAD which comprises 5 staff as of 30 June 2012.

The principal role of the IAD 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 IAD adopts a risk-based auditing approach towards the planning and conduct of audits consistent with the Group's established framework in designing, implementing and monitoring of control system. The IAD 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 IAD carried out its activities based on the Annual Internal Audit Plan approved by the Audit Committee. The main activities carried out by the IAD during the financial year ended 30 June 2012 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 and brand marketing
- (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 on a quarterly basis related party transactions entered into by the Group 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 IAD 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 IAD in relation to the conduct of the Internal Audit functions of the Group for the financial year ended 30 June 2012 was RM807,222.

The Audit Committee Report has been reviewed and approved by the Audit Committee on 28 August 2012.

Statement on 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 that may affect the achievement of its business objectives. 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 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 reviews by the Risk and Control Workgroup ("RCW") to reflect the changing risks and operational needs.

The risk profile of the Group is established during risk assessment sessions facilitated by the 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 functions 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 Department 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 function 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 ON 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 Board committees and to Management Team and business operating functions, 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 accessible 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 the 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 monthly basis to identify, discuss and resolve operational, financial and key management issues. On a

quarterly basis, the Managing Director reports to the Board on key business and operational issues covering, but not limited to strategy, performance, resources and regulatory compliance.

- 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.
- Annual budgeting process where respective functions prepare budgets before a new financial year commences was reviewed by the Management Team and approved by the Executive Committee and 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.
- Visits are made to regional offices to conduct regional reviews by members of the Management Team.

- Stakeholder engagement with employees, shareholders, analysts, media, trade partners and relevant authorities 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 such as knowledge, health and safety, technical training and leadership are organised to ensure that employees are equipped with necessary knowledge and skills and kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives.
- Briefings and roadshows are conducted to keep employees informed of changes to legislation that are expected to affect the Group's operations or the way the Group conducts its business.

Integrity and Ethical Values

- The Group has in place a Code of Conduct that governs the standards of ethics and responsible business conduct expected from employees. It covers all aspects of the Group's business operations such as integrity, conduct in the workplace, business conduct, confidentiality of information, fraud and improper payments, conflict of interest, protection of the Group's assets, safety and health, community and environment, sexual harassment and anti-competition practices.
- The Group has also in place a whistleblower 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.

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.
- The Group's assets are insured against any mishap that will result in material losses. Measures are also put in place to ensure major assets within the Group are physically safeguarded.
- A Business Continuity Plan which includes a Disaster Recovery Plan, is in place to ensure continuity of business operations in the event of a significant disruption or disaster. A crisis simulation is conducted once a year to enhance the Group's preparedness in crisis and emergency response so as to ensure that disruption to its operations and business during a crisis of disaster is minimised or properly managed.

Review of this Statement

The Internal Audit Department has reviewed this Statement on Internal Control for the financial year ended 30 June 2012 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 2012 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 Board is of the view that the system of internal controls in place for the financial year ended 30 June 2012 and up to the date of approval of this report is sound and sufficient to safeguard the shareholders' investment and the Group's assets.

This statement has been approved by the Board of Directors on 28 August 2012 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 2012. The Group's risk management methodology is based on an integrated risk management infrastructure that considers risk at all levels from strategic to the day-to-day operations.

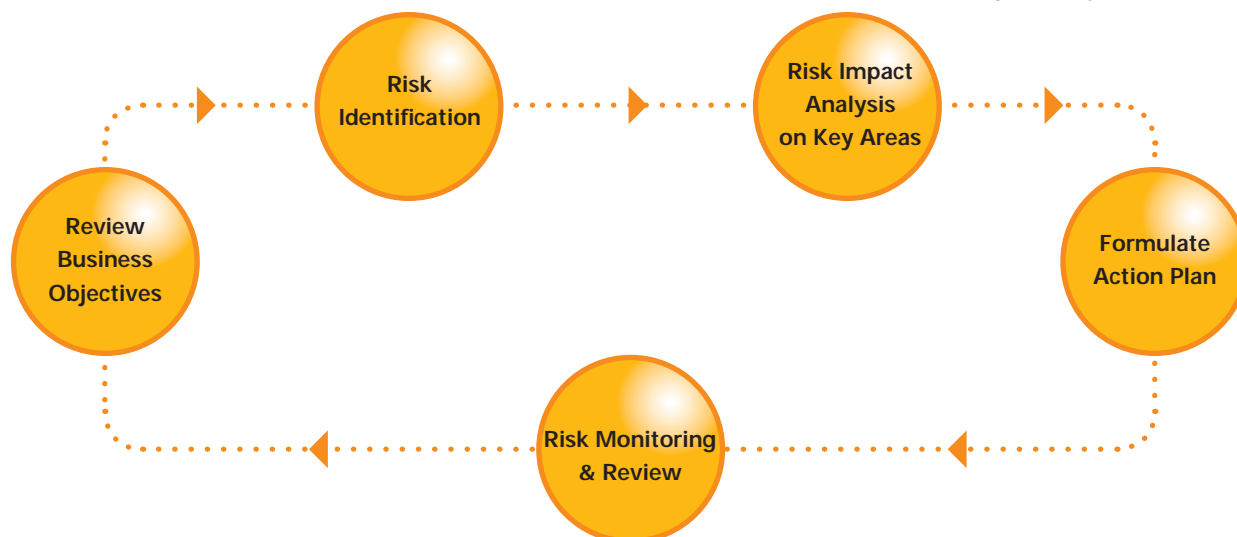
The Group's risk management process is managed by the Risk and Control Workgroup ("RCW") which is made up of cross-functional senior managers and is headed by the Finance Director. This workgroup is responsible for assessing the major areas of risk including the business continuity plan and risk financing, 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 and external auditors. 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 the Group employees
- Ensuring that the Group 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 owner's codes and policies and all applicable Malaysian laws and regulations
- Promoting an effective risk awareness culture where risk management is an integral aspect of the Group's management systems

Risk Management Process

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



The RCW reviews the Group's risk profile on a regular basis to identify potential internal and external 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
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 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 business operational.

A crisis simulation is conducted once a year to enhance the Group's preparedness in crisis and emergency response so as

to ensure that disruption to its operations and business during a crisis of disaster is minimised or properly managed.

A simulation on workplace unrest turns violent was conducted in June 2012 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.

The Internal Audit Department conducts induction programme for new joiners and refresher courses to all levels of employees. The induction programme and refresher courses are aimed at raising awareness of employees and educating management staff on the 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 suggestions for improvement.



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Directors' Report

FOR THE YEAR ENDED 30 JUNE 2012

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 2012.

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 5 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	207,399	178,962

Reserves and Provisions

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

Dividends

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

- i) a final dividend of 44 sen per 50 sen stock unit under the single tier tax system totalling RM132,923,120 in respect of the year ended 30 June 2011 on 12 December 2011.
- ii) a special dividend of 60 sen per 50 sen stock unit under the single tier tax system totalling RM181,258,800 in respect of the year ended 30 June 2012 on 20 January 2012.
- iii) an interim dividend of 10 sen per 50 sen stock unit under the single tier tax system totalling RM30,209,800 in respect of the year ended 30 June 2012 on 26 April 2012.

The Directors now recommend the declaration of a final dividend of 55 sen per 50 sen stock unit under the single tier tax system totalling RM166,153,900 in respect of year ended 30 June 2012 which if approved by the owners of the Company will be payable on 21 December 2012.

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
Martin Giles Manen
Siobhan Mary Hamilton
Dato' Syed Salleh bin Syed Othman

Directors of the Company (Continued)

Directors who served since the date of the last report are: (Continued)

Edward McShane

Edmond Neo Kim Soon

Dato' Saw Choo Boon (*Appointed on 21 May 2012*)

Dato' Sreesanthan Eliathamby (*Granted leave of absence effective 2 August 2012*)

Directors' Interests in Shares

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:

	At 1.7.2011	Bought	Sold	At 30.6.2012
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 2012 had any interest in the ordinary shares/stock units of the Company and of its related corporations during the financial year.

Directors' Benefits

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2012

Ultimate Holding Company

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

Other Statutory Information

Before the 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 of 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

Other Statutory Information (Continued)

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

- 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 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

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

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

Tan Sri Saw Huat Lye

Director

Charles Henry Ireland

Director

Petaling Jaya,
28 August 2012

Statements of Financial Position

AS AT 30 JUNE 2012

	Note	Group 2012 RM'000	2011 RM'000	Company 2012 RM'000	2011 RM'000
Assets					
Property, plant and equipment	3	231,549	222,953	215,301	209,425
Intangible assets	4	25,873	9,124	25,873	9,124
Investment in subsidiaries	5	-	-	14,369	14,369
Other receivables and prepayments	6	6,531	7,028	766	785
Total non-current assets		263,953	239,105	256,309	233,703
Current assets					
Inventories	7	65,833	65,402	28,430	27,750
Receivables, deposits and prepayments	6	279,079	200,090	37,432	16,524
Current tax asset		9,733	764	9,733	764
Cash and cash equivalents	8	160,820	179,777	152,378	167,538
Total current assets		515,465	446,033	227,973	212,576
Total assets		779,418	685,138	484,282	446,279
Equity					
Share capital	9	151,049	151,049	151,049	151,049
Reserves		5,193	5,113	-	-
Retained earnings		223,461	360,454	37,918	203,348
Total equity attributable to owners of the Company		379,703	516,616	188,967	354,397
Liabilities					
Deferred tax liabilities	10	32,685	32,592	30,004	29,975
Borrowings	11	150,000	-	150,000	-
Total non-current liabilities		182,685	32,592	180,004	29,975
Trade and other payables, including derivatives	12	154,712	132,577	65,311	61,907
Borrowings	11	50,000	-	50,000	-
Current tax liabilities		12,318	3,353	-	-
Total current liabilities		217,030	135,930	115,311	61,907
Total liabilities		399,715	168,522	295,315	91,882
Total equity and liabilities		779,418	685,138	484,282	446,279

The notes on pages 102 to 143 are an integral part of these financial statements.

Statements of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue		1,623,687	1,488,720	1,059,181	1,023,341
Cost of sales		(1,076,490)	(1,019,249)	(998,609)	(946,947)
Gross profit		547,197	469,471	60,572	76,394
Other income		8,498	17,694	-	9,229
Distribution, marketing and selling expenses		(217,410)	(187,541)	(5,970)	(4,962)
Administrative expenses		(57,185)	(44,195)	(23,798)	(17,514)
Other expenses		(3,859)	(14,831)	(1,562)	(7,486)
Dividend income		-	-	156,684	142,440
Results from operating activities		277,241	240,598	185,926	198,101
Finance income	13	4,268	2,714	4,230	2,673
Finance costs	14	(4,528)	(429)	(4,388)	(258)
Net finance (costs)/income		(260)	2,285	(158)	2,415
Profit before tax	15	276,981	242,883	185,768	200,516
Tax expense	17	(69,582)	(61,505)	(6,806)	(14,396)
Profit for the year		207,399	181,378	178,962	186,120
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operation		80	254	-	-
Total comprehensive income for the year		207,479	181,632	178,962	186,120
Profit for the year attributable to:					
Owners of the Company		207,399	181,378	178,962	186,120
Total comprehensive income for the year attributable to:					
Owners of the Company		207,479	181,632	178,962	186,120
Basic/Diluted earnings per ordinary stock unit (sen)	18	68.7	60.0		

The notes on pages 102 to 143 are an integral part of these financial statements.

Statements of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2012

Group	Note	← Attributable to owners of the Company →			
		Share capital RM'000	Capital reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 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 2011/1 July 2011		151,049	5,113	360,454	516,616
Total comprehensive income for the year		–	80	207,399	207,479
Dividends to owners of the Company	19	–	–	(344,392)	(344,392)
At 30 June 2012		151,049	5,193	223,461	379,703
		Note 9	Note 9		

Company	Note	← Attributable to owners of the Company →		
		Share capital RM'000	Retained earnings RM'000	Total equity RM'000
At 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 2011/1 July 2011		151,049	203,348	354,397
Total comprehensive income for the year		–	178,962	178,962
Dividends to owners of the Company	19	–	(344,392)	(344,392)
At 30 June 2012		151,049	37,918	188,967
			Note 9	

The notes on pages 102 to 143 are an integral part of these financial statements.

Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from operating activities					
Profit before tax		276,981	242,883	185,768	200,516
<i>Adjustments for:</i>					
Amortisation of intangible assets	4	4,093	2,892	4,093	2,892
Depreciation of property, plant and equipment	3	30,310	35,408	27,063	32,712
Dividend income		-	-	(156,684)	(142,440)
(Gain)/Loss on disposal of property, plant and equipment		(643)	124	(100)	502
Interest expense	14	4,528	429	4,388	258
Interest income	13	(4,268)	(2,714)	(4,230)	(2,673)
(Reversal of)/Provision for restructuring of distribution channel expenses		(5,400)	7,000	-	-
Operating profit before changes in working capital		305,601	286,022	60,298	91,767
Inventories		(431)	10,289	(680)	5,836
Receivables, deposits and prepayments		(78,492)	(10,255)	(20,889)	(875)
Trade and other payables, including derivatives		27,615	(29,233)	3,404	(33,425)
Cash generated from operations		254,293	256,823	42,133	63,303
Income tax paid		(69,493)	(60,049)	(15,746)	(15,598)
Interest paid		(4,528)	(429)	(4,388)	(258)
Net cash from operating activities		180,272	196,345	21,999	47,447
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(39,273)	(31,810)	(33,259)	(27,756)
Acquisition of intangible assets	4	(20,842)	(1,582)	(20,842)	(1,582)
Dividend received		-	-	156,684	142,440
Interest received		4,268	2,714	4,230	2,673
Proceeds from disposal of property, plant and equipment		1,010	428	420	51
Net cash (used in)/from investing activities		(54,837)	(30,250)	107,233	115,826

The notes on pages 102 to 143 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from financing activities					
Dividends paid to owners of the Company	19	(344,392)	(135,944)	(344,392)	(135,944)
Proceeds from issuance of commercial papers/medium term notes		350,000	–	350,000	–
Repayments of commercial papers		(150,000)	–	(150,000)	–
Net cash used in financing activities		(144,392)	(135,944)	(144,392)	(135,944)
Net (decrease)/increase in cash and cash equivalents		(18,957)	30,151	(15,160)	27,329
Cash and cash equivalents at 1 July		179,777	149,626	167,538	140,209
Cash and cash equivalents at 30 June	(i)	160,820	179,777	152,378	167,538

(i) Cash and cash equivalents

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

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits placed with licensed banks	8	97,667	161,217	97,667	161,217
Cash and bank balances	8	63,153	18,560	54,711	6,321
		160,820	179,777	152,378	167,538

The notes on pages 102 to 143 are an integral part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

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 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the year ended 30 June 2012 do not include other entities.

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 5 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors on 28 August 2012.

1. Basis of Preparation

(a) Statement of compliance

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

1. Basis of Preparation (Continued)

(a) Statement of compliance (Continued)

The following are accounting standards, amendments and interpretations of the FRS framework that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Group and the Company:

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

- FRS 124, *Related Party Disclosures* (revised)
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Transfers of Financial Assets*
- Amendments to FRS 112, *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2013

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits* (2011)
- FRS 127, *Separate Financial Statements* (2011)
- FRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*

1. Basis of Preparation (Continued)

(a) Statement of compliance (Continued) FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2013 (Continued)

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Government Loans*
- Improvements to FRSs (2012)
- Amendments to FRS 10, FRS 11 and FRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*

FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- FRS 141, *Agriculture*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2015

- FRS 9, *Financial Instruments* (2009)
- FRS 9, *Financial Instruments* (2010)
- Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Date of FRS 9 and Transition Disclosures*

The Group's and Company's financial statements for annual period beginning on 1 July 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group and the Company will not be adopting the above FRSs, Interpretations and Amendments.

(b) Basis of measurement

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

1. Basis of Preparation (Continued)

(c) Functional and presentation currency

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

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 the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

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

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investments includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

2. Significant Accounting Policies (Continued)

(a) Basis of consolidation (Continued)

(ii) Accounting for business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2011

From 1 January 2011 the Group has applied FRS 3, *Business Combinations (revised)* in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

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

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

2. Significant Accounting Policies (Continued)

(a) Basis of consolidation (Continued)

(ii) Accounting for business combinations (Continued)

Acquisitions on or after 1 January 2011 (Continued)

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

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions between 1 January 2006 and 1 January 2011

For acquisitions between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

2. Significant Accounting Policies (Continued)

(a) Basis of consolidation (Continued)

(ii) Accounting for business combinations (Continued)

Acquisitions prior to 1 January 2006

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at reporting period are retranslated to the functional currency at the exchange rate at that date.

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 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.

(b) Foreign currency (Continued)

(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" in equity. When a foreign operation is disposed of such that control is lost, the relevant amount in the capital reserve is transferred to profit or loss as part of profit or loss on disposal.

In the consolidated financial statements, 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 in the "capital reserve" in equity.

(c) Financial instruments

(i) Initial recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

2. Significant Accounting Policies (Continued)

(c) Financial instruments (Continued)

(i) Initial recognition and measurement (Continued)

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 designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

2. Significant Accounting Policies (Continued)

(c) Financial instruments (Continued)

(ii) Financial instrument categories and subsequent measurement (Continued) Financial assets (Continued)

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

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

(b) *Loans and receivables*

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

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 designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

2. Significant Accounting Policies (Continued)

(c) Financial instruments (Continued)

(ii) Financial instrument categories and subsequent measurement (Continued)

Financial liabilities (Continued)

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

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost / valuation less any accumulated depreciation and any accumulated impairment losses. The Group has availed itself to the transitional provision when the MASB first adopted IAS 16, *Property, plant and equipment* in 1998. 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. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

2. Significant Accounting Policies (Continued)

(d) Property, plant and equipment (Continued)

(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.

2. Significant Accounting Policies (Continued)

(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 statements of financial position.

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. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit and loss in the reporting period in which they are incurred.

(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 stated at cost and 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.

2. Significant Accounting Policies (Continued)

(f) Intangible assets (Continued)

(iii) Amortisation (Continued)

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.

(g) Inventories

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

The cost of inventories is measured based on weighted average cost formula 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, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

2. Significant Accounting Policies (Continued)

(i) Impairment (Continued)

(i) Financial assets (Continued)

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

(ii) Other assets

The carrying amounts of other assets (except for inventories) 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.

2. Significant Accounting Policies (Continued)

(i) Impairment (Continued)

(ii) Other assets (Continued)

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 respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at 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 measured at cost on initial recognition and are not remeasured subsequently.

2. Significant Accounting Policies (Continued)

(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.

(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 of 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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

2. Significant Accounting Policies (Continued)

(m) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities 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 except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

2. Significant Accounting Policies (Continued)

(n) Borrowing costs (Continued)

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax 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 or receivable on the taxable income or loss 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.

2. Significant Accounting Policies (Continued)

(o) Income tax (Continued)

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.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period 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 ordinary stock unit

The Group presents basic and diluted earnings per ordinary stock unit data for its ordinary stock unit. Basic earnings per ordinary stock unit is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary stock units outstanding during the period. Diluted earnings per ordinary stock unit is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary stock units outstanding for the effects of all dilutive potential ordinary stock units, 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 2012

3. Property, Plant and Equipment

Group	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in- progress RM'000	Total RM'000
At 1 July 2010	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 2011/1 July 2011	4,037	20,191	83,280	316,329	175,607	220	599,664
Additions	-	-	2,030	171	5,661	31,411	39,273
Disposals	-	-	(204)	-	(6,113)	-	(6,317)
Transfers	-	-	4,212	14,421	6,263	(24,896)	-
At 30 June 2012	4,037	20,191	89,318	330,921	181,418	6,735	632,620

Representing items at:

Cost	4,037	510	57,725	330,921	181,418	6,735	581,346
Valuation (1984)	-	19,681	31,593	-	-	-	51,274
At 30 June 2012	4,037	20,191	89,318	330,921	181,418	6,735	632,620

Accumulated depreciation

At 1 July 2010	-	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 2011/1 July 2011	-	6,846	37,529	218,342	113,994	-	376,711
Depreciation charge for the year	-	256	3,206	11,413	15,435	-	30,310
Disposals	-	-	(81)	-	(5,869)	-	(5,950)
At 30 June 2012	-	7,102	40,654	229,755	123,560	-	401,071

Carrying amounts

At 1 July 2010	4,037	13,601	46,132	99,701	57,367	6,265	227,103
At 30 June 2011/1 July 2011	4,037	13,345	45,751	97,987	61,613	220	222,953
At 30 June 2012	4,037	13,089	48,664	101,166	57,858	6,735	231,549
		Note 3.1	Note 3.1		Note 3.2		

3. Property, Plant and Equipment (Continued)

Company	Long-term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
At 1 July 2010	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 2011/1 July 2011	20,191	81,592	316,329	156,042	220	574,374
Additions	-	-	171	1,677	31,411	33,259
Disposals	-	(173)	-	(3,617)	-	(3,790)
Transfers	-	4,212	14,421	6,263	(24,896)	-
At 30 June 2012	20,191	85,631	330,921	160,365	6,735	603,843
Representing items at:						
Cost	510	54,038	330,921	160,365	6,735	552,569
Valuation (1984)	19,681	31,593	-	-	-	51,274
At 30 June 2012	20,191	85,631	330,921	160,365	6,735	603,843
Accumulated depreciation						
At 1 July 2010	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 2011/1 July 2011	6,846	36,449	218,342	103,312	-	364,949
Depreciation charge for the year	256	2,827	11,413	12,567	-	27,063
Disposals	-	(50)	-	(3,420)	-	(3,470)
At 30 June 2012	7,102	39,226	229,755	112,459	-	388,542
Carrying amounts						
At 1 July 2010	13,601	45,300	99,701	50,067	6,265	214,934
At 30 June 2011/1 July 2011	13,345	45,143	97,987	52,730	220	209,425
At 30 June 2012	13,089	46,405	101,166	47,906	6,735	215,301
	Note 3.1	Note 3.1		Note 3.2		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

3. Property, Plant and Equipment (Continued)

- 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Long-term leasehold land	270	276	270	276
Buildings	50,545	45,693	48,286	45,085

- 3.2 In previous financial year, the Company had accelerated the depreciation rates for certain cranes due to the change of cranes design. The change of depreciation rates had resulted in an additional depreciation charge of RM4,900,000 in the previous financial year.

4. Intangible Assets

	Computer software RM'000	Capital work-in- progress RM'000	Total RM'000
Group and Company			
Cost			
At 1 July 2010	19,029	2,377	21,406
Additions	-	1,582	1,582
Transfer	3,388	(3,388)	-
At 30 June 2011/1 July 2011	22,417	571	22,988
Additions	-	20,842	20,842
Transfer	3,891	(3,891)	-
At 30 June 2012	26,308	17,522	43,830

4. Intangible Assets (Continued)

	Computer software RM'000	Capital work-in- progress RM'000	Total RM'000
Group and Company			
Amortisation			
At 1 July 2010	10,972	–	10,972
Amortisation for the year	2,892	–	2,892
At 30 June 2011/1 July 2011	13,864	–	13,864
Amortisation for the year	4,093	–	4,093
At 30 June 2012	17,957	–	17,957
Carrying amounts			
At 1 July 2010	8,057	2,377	10,434
At 30 June 2011/1 July 2011	8,553	571	9,124
At 30 June 2012	8,351	17,522	25,873

5. Investment in Subsidiaries

	Company	
	2012 RM'000	2011 RM'000
Unquoted shares		
– at cost	125	125
– at Directors' valuation	14,244	14,244
	14,369	14,369

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

5. Investment in Subsidiaries (Continued)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2012 %	2011 %
Guinness Anchor Marketing Sdn Bhd ⁺	Malaysia	Marketing and distribution 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 [#]	Singapore	Dormant	100	100
Malayan Breweries (Malaya) Sdn Bhd [*] and its subsidiary:	Malaysia	Dormant	100	100
Malayan Breweries Marketing Sdn Bhd [*]	Malaysia	Dormant	–	100
Guinness Sabah Sdn Bhd	Malaysia	Dormant	100	100

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

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

^{*} On 11 February 2011, 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 2 July 2012, Malayan Breweries Marketing Sdn Bhd received a notice dated 5 June 2012 pursuant to Section 308(4) of the Companies Act, 1965 from CCM that its name has been struck-off from the register of companies of CCM.

The deregistration of Malayan Breweries (Malaya) Sdn Bhd is pending approval from CCM.

The liquidation / striking off of the above dormant subsidiaries does not have any material impact on the net assets and earnings per share of the Group for the financial year ended 30 June 2012.

6. Receivables, Deposits and Prepayments

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-current					
Other receivables	6.1	1,132	1,152	766	785
Prepayments	6.2	5,399	5,876	-	-
		6,531	7,028	766	785
Current					
Trade					
Amount due from a subsidiary	6.3	-	-	23,842	-
Amount due from related parties	6.3	1,990	2,563	1,990	2,563
Trade receivables		263,299	183,913	3,913	5,095
Less : Impairment losses		(5,912)	(8,303)	-	-
		259,377	178,173	29,745	7,658
Non-trade					
Other receivables	6.1	3,419	2,729	812	2,468
Amount due from a subsidiary	6.3	-	-	4,043	4,043
Amount due from related parties	6.3	41	-	41	-
Deposits		3,058	3,015	1,931	1,985
Prepayments	6.2	13,184	16,173	860	370
		19,702	21,917	7,687	8,866
		279,079	200,090	37,432	16,524

6.1 Other receivables

Staff loans of the Group and of the Company amounting to RM1,661,000 (2011: RM1,619,000) and RM1,107,000 (2011: RM1,098,000) of which RM1,132,000 (2011: RM1,152,000) and RM766,000 (2011: RM785,000) are repayable after the next 12 months respectively.

6.2 Prepayments

Included in prepayments are promotional activities prepayments of RM17,517,000 (2011: RM21,679,000) of which RM5,399,000 (2011: RM5,876,000) are to be amortised over a period of more than 12 months. The upfront payments are made to the Group's distributional channels to carry out promotional activities over the period specified in the contract. The amount is amortised to profit or loss on a straight line basis over the period stipulated in the contract which ranges from one to three years.

6.3 Amounts due from a subsidiary and related parties

The trade amounts due from a subsidiary and related parties are subject to normal trade terms.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

7. Inventories

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Raw materials	10,123	7,654	10,123	7,654
Work-in-progress	4,658	4,121	4,658	4,121
Finished goods	41,132	45,122	3,960	7,624
Packaging materials	5,326	4,196	5,326	4,196
Engineering stores and spares	4,594	4,309	4,363	4,155
	65,833	65,402	28,430	27,750

8. Cash and Cash Equivalents

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits placed with licensed banks	97,667	161,217	97,667	161,217
Cash and bank balances	63,153	18,560	54,711	6,321
	160,820	179,777	152,378	167,538

9. Capital and Reserves

9.1 Share capital

	Company		Company	
	Amount 2012 RM'000	Number of shares 2012 '000	Amount 2011 RM'000	Number of shares 2011 '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

9.2 Capital reserve

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

9.3 Section 108 tax credit

The Finance Act, 2007 ("the Act") introduced a single tier company income tax system with effect from 1 January 2008. In the previous years, the Company has opted for single tier company income tax system and under the Act, this option is irrevocable. As such, the Company may distribute single tier exempt dividends to its shareholders out of its entire retained earnings.

10. Deferred Tax Liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Group						
Property, plant and equipment	1,630	1,053	(32,330)	(31,938)	(30,700)	(30,885)
Other items	2,326	3,713	(4,311)	(5,420)	(1,985)	(1,707)
Tax assets/(liabilities)	3,956	4,766	(36,641)	(37,358)	(32,685)	(32,592)
Set off of tax	(3,956)	(4,766)	3,956	4,766	-	-
Net tax liabilities	-	-	(32,685)	(32,592)	(32,685)	(32,592)

Company

Property, plant and equipment	-	-	(32,330)	(31,938)	(32,330)	(31,938)
Other items	2,326	1,963	-	-	2,326	1,963
Net tax assets/(liabilities)	2,326	1,963	(32,330)	(31,938)	(30,004)	(29,975)

Movement in temporary differences during the year

	Recognised in profit or loss		At		Recognised in profit or loss		At	
	At 1.7.2010 RM'000	(Note 17) RM'000	30.6.2011/ 1.7.2011 RM'000	30.6.2011/ 1.7.2011 RM'000	(Note 17) RM'000	30.6.2012 RM'000	30.6.2012 RM'000	
Group								
Property, plant and equipment			(31,667)	782	(30,885)	185	(30,700)	
Other items			1,233	(2,940)	(1,707)	(278)	(1,985)	
			(30,434)	(2,158)	(32,592)	(93)	(32,685)	
Company								
Property, plant and equipment			(33,079)	1,141	(31,938)	(392)	(32,330)	
Other items			1,233	730	1,963	363	2,326	
			(31,846)	1,871	(29,975)	(29)	(30,004)	

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11. Borrowings

	Group and Company	
	2012	2011
	RM'000	RM'000
Non-current		
Medium Term Notes (unsecured)	150,000	–
Current		
Commercial Papers (unsecured)	50,000	–

On 25 November 2011, the Company obtained the approval of the Securities Commission for the issuance of Commercial Papers (“CPs”)/Medium Term Notes (“MTNs”) Programme of up to RM500 million (“CP/MTN Programme”). The CP/MTN Programme is for a tenure of 7 years.

a. Medium Term Notes

On 28 December 2011, the Company issued MTNs amounting to RM150 million under the CP/MTN Programme. The MTNs issued are as follows:

Tenure (years)	Interest rate (per annum)	Maturity date	Nominal value RM'000
3	3.70%	26 December 2014	100,000
5	3.78%	27 December 2016	50,000
			150,000

The interest is payable every half yearly and the principal is repayable in full upon maturity.

b. Commercial Papers

On 18 January 2012, the Company issued CPs amounting to RM200 million under the CP/MTN Programme. The Company repaid RM150 million of the CPs issued during the year. The details of the CPs outstanding as at the end of the reporting period are as follows:

Tenure (months)	Interest rate (per annum)	Maturity date	Nominal value RM'000
9	3.45%	17 October 2012	50,000

The interest and principal are payable in full upon maturity.

12. Trade and Other Payables, including Derivatives

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade					
Trade payables	12.1	47,746	42,617	24,765	20,291
Non-trade					
Amount due to subsidiaries	12.2	-	-	13,072	17,718
Amount due to related parties	12.2	8,966	6,007	8,142	5,424
Other payables		4,365	-	3,611	-
Accrued expenses	12.3	93,617	83,933	15,703	18,454
Financial liabilities at fair value through profit or loss		18	20	18	20
		106,966	89,960	40,546	41,616
		154,712	132,577	65,311	61,907

12.1 Trade payables

In last financial year, the Group paid RM18,000,000 (of which RM5,000,000 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.

12.2 Amounts due to subsidiaries and related parties

The non-trade amounts due to subsidiaries and related parties are unsecured, interest free and repayable on demand.

12.3 Accrued expenses

Included in accrued expenses of the Group are costs of restructuring of distribution channels of RM1,600,000 (2011: RM7,000,000).

13. Finance Income

		Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest income received from deposits placed with licensed banks		4,247	2,687	4,214	2,653
Interest income received from staff loans		21	27	16	20
Recognised in profit or loss		4,268	2,714	4,230	2,673

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14. Finance Costs

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- unsecured banker's acceptance	-	258	-	258
- customers' security deposits	140	171	-	-
- commercial papers / medium term notes	4,388	-	4,388	-
Recognised in profit or loss	4,528	429	4,388	258

15. Profit Before Tax

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax is arrived at after charging:				
Amortisation of intangible assets	4,093	2,892	4,093	2,892
Auditors' remuneration				
- Statutory audit				
KPMG				
- current year	140	140	88	88
- prior year	-	10	-	6
- Other services				
KPMG	82	37	82	27
Affiliates of KPMG	54	87	34	66
Depreciation of property, plant and equipment	30,310	35,408	27,063	32,712
Hire of equipment	744	720	563	546
Legal fees paid to a firm in which a Director is a member	140	20	96	13
Loss on disposal of property, plant and equipment	-	124	-	502
Personnel expenses (including key management personnel):				
- Contributions to defined contribution plans	9,211	9,337	3,576	3,690
- Wages, salaries and others	62,119	62,553	25,973	26,211
Restructuring of distribution channels expenses	-	7,000	-	-
Net realised loss on foreign exchange	11	653	68	650
Rental expense on buildings	2,013	3,036	261	742
Net unrealised loss on foreign exchange	81	171	78	822

15. Profit Before Tax (Continued)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
and after crediting:				
Dividend income from unquoted subsidiary	-	-	156,684	142,440
Gain on disposal of property, plant and equipment	643	-	100	-
Net reversal of impairment losses on trade receivables	2	322	-	-
Cost over-accrued in respect of security markings	-	11,823	-	5,190
Reversal of restructuring of distribution channels expenses	5,400	-	-	-

16. Key Management Personnel Compensation

The key management personnel compensations are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors				
- Fees	454	354	448	348
- Remuneration [#]	1,978	1,945	1,978	1,945
- Defined contribution plans	33	128	33	128
- Meeting attendance allowance	101	78	101	78
Other short-term benefits (including estimated monetary value of benefit-in-kind)	531	523	531	523
	3,097	3,028	3,091	3,022
Other key management personnel:				
Short-term employee benefits	3,962	2,824	2,630	1,604
	7,059	5,852	5,721	4,626

[#] includes bonuses paid in October 2011 to a former Executive Director of the Company who retired on 30 April 2011.

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 entity either directly or indirectly.

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FOR THE YEAR ENDED 30 JUNE 2012

17. Tax Expense

Recognised in the Profit or Loss

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense				
Malaysian – current year	70,864	60,061	7,921	16,890
– overprovision in prior years	(1,375)	(714)	(1,144)	(623)
Total current tax recognised in profit or loss	69,489	59,347	6,777	16,267
Deferred tax expense				
Origination and reversal of temporary differences	431	1,937	233	(1,940)
(Over)/Underprovision in prior years	(338)	221	(204)	69
Total deferred tax recognised in profit or loss (Note 10)	93	2,158	29	(1,871)
Total tax expense	69,582	61,505	6,806	14,396
Reconciliation of tax expense				
Profit for the year	207,399	181,378	178,962	186,120
Total tax expense	69,582	61,505	6,806	14,396
Profit excluding tax	276,981	242,883	185,768	200,516
Tax calculated using Malaysian tax rate of 25% (2011: 25%)	69,245	60,721	46,442	50,129
Non-deductible expenses	2,050	2,121	883	1,275
Tax incentives	–	(844)	–	(844)
Tax exempt dividend	–	–	(39,171)	(35,610)
Overprovision in prior years	(1,713)	(493)	(1,348)	(554)
Tax expense	69,582	61,505	6,806	14,396

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 2012 was based on the profit attributable to ordinary shareholders of RM207,399,000 (2011: RM181,378,000) and a weighted average number of ordinary stock unit outstanding during the year of 302,098,000 (2011: 302,098,000).

Weighted average number of ordinary stock unit

	2012 '000	2011 '000
Issued ordinary stock unit at beginning of the year	302,098	302,098
Basic earnings per ordinary stock unit (sen)	68.7	60.0

Diluted earnings per ordinary stock unit

There were no diluted earnings per ordinary stock unit for the Group as at 30 June 2012 and 2011.

19. Dividends

Dividends recognised in the current year by the Company are:

	Sen per stock unit	Total amount RM'000	Date of payment
2012			
Interim 2012 ordinary	10.00	30,210	26 April 2012
Special 2012 ordinary	60.00	181,259	20 January 2012
Final 2011 ordinary	44.00	132,923	12 December 2011
Total amount		344,392	
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	

After the reporting period, the Directors recommend the declaration of a final dividend of 55 sen per 50 sen stock unit under the single tier tax system totalling RM166,153,900 in respect of the year ended 30 June 2012. 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 2% (2011: 1%) 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 this industry.

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.

	2012 RM'000	2011 RM'000
Segment balance sheet		
Total Assets	779,418	685,138
Total Liabilities	399,715	168,522
Total Equity	379,703	516,616
	779,418	685,138

No reconciliation is performed for segment balance sheet as there is no difference.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

20. Operating Segments (Continued)

	2012 RM'000	2011 RM'000
Segment profit	277,061	243,137
<i>Included in the measure of segment profit are:</i>		
Revenue from external customers	1,531,253	1,422,474
Depreciation	34,403	38,300
<i>Not included in the measure of segment profit but provided to the Group's Managing Director</i>		
Net finance (costs)/income	(260)	2,285
Reconciliation of reportable segment revenue, profit or loss and other material items		
	2012 RM'000	2011 RM'000
Profit or loss		
Segment profit	277,061	243,137
Foreign currency translation differences for foreign operation	(80)	(254)
Consolidated profit before tax	276,981	242,883
Net finance (costs)/income		
Finance income	4,268	2,714
Finance costs	(4,528)	(429)
Consolidated net finance (costs)/income	(260)	2,285

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

21. Financial Instruments

21.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- Loans and receivables ("L&R");
- Financial liabilities measured at amortised cost ("FL"); and
- Fair value through profit or loss ("FVTPL").

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL RM'000
Financial assets			
Group			
2012			
Trade and other receivables	263,969	263,969	-
Deposits	3,058	3,058	-
Cash and cash equivalents	160,820	160,820	-
	427,847	427,847	-
2011			
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			
2012			
Trade and other receivables	35,407	35,407	-
Deposits	1,931	1,931	-
Cash and cash equivalents	152,378	152,378	-
	189,716	189,716	-
2011			
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	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

21. Financial Instruments (Continued)

21.1 Categories of financial instruments (Continued)

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL RM'000
Financial liabilities			
Group			
2012			
Trade and other payables, including derivatives	(154,712)	(154,694)	(18)
Borrowings	(200,000)	(200,000)	-
	(354,712)	(354,694)	(18)
2011			
Trade and other payables, including derivatives	(132,577)	(132,557)	(20)
Company			
2012			
Trade and other payables, including derivatives	(65,311)	(65,293)	(18)
Borrowings	(200,000)	(200,000)	-
	(265,311)	(265,293)	(18)
2011			
Trade and other payables, including derivatives	(61,907)	(61,887)	(20)

21.2 Net gains and losses arising from financial instruments

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Net (losses)/gains on:				
Loans and receivables	4,270	(16,959)	4,230	(17,322)
Financial liabilities measured at amortised cost	(4,528)	18,742	(4,388)	18,265
Fair value through profit or loss	(18)	(20)	(18)	(20)
	(276)	1,763	(176)	923

21.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

21. Financial Instruments (Continued)

21.3 Financial risk management (Continued)

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 their trade receivables and trade amount due from a subsidiary respectively.

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, 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, which are deemed to have higher credit risk, are monitored individually.

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

	2012 RM'000	Group 2011 RM'000
Malaysia	255,847	175,348
Southeast Asia	3,530	2,825
	259,377	178,173

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

21. Financial Instruments (Continued)

21.3 Financial risk management (Continued)

21.3.1 Credit risk (Continued)

(a) Receivables (Continued)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. 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			
2012			
Not past due	237,677	-	237,677
Past due 1 - 30 days	7,581	-	7,581
Past due 31 -120 days	11,393	-	11,393
Past due more than 120 days	8,638	(5,912)	2,726
	265,289	(5,912)	259,377
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

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

	Group	
	2012 RM'000	2011 RM'000
At 1 July	8,303	11,449
Impairment loss recognised	640	-
Impairment loss reversed	(642)	(322)
Impairment loss written off	(2,389)	(2,824)
At 30 June	5,912	8,303

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 RM2,389,000 (2011: RM2,824,000) were written off against trade receivables.

21. Financial Instruments (Continued)

21.3 Financial risk management (Continued)

21.3.1 Credit risk (Continued)

(a) Receivables (Continued)

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

Type of collateral	Carrying amounts	
	2012 RM'000	2011 RM'000
Bank guarantees	44,439	38,795
Cash deposits	5,536	6,521
Properties charged	25,609	25,361
Quoted shares	770	927
	76,354	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 subsidiaries which are 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.

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 and borrowings.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

21. Financial Instruments (Continued)

21.3 Financial risk management (Continued)

21.3.2 Liquidity risk (Continued)

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 interest rate/ coupon	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	3 - 5 years RM'000	More than 5 years RM'000
Group							
2012							
<i>Non-derivative financial liabilities</i>							
Borrowings							
- Commercial Papers	50,000	3.45%	50,515	50,515	-	-	-
- Medium Term Notes	150,000	3.70% - 3.78%	167,742	5,590	5,621	156,531	-
Trade and other payables, excluding derivatives	154,694	-	154,694	154,694	-	-	-
	354,694		372,951	210,799	5,621	156,531	-
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	18	-	2,842	2,842	-	-	-
Inflow	-	-	(2,824)	(2,824)	-	-	-
	354,712		372,969	210,817	5,621	156,531	-

21. Financial Instruments (Continued)

21.3 Financial risk management (Continued)

21.3.2 Liquidity risk (Continued)

Maturity analysis (Continued)

	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	3 - 5 years RM'000	More than 5 years RM'000
Company							
2012							
<i>Non-derivative</i>							
<i>financial liabilities</i>							
Borrowings							
- Commercial Papers	50,000	3.45%	50,515	50,515	-	-	-
- Medium Term Notes	150,000	3.70% - 3.78%	167,742	5,590	5,621	156,531	-
Trade and other payables, excluding derivatives	65,293	-	65,293	65,293	-	-	-
	265,293		283,550	121,398	5,621	156,531	-
<i>Derivative</i>							
<i>financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	18	-	2,842	2,842	-	-	-
Inflow	-	-	(2,824)	(2,824)	-	-	-
	265,311		283,568	121,416	5,621	156,531	-

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FOR THE YEAR ENDED 30 JUNE 2012

21. Financial Instruments (Continued)

21.3 Financial risk management (Continued)

21.3.2 Liquidity risk (Continued)

Maturity analysis (Continued)

	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	Under 1 year RM'000
Group				
2011				
<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
Company				
2011				
<i>Non-derivative financial liabilities</i>				
Trade and other payables, excluding derivatives	61,887	–	61,887	61,887
<i>Derivative financial liabilities</i>				
Forward exchange contracts (gross settled):				
Outflow	20	–	5,205	5,205
Inflow	–	–	(5,185)	(5,185)
	61,907		61,907	61,907

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).

21. Financial Instruments (Continued)

21.3 Financial risk management (Continued)

21.3.3 Market risk (Continued)

(a) Currency risk (Continued)

Risk management objectives, policies and processes for managing the risk

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

Exposure to foreign currency risk

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

Group	← Denominated in →			
	USD RM'000	GBP RM'000	EURO RM'000	CHF RM'000
2012				
Trade receivables	3,435	-	-	-
Trade payables	(182)	(77)	(1,451)	-
Forward exchange contracts	1	-	(19)	-
Net exposure	3,254	(77)	(1,470)	-
2011				
Trade receivables	2,859	-	-	-
Trade payables	(109)	(3,751)	(195)	(49)
Forward exchange contracts	(20)	-	-	-
Net exposure	2,730	(3,751)	(195)	(49)

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

(b) Interest rate risk

The Group's and the Company's fixed rate short-term deposits placed with licensed banks and its fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

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

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FOR THE YEAR ENDED 30 JUNE 2012

21. Financial Instruments (Continued)

21.3 Financial risk management (Continued)

21.3.3 Market risk (Continued)

(b) Interest rate risk (Continued)

Exposure to interest rate risk

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

	Group and Company	
	2012	2011
	RM'000	RM'000
Fixed rate instruments		
Financial assets	97,667	161,217
Financial liabilities	(200,000)	-
Net exposure	(102,333)	161,217

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

(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.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Group and Company				
Forward exchange contracts:				
Assets	1	1	-	-
Liabilities	(19)	(19)	(20)	(20)
Borrowings	(200,000)	(200,000)	-	-

21. Financial Instruments (Continued)

21.4 Fair value of financial instruments (Continued)

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table:

Derivatives

The fair value of forward exchange contract is based on its quoted price.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Interest rates used to determine fair value

The interest rate used to discount estimated cash flows, where applicable, is as follows:

	2012	2011
Borrowings	3.45% - 3.78%	-

21.5 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2012				
Financial liabilities				
Forward exchange contracts	-	18	-	18
2011				
Financial liabilities				
Forward exchange contracts	-	20	-	20

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

22. Operating Leases

Leases as lessee

Operating lease rentals are payable as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Less than one year	1,894	2,956	561	885
Between one and five years	5,264	1,116	257	248
	7,158	4,072	818	1,133

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	
	2012 RM'000	2011 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Authorised but not contracted for	44,750	59,387
Authorised and contracted for within one year	30,596	4,477
	75,346	63,864

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.

24. Related Parties (Continued)

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
2012				
Purchase of goods	12,410	-	-	11,251
Sale of products	13,552	-	-	-
Royalties payable	6,559	19,051	-	5,445
Marketing and technical fees payable	3,622	-	-	673
Marketing fees receivable	-	11,517	-	6,181
Amounts due from	2,031	-	-	-
Amounts due to	3,576	3,676	-	1,714
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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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 owners of the Company.

The Group monitors and maintains a balanced level of total equity to ensure the Group has adequate capital to support its future development and the payment of dividends to owners of the Company.

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. Comparative Figures

The following comparative figures have been reclassified to conform to current year presentation:

	Group		Company	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Statement of financial position				
Non-current assets				
Other receivables and prepayments	7,028	1,152	-	-
Current assets				
Receivables, deposits and prepayments	200,090	205,966	-	-
Note 6: Receivables, deposits and prepayments				
Non-current				
Prepayments	5,876	-	-	-
Current				
Trade				
Trade receivables	183,913	186,476	5,095	7,658
Amount due from related parties	2,563	-	2,563	-
Non-trade				
Prepayments	16,173	22,049	-	-
Note 12: Trade and other payables, including derivatives				
Non-trade				
Amount due to related parties	6,007	-	-	-
Other payables	-	6,007	-	-

27. Supplementary Information on the Breakdown of Realised and Unrealised Profits 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 profits 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, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised profits	261,616	401,929	71,096	240,139
- unrealised losses	(37,256)	(40,632)	(33,178)	(36,791)
	224,360	361,297	37,918	203,348
Less: Consolidation adjustments	(899)	(843)	-	-
Total retained earnings	223,461	360,454	37,918	203,348

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 97 to 142 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 at 30 June 2012 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 on page 143 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,
28 August 2012

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 97 to 143 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
Petaling Jaya on 28 August 2012.

Mahendran Kapuppial

Before me:

Commissioner for Oaths

N. Madhavan Nair

No. B064

70, Jalan SS2/60
47300 Petaling Jaya
Selangor

Independent Auditors' Report

TO THE MEMBERS OF GUINNESS ANCHOR BERHAD

GAB Today

Financial Highlights

Performance Review

Corporate Information

Corporate Governance

Financial Statements

Others

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 2012 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 97 to 142.

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 Director determine is 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.

Report on the Financial Statements (Continued)

Auditors' Responsibility (Continued)

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 2012 and of their financial performance and cash flows for the financial year then ended.

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 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. We have also considered the unaudited financial statements of Guinness Singapore Pte Limited.
- c) 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GUINNESS ANCHOR BERHAD

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: 2920/02/14(J)
Chartered Accountant

Petaling Jaya, Malaysia
28 August 2012

Analysis of Stockholdings

AS AT 10 OCTOBER 2012

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	799	7.26	6,160	0.00
100 – 1,000	4,241	38.52	3,293,467	1.09
1,001 – 10,000	4,662	42.35	18,386,309	6.09
10,001 – 100,000	1,156	10.50	33,771,223	11.18
100,001 – 15,104,899	150	1.36	92,570,941	30.64
15,104,900 and above	1	0.01	154,069,900	51.00
TOTAL	11,009	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	15,914,300	5.27	–	–
Aberdeen Asset Management Asia Limited	15,578,100	5.16	–	–
Mitsubishi UFJ Financial Group, Inc	–	–	15,928,018 [#]	5.27 [#]

[#] 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 10 OCTOBER 2012

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	8,070,000	2.67
4.	HSBC Nominees (Asing) Sdn Bhd Exempt An for J.P. Morgan Bank Luxembourg S.A.	3,647,600	1.21
5.	HSBC Nominees (Asing) Sdn Bhd Exempt An for BNP Paribas Securities Services (Jersey GBP)	3,477,600	1.15
6.	Cartaban Nominees (Asing) Sdn Bhd RBC Investor Services Bank for Vontobel Fund - Far East Equity	3,377,209	1.12
7.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund W4B3 for Wasatch Emerging Markets Small Cap Fund	2,814,487	0.93
8.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs Svs Paris for Aberdeen Asian Smaller Companies Investment Trust Plc	2,250,000	0.74
9.	Tokio Marine Life Insurance Malaysia Bhd as Beneficial Owner (PF)	2,227,000	0.74
10.	Tai Tak Estates Sdn Bhd	2,156,000	0.71
11.	Chinchoo Investment Sdn.Berhad	1,865,000	0.62
12.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Private Limited (Client A/C-NR)	1,435,009	0.48
13.	Ho Sim Guan	1,330,000	0.44
14.	Kam Loong Mining Sdn Bhd	1,320,000	0.44
15.	Gan Teng Siew Realty Sdn.Berhad	1,277,000	0.42

30 LARGEST STOCKHOLDERS (Continued)

	No. of stock units	%
16. Key Development Sdn.Berhad	1,250,000	0.41
17. CIMSEC Nominees (Asing) Sdn Bhd Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	1,209,570	0.40
18. Citigroup Nominees (Asing) Sdn Bhd Exempt An for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)	1,203,779	0.40
19. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund AM4N for Aberdeen Institutional Commingled Funds Llc	1,200,200	0.40
20. HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (U.A.E)	1,147,700	0.38
21. HSBC Nominees (Asing) Sdn Bhd DZ PRIVATBK for Uniasiapacific	1,100,000	0.36
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. Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank NA (AEGON BV)	1,004,900	0.33
25. Hong Leong Assurance Berhad as Beneficial Owner (Life Par)	957,300	0.32
26. HSBC Nominees (Asing) Sdn Bhd Exempt An for The Bank of New York Mellon (Mellon Acct)	933,125	0.31
27. HLIB Nominee (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	919,640	0.30
28. Mrs Chan Lam Choon Nee Mun Swee Heong	896,400	0.30
29. Citibank Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	831,200	0.28
30. Citibank Nominees (Tempatan) Sdn Bhd ING Insurance Berhad (INV-IL Par)	815,700	0.27
	215,095,499	71.20

Other Information

Utilisation of Proceeds

There were no proceeds raised from any corporate proposal during the financial year ended 30 June 2012.

Share Buyback

There was no share buyback exercise carried out by the Company during the financial year ended 30 June 2012.

Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued by the Company during the financial year ended 30 June 2012.

Depository Receipt Programme

The Company did not sponsor any depository receipt programme during the financial year ended 30 June 2012.

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 2012.

Non-Audit Fees

The amount of non-audit fees paid by the Group to the external auditors, Messrs KPMG and its affiliated companies for the financial year ended 30 June 2012 amounted to RM136,000. This payment was in respect of advisory services provided for the Group's taxation matters and filing of tax returns; review of the information on realised and unrealised profits or losses; services provided in connection the implementation of the commercial papers and medium term notes programme; and the review of the Statement on Internal Control and the Corporate Responsibility Report 2011 to shareholders.

Variation in Results

There were no profit estimate, forecast or projection issued by the Company during the financial year ended 30 June 2012.

Profit Guarantee

There were no profit guarantees given by the Company and its subsidiaries during the financial year ended 30 June 2012.

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 2012 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.

Properties Owned by the Group

Address/Location	Land area (acres)	Existing use	Tenure	Approximate age of building (years)	Net Book Value At 30 June 2012 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	46	62,925	30 September 1984*
120, Air Keroh Industrial Estate 75450 Melaka	1.07	Office building & store	Leasehold expiring 13 January 2080	30	404	30 September 1984*
Lot 123, Semambu Industrial Site 25350 Kuantan Pahang	0.52	Office building & store	Leasehold expiring 5 March 2046	30	345	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
					67,711	

* 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 48th 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, 22 November 2012 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 2012 together with the Directors' and Auditors' Reports thereon. | Ordinary Resolution 1 |
| 2. To approve the declaration of a final single tier dividend of 55 sen per 50 sen stock unit in respect of the financial year ended 30 June 2012 as recommended by the Directors. | Ordinary Resolution 2 |
| 3. To re-elect Dr Leslie Buckley 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 Ms Siobhan Mary Hamilton 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' Saw Choo Boon who retires pursuant to Article 96 of the Company's Articles of Association as a Director of the Company. | Ordinary Resolution 5 |
| 6. To approve the Directors' Fees of RM490,000 payable to the Non-Executive Directors for the financial year ending 30 June 2013 (2012 : RM448,000). | Ordinary Resolution 6 |
| 7. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 7 |

As Special Business

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

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

"**THAT**, pursuant to Paragraph 10.09 of the Main Market 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 2.1.3 of the Circular to Shareholders dated 31 October 2012 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 the 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 8

PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

"**THAT** the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as set out in the Appendix I of the Circular to Shareholders dated 31 October 2012 be and are hereby approved." **Special Resolution 1**

9. 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 55 sen per 50 sen stock unit in respect of the financial year ended 30 June 2012 will be paid on 21 December 2012 to Stockholders registered at the close of business on 10 December 2012.

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 6 December 2012 in respect of shares which are exempted from mandatory deposit;
- (b) Shares transferred into the Depositor's securities account before 4.00 pm on 10 December 2012 in respect of ordinary transfers; and
- (c) Shares bought 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
31 October 2012

Notes:

1. Further notice is hereby given that for purposes of determining who shall be entitled to attend the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 56 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, a Record of Depositors as at **8 November 2012** and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the meeting or appoint proxies 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.

4. **Registration and Door Gifts**
Registration will commence at 8.30 a.m. and close promptly at 11.30 a.m. on the day of the meeting. Members and Proxies are advised 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 or Proxies upon their registration as a token of appreciation for their continued support to the Company.

Please take note each Member 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.

EXPLANATORY NOTES

Ordinary Resolution 6 Payment of Directors' Fees to the Non-Executive Directors for the Financial Year ending 30 June 2013

Ordinary Resolution 6, 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 8 Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Ordinary Resolution 8, 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 31 October 2012.

Special Resolution 1 Proposed Amendments to the Company's Articles of Association

Special Resolution 1, if passed, will bring the Articles of Association of the Company to be in line with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Further information on the Proposed Amendments to the Company's Articles of Association is set out in the Circular to Shareholders of the Company dated 31 October 2012.

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 48th Annual General Meeting of the Company to be held at Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 22 November 2012 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		
SPECIAL RESOLUTION 1		

Signed this _____ day of _____ 2012

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 **8 November 2012** 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.
4. Registration and Door Gifts
Registration will commence at 8.30 a.m. and close promptly at 11.30 a.m on the day of the meeting. Members and Proxies are advised 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 or Proxies upon their registration as a token of appreciation for their continued support to the Company.
Please take note each Member 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.

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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

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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
Lot 48, Jalan Tiga off Jalan Chan Sow Lin
55200 Kuala Lumpur
Malaysia
Tel : 603-92351999/92210267
Fax: 603-92351900/92210337

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 Baru
No. 22 (Lot 1569)
Jalan Dewani off Jalan Tampoi
Kawasan Perindustrian Temenggong
81100 Johor Baru, Johor
Malaysia
Tel : 607-3310100
Fax: 607-3312891

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
Fax: 609-2220682

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
Fax: 6084-326533

No. 4D, 1st Floor
Jalan Kampung Datu
96008 Sibul, Sarawak, Malaysia
Tel : 6084-325809
Fax: 6084-328990

Sabah
Lot 79, Lorong Kilang D
Sedco Light Industrial Estate
Mile 5½ Tuaran Road
P O Box 14219
88848 Kota Kinabalu
Sabah, Malaysia
Tel : 6088-435541/433542/422526
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
Fax: 6089-773275

Guinness Anchor Berhad (5350-X)

Sungei Way Brewery

Lot 1135, Batu 9, Jalan Klang Lama

P.O. Box 144, 46710 Petaling Jaya

Selangor Darul Ehsan, Malaysia

Tel : 603-78614688

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