

ANNUAL REPORT 2013



BREWING CHANGE, CREATING IMPACT.

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ABOUT GAB

- Guinness Malaysia Berhad was incorporated in January 1964.
- In 1989, Guinness Malaysia Bhd and Malayan Breweries (Malaya) Sdn Bhd merged and the Company changed its name to Guinness Anchor Berhad (GAB).
- GAB is listed on the main market of Bursa Malaysia.
- GAB's principal shareholder is GAPL Pte Ltd, a joint venture company based in Singapore whose ultimate owners are Diageo Plc and Heineken Asia Pacific Pte Ltd (HAPPL) (formerly known as Asia Pacific Breweries Limited). In Financial Year 2013, Heineken N.V. became a joint ultimate owner (with Diageo Plc) after acquiring the entire shareholdings in HAPPL through its subsidiary, Heineken International B.V.
- GAB operates the Sungei Way Brewery which began operations in 1965.
- Located in Selangor, the brewery occupies a land area of 23.72 acres.
- The brewery brews *Tiger, Guinness, Heineken, Anchor Smooth, Anchor Strong, Kilkeny* and *Anglia Shandy*. It also produces *Malta*.
- GAB's portfolio also includes the imported brands *Strongbow* and *Paulaner*.
- GAB is the first brewery in Malaysia to receive the MS 1480: 2007 Hazard Analysis Critical Control Point (HACCP) Certification from the Ministry of Health in August, 2002. The brewery received ISO 9002 Certification since 1995 and has upgraded to MS ISO 9001: 2008 in 2010. Its ISO Certification is from SIRIM.
- GAB has enjoyed 12 consecutive years of profit and revenue growth and is the leading brewery in Malaysia.

Quick Facts

- GAB has 16 sales offices across Malaysia and 599 employees nationwide as of June 2013.
- GAB has received 13 Putra Brand Awards over the past 4 years during 2010-2013. In Financial Year 2013, GAB scored 3 at the Putra Brand Awards, scoring Gold for *Guinness* and *Heineken* and Silver for *Tiger*.

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

OUR VISION

We have a passion for winning

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

We value and respect each other

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

We show integrity in all that we do

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

We provide enjoyment

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

We are committed to service excellence

We will strive to deliver beyond what is expected.

OUR VALUES

OUR BRANDS

An Iconic Portfolio with Lasting Appeal

Each of the brands within GAB's iconic portfolio is a distinctive entity in itself, owning a voice and personality that distances it from others within its category. From the ferocious energy of Tiger, the unmistakable refinement of Guinness and the progressive, cutting-edge vibe of Heineken, to the category-shaping tastes of Paulaner, Strongbow and Kilkenny as well as the sheer comfortable familiarity of Anglia, Anchor and Malta, our brands continue to grow in popularity and prestige.

TIGER

One of Malaysia's Leading Beer Brands

- An iconic Asian beer brand recognised the world over
- First brewed over 80 years ago, now available in over 60 countries worldwide
- An admired brand that has been recognised with over 50 accolades and awards including Gold Medals at the World Beer Cup and Brewing Industry International Awards
- Known for its vibrant fan experiences including Tiger Street Football, Tiger Music events and Tiger FC Away Games



ANCHOR STRONG

A Leading Strong Brew

- The bolder variant of the Anchor brand
- A brew that is strong and refreshing, yet surprisingly smooth
- It is brewed longer with a cold filtration process to remove all excess yeast resulting in an easy-to-drink beer that is fuller and stronger



KILKENNY

Malaysia's Best Selling Ale Brand

- The No.1 selling ale brand in Malaysia
- Offers a distinctive alternative to lagers and stouts
- Amicable and authentic, Kilkenny resonates with the aspiring, discerning crowd



STRONGBOW

UK's No.1 Authentic Cider

- Accounts for 3 in every 5 pints of cider sold in the UK and available in over 60 countries
- Has an appealing taste profile; refreshing, sourish with a light apple taste
- Achieved 5 years of consistent growth
- Associated with chill-out music events such as Borneo Jazz Festival and Penang Jazz Festival
- Recognised as the 1st drink of the evening



GUINNESS

The World's No. 1 Stout

- An iconic brand that sells over 10 million pints daily
- The world's most distinctive beer, born out of determination, courage, ingenuity and passion
- Beloved and admired the world over for its unparalleled taste and heritage
- Malaysia brews the best Guinness outside of Dublin, Ireland
- GAB is a 5-time winner of the Guinness League of Excellence Award
- Pioneer of acclaimed celebrations such as St. Patrick's Day and Arthur's Day



HEINEKEN

The World's No. 1 International Premium Beer

- Renowned for its progressive, innovative personality
- Appeals to individuals with a worldly, open minded attitude to life
- Associated with international events such as the UEFA Champions League
- Also well-known for its cutting edge music events including Heineken Thirst and Green Room
- GAB is the first company to launch the Heineken new bottle design in a returnable market in the Asia-Pacific region



ANCHOR SMOOTH

A Malaysian Favourite

- A quality brew with a smooth, refreshing taste
- A great choice for everyday consumption, especially to accompany local food
- Anchor Smooth was awarded Gold at the Monde Selection for 3 consecutive years, 2010 - 2012



PAULANER

The Fast-Growing Premium Wheat Beer

- Growing in popularity among the younger crowd
- Paulaner is also gaining popularity among those who are looking for a more sophisticated, less "commercial" brew



MALTA

The Preferred Non-Alcoholic Malt Beverage

- A healthy malt drink ideal for people with active lifestyles
- A carbonated, non-alcoholic malt beverage that boosts energy and alertness
- Contains all the goodness of malt, including a high concentration of B Vitamins (B1, B3 & B6)



ANGLIA SHANDY

The Original Real Shandy

- The real Shandy, an all-time Chinese New Year favourite
- Anglia Grape was introduced as a variant this Chinese New Year
- Appeals to light drinkers with its refreshing buzz and unique blend of beer mixed with fizzy lemonade



GAB SUPPLY CHAIN PROCESS

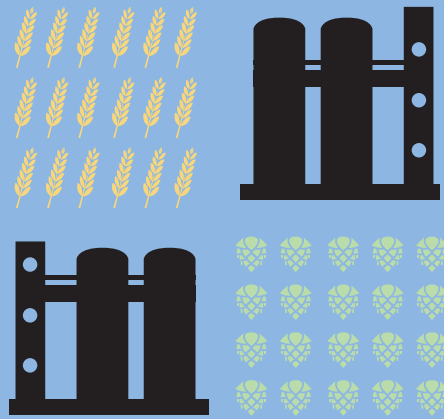
At Guinness Anchor Berhad (GAB), it takes a dedicated Supply Chain team to produce the award-winning brews that we are renowned for. Here is a snapshot of our Supply Chain process from beginning to end to give you an idea of what it takes to produce a perfect pint of beer.

01 Demand & Planning

Production, sales statistics and market landscape are examined to forecast beer production for upcoming months.

Forecast numbers are aligned with statistics and market activities.

Once forecast numbers are identified, quantities of raw, packaging and auxiliary materials are planned for upcoming months.



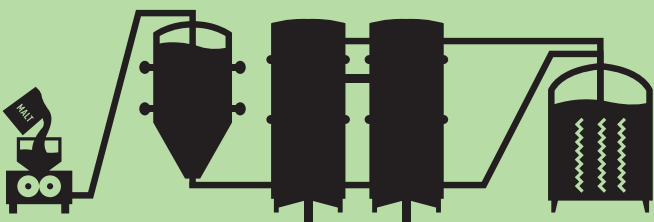
04 Brewing

The brewing team ensures that the highest quality brews are produced for our award-winning brands.

The team manages a process that takes between 2 to 4 weeks from raw materials to the finished brew which then heads to packaging.

To maintain the quality, brew samples are taken for testing based on several key metrics. Testing is done with taste-testers who ensure our brews taste right.

With over 1 million hectolitres of beer produced yearly, there is no room for error in ensuring that only the highest quality brews are produced at the volume required for packaging.



05 Packaging

Our highest quality, award-winning brews have to be housed in the right packaging.

The packaging unit operates the canning, bottling and keging lines.

They also place them into Stock Keeping Units, e.g. 24-can cartons or packs of 12-quart bottles, which then go out into the market.



02 Procurement

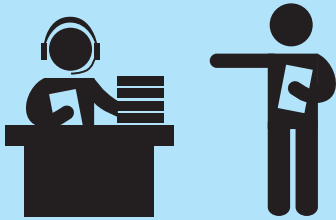
Once forecast numbers are identified, the procurement team will source and purchase materials for beer production and packaging.

Commercial and point of sale materials are procured in addition to these services.

The goal of this essential process is to ensure we get the best quality materials at the best price, on time, and in the right quantities.

Materials are sourced up to a year in advance and on a global scale.

During the process, we compare competing quotations and negotiate for fair contracts that protect the interest of GAB while ensuring suppliers are compensated fairly.



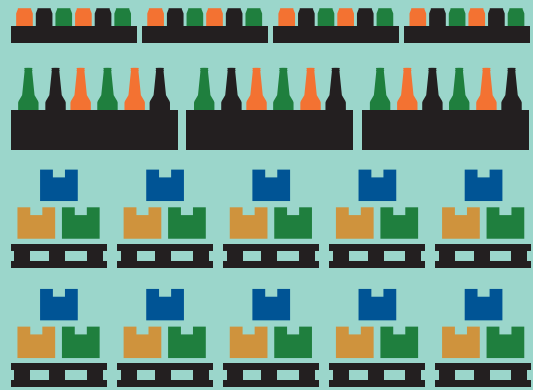
03 Inbound

After the materials have been procured, they will be shipped to the brewery in large quantities.

To maximise the available space at the brewery; everything is stored in an orderly manner.

Once raw and packaging materials are received, they are checked and accounted for.

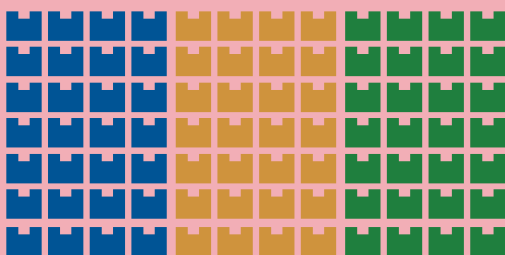
The inbound unit also manages the empty kegs and bottles that are returned to the brewery for reuse and recycling.



06 Warehousing

With the volume of goods produced, a dedicated team manages the finished goods inventories.

The team ensures that we have optimal space usage and that products are transported in an efficient and safe manner.



07 Distribution

From the warehouse, the distribution team manages delivery of the finished products to the market.

This includes road distribution for Peninsular Malaysia and sea freight for East Malaysia and export.

This is done by processing the sales order into a pickup list.

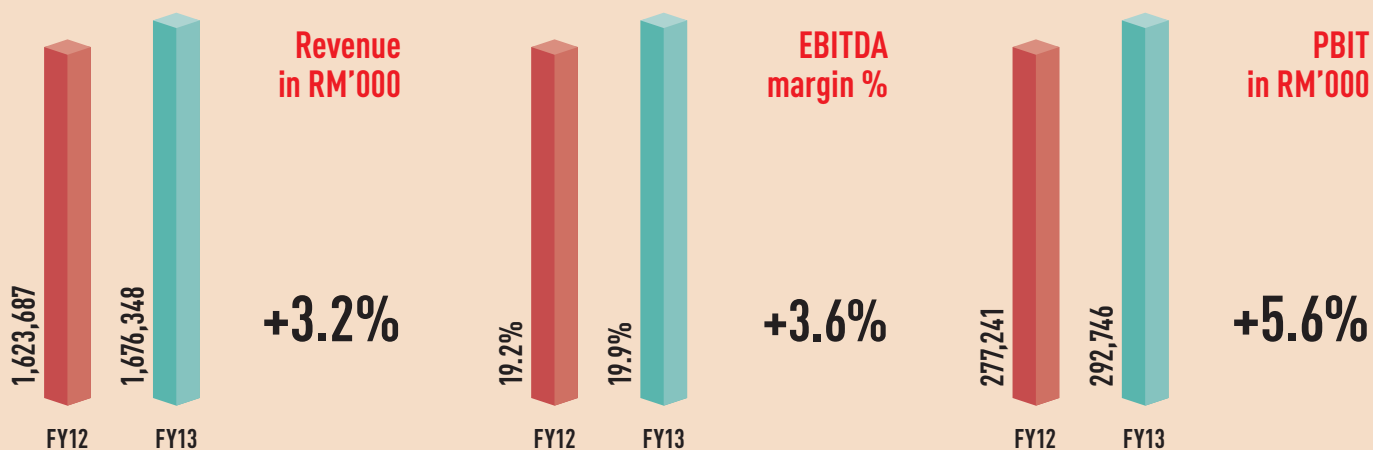
With a vast distribution network and a constant flow of transporters in and out of the brewery, precision is key in ensuring that the distribution process is on schedule and product orders are delivered in full.



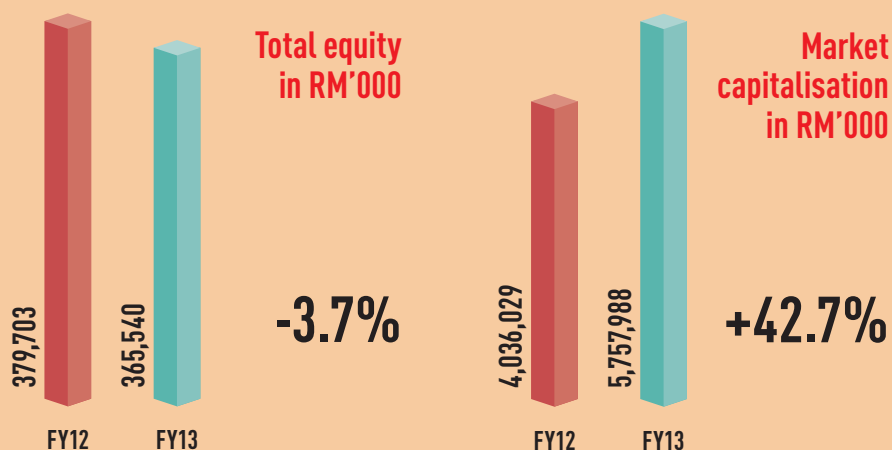
GROUP FINANCIAL HIGHLIGHTS

Key Figures for Financial Year Ended 30 June

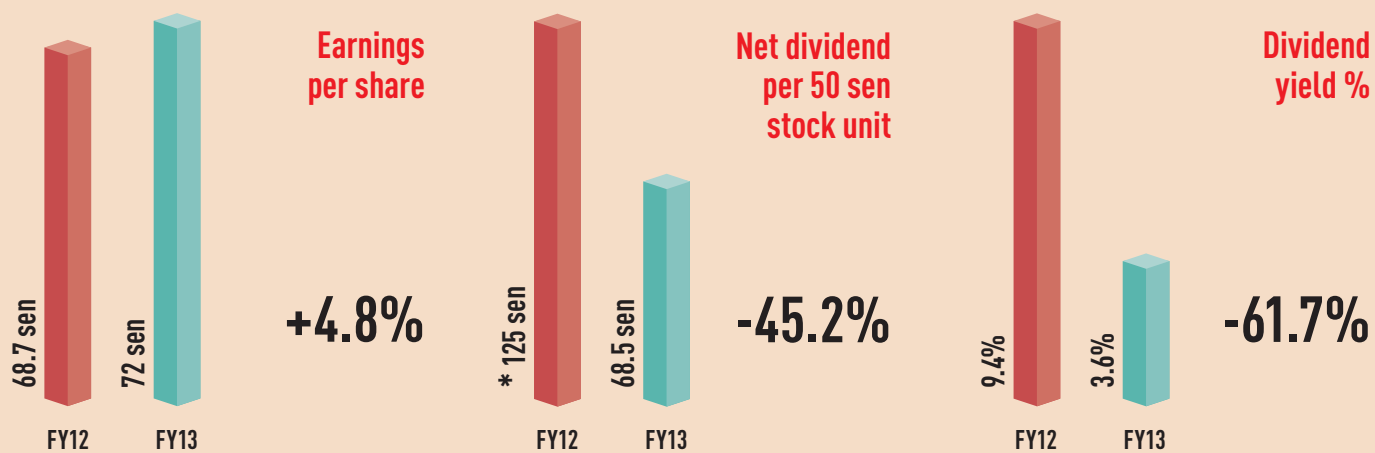
Statements of Comprehensive Income



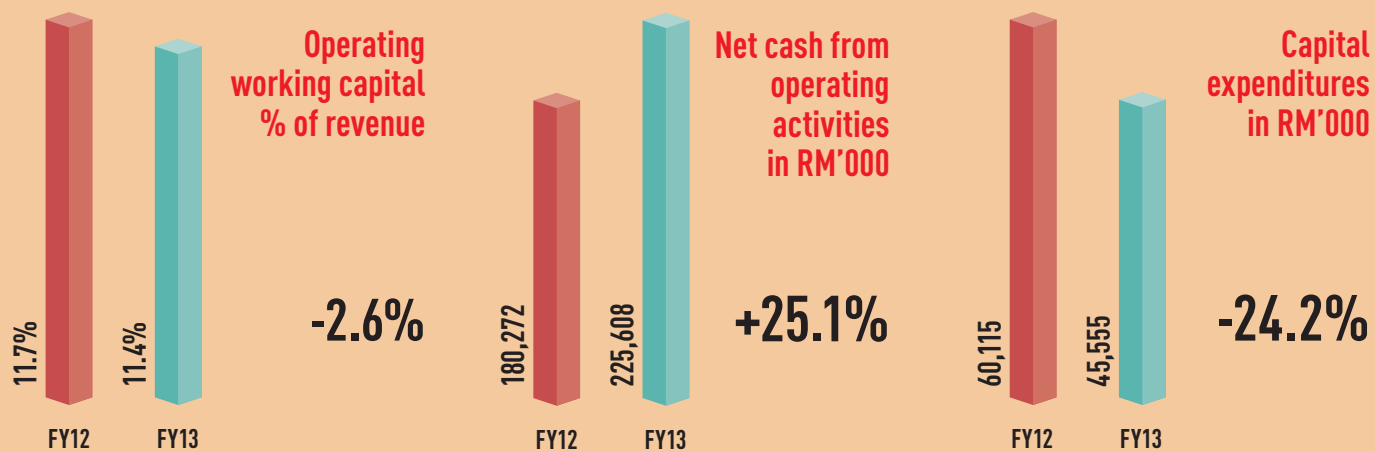
Statements of Financial Position



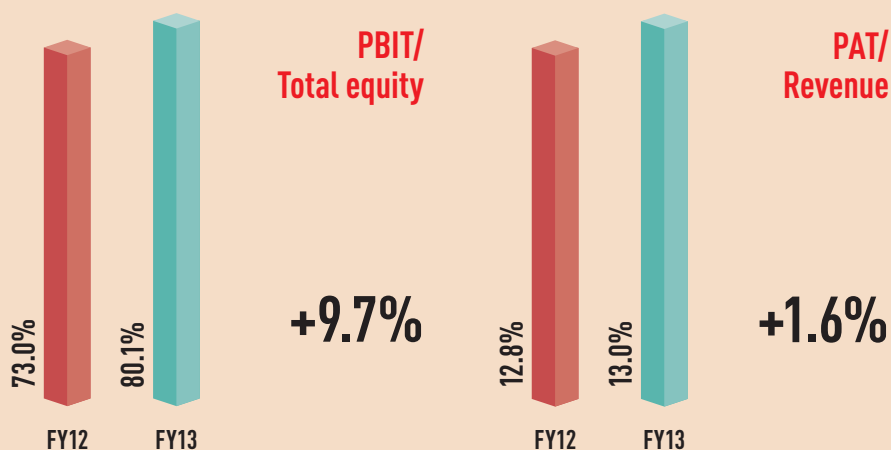
Dividend and Earnings Per Share



Statements of Cash Flows



Financial Ratios



EBITDA : Earnings before interest, tax, depreciation and amortisation
 PBIT : Profit before interest and tax
 PAT : Profit after tax

* Includes special dividend

GROUP FINANCIAL HIGHLIGHTS

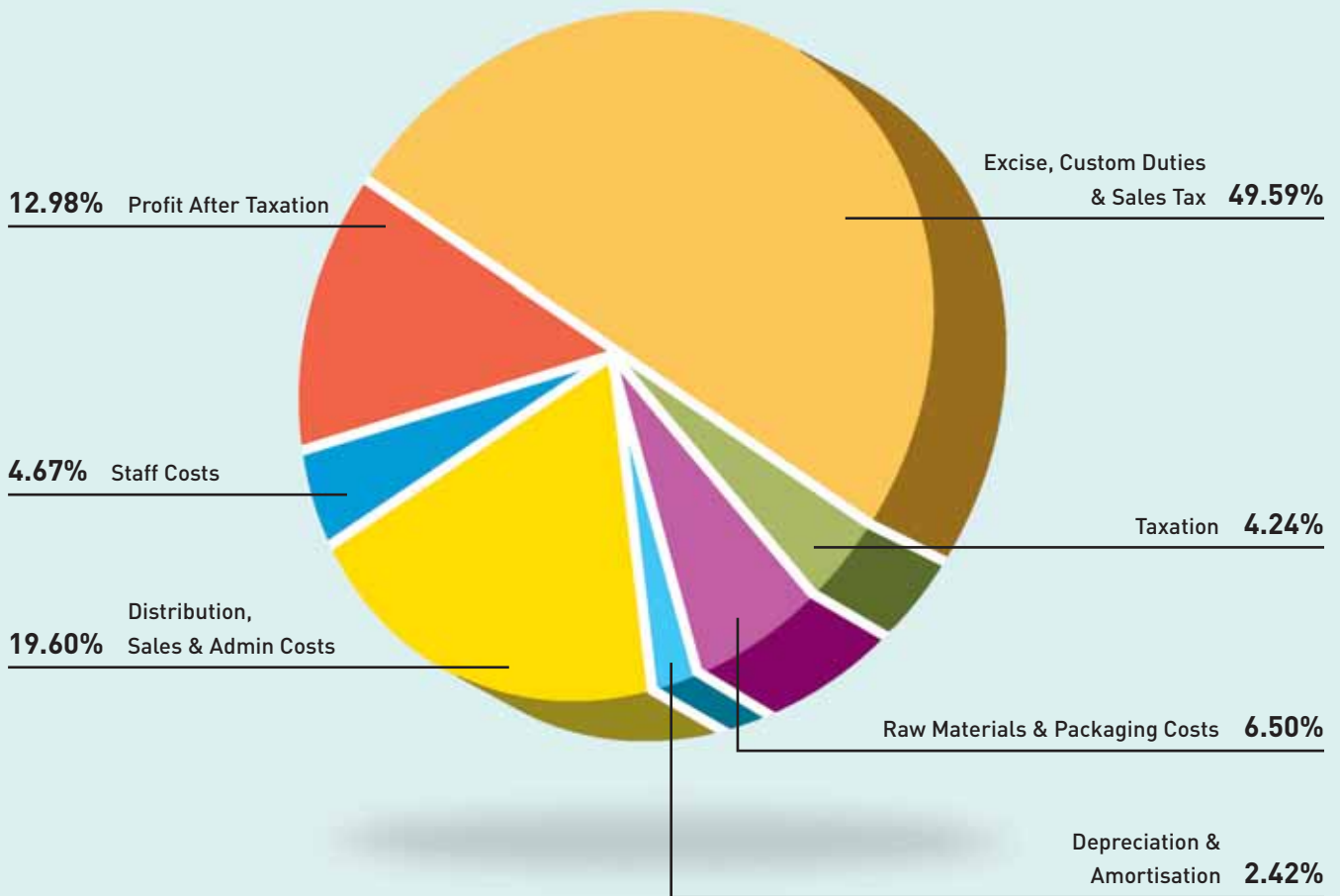
10 Years Financial Track Record

	Financial Year Ended 30 June									
	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Revenue	886,208	952,113	976,013	1,072,112	1,194,602	1,285,423	1,358,633	1,488,720	1,623,687	1,676,348
Profit before tax	129,254	140,519	142,211	152,159	168,898	191,178	204,991	242,883	276,981	288,736
Tax expense	(30,835)	(32,551)	(14,014)	(39,598)	(43,041)	(49,190)	(52,300)	(61,505)	(69,582)	(71,132)
Profit after tax	98,419	107,968	128,197	112,561	125,857	141,988	152,691	181,378	207,399	217,604
Dividends	91,837*	90,871	91,354	99,239	109,873	123,860	135,944	163,133	377,623*	206,937
Net dividends per 50 sen stock unit (sen)	30.4*	30.1	30.2	32.8	36.4	41.0	45.0	54.0	125*	68.5
Earnings per 50 sen stock unit (sen)	32.6	35.7	42.4	37.3	41.7	47.0	50.5	60.0	68.7	72.0
Reserves	159,064	176,403	213,246	234,060	260,285	291,252	319,879	365,567	228,654	214,491
Total equity	310,113	327,452	364,295	385,109	411,334	442,301	470,928	516,616	379,703	365,540
Net assets per 50 sen stock unit (sen)	103.0	108.0	121.0	127.5	136.2	146.4	155.9	171.0	126.0	121.0

* Includes special dividend

Analysis of Group Revenue

(for financial year ended 30 June 2013)



LETTER FROM THE CHAIRMAN

Even in a climate of upheaval and unpredictability both locally and internationally, GAB's strong fundamentals have ensured that the Company continues to be profitable, achieving its 12th consecutive year of growth while strengthening its relationships with internal and external stakeholders alike.



Dear Respected Stakeholders,

To say that my first year as Chairman of Guinness Anchor Berhad has been interesting is an understatement. At every turn, there has been a new challenge for me... and a new opportunity to learn, grow and experience this exciting industry. Some may say my arrival was serendipitous; after all, I came in at a time when the Company was in the midst of its 11th consecutive year of growth, an impressive achievement for any company, which made it all the more daunting for me to ensure that I would not have to bear the ignominy of being known as the one who broke GAB's winning streak.

Fortunately, (especially for me!) I am delighted to be able to report that we have once again, for a historic 12th straight year, achieved a commendable level of growth. Hans Essaadi who entered the fray only this year has more than successfully filled the admittedly large boots of Charles Ireland and come into his own, leading the GAB team to deliver such admirable results.

Down to the brass tacks; throughout the course of the past financial year, GAB's profit before tax rose 4.2% to RM288.7 million, with profit after tax increasing by 4.9%, growing from RM207.4 million to RM217.6 million. Group revenue also increased by RM52.7 million, or 3.2%, to RM1.7 billion in Financial Year 2013 (FY13).

Making the Best of Change

While our continued growth is impressive, there is no denying that the market and the overall climate have been particularly challenging. The mature Duty Paid market, already traditionally flat, was further affected by the uncertainty during the period pending the outcome of the 13th General Elections. Meanwhile, the Malaysian Duty Free market has been expanding, but our continued focus on Duty Paid products, which enjoy healthier margins, has nonetheless kept us in good standing.

This strategic focus has moved us to double up efforts in improving our product mix, strengthening our already iconic portfolio and shoring up our premium brands. Let us also not forget GAB's eclectic stable of fantastic marketing events and campaigns that have not only kept up with changing consumer expectations, but have built up our reputation as an innovative taste-maker; these include the always groundbreaking Guinness St. Patrick's Day celebration, Heineken Thirst and Tiger Street Football, just to name a few.

Having said that, the Company's sound strategies, strong foundation and iconic portfolio of brands will continue to be the key pillars in ensuring that, whatever changes may come, GAB will have another great year.

Internal Change, External Impact

Change is the only constant, and change within an organisation always heralds a new determination to achieve greater things. My appointment as Chairman has not been the only significant movement in the Board of Directors; we now also have with us Datin Linda Ngiam Pick Ngoh, who I am sure will provide valuable advice to the Company and a strong independent voice to ensure we stay true to our commitments to every stakeholder. In the past financial year, Dr Leslie Buckley and Edmond Neo Kim Soon have both resigned from the Board, we now have Michiel Egeler and Kenneth Choo Tay Sian to ably fill their places. Even as there have been numerous changes of major shareholders' nominees across the board, it is not so much a changing of the guard as the reinforcement of a solid foundation, so to speak.

In terms of internal relationships, we have continued to strengthen our ties with the Unions. I am delighted to say that we have successfully concluded the Collective Agreements for the Union of Beverage Industry Workers as well as the Beverage Industry Executive Staff Union.

Corporate Responsibility & Changes for the Better

Over the past year, we continued our emphasis on actively engaging our stakeholders. This includes in-depth relationship building with many different parties; in FY13, we engaged with several ministries and government agencies on various industry issues.

Our Corporate Responsibility initiatives channelled via the GAB Foundation have also been enhanced. We have continued to be a vocal proponent for river rehabilitation and water conservation awareness, as evidenced by the success of our River Forum and River Carnival initiatives. Officiated by the then Minister of Natural Resources & Environment, the National River Forum organised by the GAB Foundation was a first for the country, featuring renowned experts from around the world who came together to share and exchange best practices on water conservation with over 200 participants. The River Carnival was a more casual affair, aimed at educating and empowering the community to protect and conserve rivers. Held at Zoo Negara, it featured a variety of fun-filled activities and games including the River Hunt, the Young River Scientist Programme for children to gain knowledge about the importance of rivers, and the River Musical, a river-themed skit.

You can read more about our Corporate Responsibility efforts in the Corporate Responsibility Report accompanying this Annual Report.

Harnessing Change to Stay Ahead

Although the global market remains uncertain, impacted most prominently by the European crisis, the efforts of other superpowers such as the US and Japan to create a stabilising effect in their economies, and by the international business environment as a whole, is a positive sign of better things to come.

We expect the Government will continue navigating us through these unpredictable times, once again leveraging on initiatives such as the Economic Transformation Programme (ETP) and the Government Transformation Programme (GTP) to maintain the country's competitiveness. Also, the gazetting of 2014 as Visit Malaysia Year bodes well for us and the country as a whole, as we engage with the relevant authorities to organise, manage and showcase world-class events to attract tourists to our shores for enhanced business opportunities.

Another opportunity to look forward to is an expansion of efforts to address the excise duty structure primarily for our industry. As

you may know, the country's alcohol excise duty structure is currently both complex and inequitable and as such, GAB is engaging with the relevant Government agencies to request for the maintenance, if not lowering of excise duty and a review of the existing alcohol excise duty structure.

Having said that, the Company's sound strategies, strong foundation and iconic portfolio of brands will continue to be the key pillars in ensuring that, whatever changes may come, GAB will have another great year.

On a final note, I believe my journey as GAB's Chairman would not have been so smooth if not for the path laid out by the previous Chairman, Tan Sri Saw Huat Lye as well as the former Managing Director, Charles Ireland. Their business acumen, knowledge and vision helped GAB progress to what it is today. I would like to thank them for their contributions and for handing over a business that is in good shape. I would also like to give my appreciation to our shareholders, distributors, suppliers, trade partners and employees for the continued support which will be key for GAB to enjoy continuous growth.

Dato' Saw Choo Boon

Chairman

22 August 2013

MANAGING DIRECTOR'S REVIEW

Innovation is the key to GAB's continued growth and success; by constantly evolving the way we engage with consumers, partners and stakeholders at all levels, we stay ahead of the curve to consistently deliver fresh, new and relevant experiences.

It is my first year as Managing Director of Guinness Anchor Berhad (GAB), and I thank everyone for making the transition between Charles Ireland and myself as smooth as it could possibly have been. This is one of the key factors that allows me to now, with great humility, honour and pleasure, report on the Company's performance. Looking back, it has been an interesting year with an extraordinary learning curve, and I am indeed happy that GAB is continuing its historic run of continued growth, now in its 12th consecutive year.

In FY13, our profit before tax grew by 4.2% to RM288.7 million; likewise our profit after tax increased to RM217.6 million from RM207.4 million, an increase of 4.9%.

Overall group revenue increased to RM1.7 billion compared to RM1.6 billion in the previous year, an increase of 3.2%. Our share price grew 42.7% to RM19.06, increasing our market capitalisation by approximately RM1.7 billion to RM5.8 billion as at 30 June 2013. As such, we were able to declare a total dividend payout of 68.5 sen per 50 sen stock unit for FY13.

I believe that at the heart of our success is our fantastic portfolio of brands that fulfills the needs of every segment. Tiger continues to be a key winner, with both its reputation and volume having grown phenomenally. Guinness, too, has built up a massive and loyal following that is constantly expanding. Meanwhile, Heineken leads the charge for

premium beers, a sector that has contributed significantly to our profitability. Our other brands such as Anchor, Kilkenny, Strongbow, Paulaner, Anglia and Malta are growing their own niches and becoming iconic in their own right.

Brewing Success with Innovation

One reason why we have retained a positive and upward trajectory is our ability to do things in a truly big way. Our brand events, for instance, are second to none; Tiger FC continues to bring huge football events to life, with incredible viewing parties that attract thousands of fans, rewarding them for supporting the brand, and the game. The Guinness St. Patrick's Day celebration is now an institution in itself, an iconic festival characterised by its passionate following. Heineken has also built a following with its large-scale music events such as Heineken Green Room and Heineken Thirst which are well-known for their premium and progressive experiences.

Speaking of innovation, the Heineken brand has also become synonymous with game-changing ideas, not just in terms of its events, but in everything it does. The launch of the new Heineken bottle helped cement this reputation; from the breakthrough design and the thoughtful little touches to improve the drinking experience, it is no wonder Heineken is leading the charge in the premium segment.

And since we are on the subject of leadership, GAB has, time and again, been endorsed and recognised both by the industry and by consumers; our performance at the Putra Brand Awards is evidence of this. In 2013, we continued our winning streak at this prestigious awards show, with Guinness winning its first gold, Heineken taking home its second, and Tiger receiving a Silver. In total, GAB's brands have received 13 Putra Brand Awards since the event's inception in 2010.

Driving Home Change

With uncertainty in the market taking centre stage, and massive changes brewing within GAB itself, this past year has been akin to the Company making a pit stop. Operating at such a demanding pace requires time to take stock

and reflect, so that everyone can move at full speed with greater efficiency, focus and success. It seems apt that during this period of recharging and realignment, we have also got some new faces on board to shore up the team with their own fresh ideas, energy and inspiration. Chief among these are our new Chairman, Dato' Saw Choo Boon, who was designated in November 2012; a new Marketing Director, Bruce Dallas; and Ties van Rappard, our new Head of Trade Marketing in addition to myself assuming the responsibilities of Managing Director from Charles Ireland.

Additionally, we have also dedicated this period to address any issues we have with the major change of our existing IT infrastructure. This undertaking to revamp and update our information systems has been challenging as would any project of such scale, but we are putting our best minds behind it to ensure all potential issues are addressed.

Regardless of the changes that are brewing, people continue to be the key driver of our business, and we know that in order to remain competitive, we must ensure our people are constantly motivated as well as empowered. Hence, the Company has always taken great effort to create a culture of transparency and open communication, with a variety of platforms for personnel to air their concerns and queries, including quarterly townhalls, and department updates.

We are also committed to creating an environment that focuses on the total welfare of employees; we have recently concluded the benefits review and are proud to report a variety of improvements that will be implemented over three financial years. These include hospitalisation room and board subsidy upgrades, an increase of maternity leave to 90 days, subsidised annual health screenings, expanded optical benefits and bereavement allowances, new long service awards and car allowances for senior executives.

As GAB thrives and grows, we will continue to improve our HR policies and initiatives so that we are always in a good position to zoom ahead with full confidence and with the right talent.

Taking a Responsible Stance

At GAB, we take our corporate responsibilities seriously too. As part of our efforts to create a positive role for alcohol in society by making sensible, moderate drinking an enjoyable part of life, we launched a 'Drink Sensibly (DS)' App. We are proud to say the App is the first of its kind in this market. An extension of our innovative Drink Sensibly campaign, the DS App is a handy mobile application that comes with a variety of useful tools for responsible drinking and partying. These include the Drink Calculator, which keeps track of the number of standard drinks consumed, Dial an Angel, which connects users to their designated "Angel" such as a close friend or family member, and MyTeksi, which enables the booking of taxis for safe travel after a night out.

This consumer-centric breakthrough is complemented by impressive progress on the GAB Professional Solutions front. Our Mobile Training Centre bus made headway all over the country, bringing our unique brand of service training to outlets across Malaysia, as far away as Penang, training around 1,200 service staff throughout the year. To recognise our existing batch of graduates and the outlets that they work at, we also held our first ever HAPA-GAB Excellence Awards Ceremony in partnership

with Hospitality Asia Platinum Awards (HAPA). 69 outlets from the Klang Valley, Penang and Johor vied for top service awards such as Most Innovative Guest Experience and Best Service Excellence. Concurrently, we have also developed new training programmes to ensure GAB stays abreast with the increasingly competitive marketplace.

In terms of the GAB Foundation, our efforts continue to gain recognition from key internal and external stakeholders, with events such as the National River Forum and River Carnival capturing the attention of the Government and the public at large alike, solidifying our reputation as a responsible corporate citizen.

Full Speed Ahead

The year ahead looks to be rife with both challenges and opportunities that will only strengthen the position of GAB. We will continue to solve any hurdles we have with the rejuvenation of our IT infrastructure, a key initiative that will prepare us to face even tougher challenges in the future in a more efficient and organised manner. We will also continue to engage with the relevant authorities to overcome industry issues that will impact us moving ahead.

One reason why we have retained a positive and upward trajectory is our ability to do things in a truly big way... We will continue to make innovation a major part of our approach so that GAB remains relevant to consumers in years to come, bringing them events and experiences that are, in a word, iconic.

Perhaps as importantly, the next financial year will see us sharpening our focus on the premium beer market. As purchasing power grows, consumers are now more willing to spend on brands that fit with their attitudes and lifestyles. It is no longer just the price points that drive consumer choice; today's consumers are looking for brands that are willing to engage with them in an exciting, cut-through manner. The more engaged they are with a brand, the more likely they will pay a premium for it, and this is part of our core engagement strategy with the Gen Y crowd.

Above and beyond touching them at the point of purchase, we need to also attract them in bigger, more sensational ways, which is why we will continue to raise the bar with our signature events such as Heineken Thirst and Guinness Arthur's Day celebrations. We will also need to interact with them in a space and manner that they are comfortable with; in this case, it is about using social media in a more precise and engaging manner to effectively communicate with our intended audience.

Also, while we have an iconic portfolio of brands that is admired and loved by consumers, we need to stay attuned to the increasingly diverse tastes of today's sophisticated consumers. As such, we will step up efforts to evolve our portfolio in response to trends in order to continue fulfilling the needs of the market. Meanwhile, our focus on service excellence and bringing the best out of our business partners will also ensure our network continues to expand in the near future.

In a nutshell, we will continue to make innovation a major part of our approach so that GAB remains relevant to consumers in years to come, bringing them events and experiences that are, in a word, iconic.

Hans Essaadi
Managing Director

22 August 2013

OPERATIONAL REVIEW

The 2012 – 2013 financial period was an eventful one for GAB, with the Company initiating, refining and overhauling many initiatives in order to sustain its impressive performance while gearing up to meet future challenges. Here are some of the highlights.

Growing Brands

GAB's iconic portfolio of brands remains the single biggest driver of the Company's success, with each brand within the portfolio gaining prominence in its segment. Tiger continued to lead as one of Malaysia's top selling beer brands, not just with its refreshing taste but also through its captivating events such as the internationally-acclaimed Tiger Street Football and the Tiger FC viewing events that attracted more than 15,000 fans.

The world's most recognised stout, Guinness cemented its position with a new global theme, "Made of More", which

cascaded into its events and activities such as the Guinness St. Patrick's Day celebration that introduced the country's biggest Pub Crawl and the vibrant Guinness Arthur's Day celebration that encompassed 13,000 outlets and culminated in three separate concerts.

GAB's ascension in the premium market, meanwhile, was spearheaded by Heineken, the world's No.1 international premium beer. The brand itself continued to live up to its reputation as an innovative, pioneering and progressive brand with the launch of its signature new bottle as well as talked-about music events such as Heineken Thirst and Heineken Green Room, both of which offered groundbreaking experiences.

Kilkenny and Strongbow, too, stepped up to establish their presence in the market with iconic events, while a range of portfolio-centric events helped strengthen GAB's position in the minds and hearts of consumers.

Perfecting Brews

This past financial year, we continued our drive towards becoming a full-fledged World Class Brewery Organisation by expanding the implementation of Total Productive Management (TPM) programmes into every aspect of the business. One of the key initiatives was to instill shop floor excellence by encouraging small but significant transformations in the speed and effectiveness of day-to-day tasks while slowly creating a mindset change amongst shop floor personnel by truly internalising the principles of TPM. We also established a new direction for our brewery with the intention of developing it into a real competitive advantage. In line with this, we continued to enhance our brewery both in terms of physical investments, such as installing the new Empty Bottle Inspector, and in terms of a cultural paradigm shift, we encouraged brewery personnel from being task-oriented, to being innovation-skewed.

Driving Efficiency

GAB's 12 consecutive years of growth have, by no means, come at the expense of its environmental performance. In fact, we operate within strict guidelines, and are kept in check by a set of key performance indices (KPIs). In FY13, we continued to improve our performance in reducing the consumption of water, electricity and thermal energy. In terms of safety, we maintained 375 accident-free days until end of May 2013 and reduced the rate of time lost as a consequence of accident from 1.99 per 100 full-time employees (FTE) to zero.

Strengthening Partnerships

The past financial year saw the transformation of the GAB Academy into GAB Professional Solutions (GABPS), as the entity evolved from a centre for service training and education into a holistic consultant and solutions provider for our trade partners. In FY13, high-flying

graduates from our previous HERO training programmes were recognised at the first-ever HAPA-GAB Excellence Awards, a collaboration with the Hospitality Asia Platinum Awards. Additionally, top performers from our latest batch of HERO trainees were rewarded with a hospitality field trip to Australia. Our brand new Mobile Training Centre also took to the road, bringing our brand of engaging training to over 1,200 participants from 300 outlets nationwide. In the coming year, GABPS will continue building up GAB's Service Culture while strengthening relationships with its essential trade partners.

Community Outreach

Over the past 6 years since its inception, the GAB Foundation has initiated various charitable programmes based on its three pillars of Environment, Education and Community. In FY13, the Foundation's groundbreaking W.A.T.E.R Project was expanded to Sungai Kinta, Perak while the 3rd River

Carnival helped reach out to over 3,000 members of the public to raise their awareness on river and water conservation. The Foundation also achieved a massive milestone by organising the first ever National River Forum, which brought together renowned experts from around the world to share their knowledge and best practices on water conservation. GAB's English Enrichment Training Programme, meanwhile continued to produce impressive results; since its inception, the programme has helped more than 1,000 students to enhance their English skills. Last but not least, the Foundation organised the biggest Big Day Out event ever, with over 750 GAB employees and business partners implementing 18 community projects in conjunction with Malaysia's participation in the 2012 World Rivers Day Celebration.

GROWING BRANDS

Our iconic portfolio of brands is the driving force behind our continued growth. This section highlights GAB's concerted efforts in consistently pushing the envelope to bring cut-through, relevant and talked-about customer experiences to further strengthen the position of our brands in the market.



Distinctive, relevant, **ICONIC**; GAB's portfolio of brands continued on their road to excellence in FY13, garnering equal amounts of praise, recognition and admiration. As one of Malaysia's leading beer brands, Tiger has been uniting the nation with its exciting form of electrifying entertainment, including the Tiger Street Football initiative that garnered international viewership and attention, and the Tiger FC Away Games initiative that celebrated the nation's love of football with extraordinary viewing events attended by over 15,000 fans.

Meanwhile, Guinness, the world's most distinctive and beloved stout, continued

bringing its brand of iconic events to vibrant life in accordance to its global theme of Made of More. The 7th iteration of the Guinness St. Patrick's Day celebration attracted more people than ever; 5,000 partygoers turned up for the launch of the 3-day celebration, with 11,000 fans visiting over 60 outlets throughout the festivities. Guinness also gave its loyal supporters more by organising the country's biggest Pub Crawl, with 200 lucky fans given the opportunity to enjoy themselves at over 20 outlets over two consecutive days. Not to be outshone, the Guinness Arthur's Day celebration encompassed 13,000 outlets, with the

month-long festival culminating in three separate concerts. During this time, the first ever mobile Arthur's Lounge also made its rounds, giving consumers a chance to try their hands at Guinness's unique 2-part pour.

Heineken, the world's No.1 international premium beer in the market, continued to make headway in terms of innovation and progressiveness with a series of events and activities that helped engage the premium segment. The launch of its new signature bottle signaled a new era for the brand, as it moved to solidify its position as a pioneering force, not just in high quality brews, but in sustainability as well.



Simultaneously, Heineken’s music events expanded on their popularity by introducing even more extraordinary experiences; the magnificent WISH electronic art installation, that pulsated to the beat of music, debuted at Heineken Thirst and wowed the 28,000-strong crowd as much as the international headliners. The latest Heineken Green Room called ‘A Social Design’ curated by local artists and designers attracted a trendy crowd of proto-hipsters in a pop culture-savvy music event, and is sure to be talked about for many years to come.

Kilkenny and Strongbow also began establishing their iconic presence in their respective segments with the former

moving to attract the Cream of the Crop of premium customers. Strongbow epitomises a luxurious yet unconventional lifestyle with its strong association with chill-out music. The Borneo Jazz Festival held in May 2013 is one of the many examples where a select group of consumers received an intimate Strongbow Experience over a 3-day exclusive hospitality trip.

A range of attractive portfolio-centric campaigns such as Oktoberfest and Chinese New Year rounded up the financial year, further strengthening GAB’s relationships with consumers and contributing significantly in elevating the brands’ iconic stature.

1. GAB management team with Shane Stephens (gold tie). Shane Stephens is the Deputy Head of Mission, Embassy of Ireland.
2. Emcee Serena C trying her hand at the Guinness 2-part pour.
3. Scenesters admiring Heineken Green Room’s social design project in a curated extravaganza of art inspired by music.
4. ‘Mo’ Blow’ setting the groove on the second night of the 2013 Borneo Jazz Festival.
5. True blue Tiger FC football fans came anticipating a great time – and that is exactly what they got!



TIGER

- One of Malaysia's leading beer brands recognised the world over
- Tiger FC Away Games and Big Away Games attended by over 15,000 fans
- Tiger Street Football gained RM6 million PR value
- Tiger Chinese Education Charity Concerts (CECC) raised more than RM231 million, benefitting 472 schools since 1994
- Tiger Beer's Facebook page recruited 316,000 fans since 2009
- Tiger bagged the Silver award under the 'Alcoholic Beverage' category at the 2013 Putra Brand Awards



Tiger Thematic Campaign – It’s Where You Want to Be

In FY13, Tiger launched a new integrated brand campaign positioning it as Asia’s World Beer, the beverage that is brewed to excite, and is at the heart of every beat; essentially, Tiger is where you want to be. The campaign was launched over several platforms including print and digital media, and it served to strengthen relationships with the brand’s current customers while reaching out to new drinkers with its refreshing, vibrant attitude.

Tiger Street Football

The second iteration of the Tiger Street Football event saw 32 local teams and 4 invited international teams to participate in a pulse-pounding, action-packed soccer contest at The Curve, Mutiara Damansara on the 25th and 26th of August, 2012. The multi-stop international street football tournament was broadcast live on ESPN, and it gained news coverage that garnered a total PR value of over RM6 million. Seen as a platform for talented players, aspiring footballers and

1. Tiger has garnered over 40 international awards to date, including numerous gold awards at the World Beer Cup and World Beer Championships.
2. Players immersing themselves in the intense street football action at the Tiger Street Football National Finals at The Curve.



passionate enthusiasts alike, Tiger Street Football reinforces the brand's commitment to bringing unique live football action to fans in a manner that is relevant, refreshing and memorable. The Malaysia leg saw a strongly contested event that was ultimately won by Equal FC, who overcame Dani FC 7 - 4 to take home US\$3,000 and the opportunity to play at the Grand Finals in Vietnam. Dutch football legend Edgar Davids, the tournament ambassador, was also on hand to further add to the exhilaration of the event.

Tiger FC Away Games – Bringing You Closer to the Action

Tiger FC continued to cement its position as the go-to people for lavish, vibrant and boundary-breaking football viewing events, activating three Big Away Games and 180 Away Games, attended by a total of over 15,000 football fans. The biggest of these was held at Sunway Giza, Kota Damansara, with over 1,000 fans turning up to watch two exhilarating matches projected onto a 60-foot wide elevated screen. Tiger FC added



2

to the festive atmosphere by rewarding fans who predicted the score of the first game with great prizes including a 42-inch LCD TV. One lucky fan who demonstrated awesome football skills, trivia knowledge and creativity also beat 50 other hopefuls in the Tiger FC - The Star "Bringing You Closer to the Action" contest to win an all-expenses paid trip to watch a football match in the UK. Other activities included the popular "What Fan Are You?" personality test, face painting and Tiger FC Puma jersey personalisation, with buckets of ice-cold Tiger beer topping off the festivities.

Tiger CECC

Working in collaboration with Sin Chew Daily and Guang Ming Daily, Tiger expanded on the success of its Chinese Education Charity Concerts (CECC), raising over RM231 million since 1994, with proceeds benefitting a total of 472 schools nationwide. SRJK(C) Choong Hua in Banting broke all records by raising RM5,388,888.88 in funds on 21st October 2012. Initiated by Tiger in 1994, Tiger CECC is a CSR event aimed at building a stronger relationship with the Chinese community by supporting Chinese vernacular education, a focus that is considered to be culture defining.

1. Giant 60-foot screen was set up for Tiger FC fans, so that they would not miss any action.
2. Tiger CECC helped raised a total of RM1.2 million for SJK (C) Pandamaran Klang with Datuk Mary Yap, Deputy Education Minister witnessing the handover of the funds.



GUINNESS

- The No. 1 Stout in Malaysia and around the world
- The iconic brand sells over 10 million pints daily worldwide
- Guinness is the world's most distinctive beer, born out of determination, courage, ingenuity and passion
- Guinness Arthur's Day 2012 was celebrated at over 13,000 outlets
- Guinness St. Patrick's Day 2013 Pub Crawl was the nation's biggest with 200 fans experiencing 20 bars over 2 days
- Guinness struck Gold under the 'Alcoholic Beverage' category at the 2013 Putra Brand Awards



Guinness St. Patrick's Day – 'Larger Than Life' Pub Crawl

The iconic Guinness St. Patrick's Day celebration in Malaysia, now in its 7th year, continues to grow in scope and popularity, and has become a mainstay for avid partygoers and lovers of Guinness alike. From an event that attracted 1,800 people in its first year, the latest Guinness St. Patrick's Day festivities drew over 11,000 people to a 3-day city celebration in the Klang Valley. The countdown to 2013's official Guinness

St. Patrick's Day itself attracted more than 5,000 fans, who mingled with a colourful troupe of stilt walkers, mime artists, St. Paddy's caddies and a host of other vibrant buskers. As part of the celebration, 200 lucky Guinness fans were also given the opportunity to participate in the nation's biggest Guinness Pub Crawl, where they were chauffeured in the exclusive Guinness St. Patrick's Bus to over 20 bars over a 2-day period. They also received premium goodie bags with limited edition merchandise, and were given the opportunity to win prizes such as iPad Minis.

1. The launch of Malaysia's biggest Guinness St. Patrick's Pub Crawl and the Fun Bus revealed to members of the media.



Guinness Arthur's Day – Upping the Celebrations

A month-long celebration to pay tribute to the creator of the world's most iconic dark brew, the latest Arthur's Day celebration was the biggest yet. Organised under the umbrella theme of "A Celebration Made of More", it encompassed over 13,000 outlets and culminated in three different concerts on the actual Arthur Guinness Day at three different venues,

headlined by Justin Lo from Hong Kong, River Maya from the Philippines and our very own Jaclyn Victor and Reshmonu. It also saw the return of the beloved arTHURSDAY Music Parties, where we provided six local music talents the opportunity to open for rock icons Creed in Indonesia. The first-ever mobile Arthur's Lounge was also introduced, touring the Klang Valley and allowing drinkers to try their hand at the Guinness 2-part pour.



Guinness Global Campaign – Made of More

Long associated with iconic advertising and branding, Guinness Malaysia launched its latest campaign, Made of More, mirroring its global counterparts. This campaign reflects the shared attitude of Guinness and its loyal fans who aspire to get the most out of every aspect of their lives, at all times. It reflects the

non-conformist spirit of Guinness lovers who do not settle for the ordinary and instead seek out exciting new experiences that enrich their lifestyles, much like how Guinness adds a taste of richness to their day-to-day existence. This advertising concept was extended to Guinness events in Malaysia, with the St. Patrick's Day theme celebrated under the umbrella theme of #Marchmorefun and Arthur's Day enhanced by the rallying cry of A Celebration Made of More.

1. The first-ever mobile Arthur's Lounge which allows drinkers to pour their own pint of Guinness.
2. Fireworks at The Curve to commemorate the man who brought us the bold black brew.
3. Street entertainers and a jovial crowd made for a #Marchmorefun St. Patrick's celebration.
4. Guinness 'Made of More' global campaign advertisement.



HEINEKEN

- The world's No. 1 international premium beer brand
- Renowned for its progressive, innovative personality built on its core values; Open Minded, Cosmopolitan, Inventive & Witty
- Heineken officially launched its new bottle design in FY13
- Heineken won Gold at the 2013 Putra Brand Awards
- Heineken Thirst 2012 attracted 28,000 fans with 24,000 cans of Heineken sold in one night
- Heineken Ibiza Final generated more than RM2.5 million PR value
- Heineken Green Room was held for the 7th time in June 2013



Heineken New Bottle Launch – Bottled Perfection

A testament to the Heineken brand's commitment to quality, progressiveness and innovation, the launch of the new bottle was a resounding success for Heineken. Apart from striking features such as a thumb groove that encourages a better grip, bottle caps stamped with the word "Quality" to

reinforce the brand's premium nature, and an embossed logo that gives the bottle a stamp of authenticity and class, GAB is the first company to launch the Heineken new bottle design in a returnable market in the Asia-Pacific region. The launch and its subsequent media campaigns have helped further raise the profile of Heineken as the world's No. 1 international premium beer.

1. Consumers enjoying Heineken in its sleek new bottle.



Heineken Thirst – Leaving Fans Thirsting for More

Heineken Thirst 2012 was the most successful iteration by far, attracting 28,000 festival-goers, who consumed over 24,000 cans of Heineken in a single night. Held at the Sepang International Circuit on 8th December 2012, the iconic entertainment extravaganza featured two mind-blowing stages backgrounded by a spectacular visual backdrop called WISH, a 17-metre high installation consisting of three LED-lit

flowers that pulsed in time to the music. Headlined by Avicii and French electronica pioneers Justice, the event also saw performances by a host of local and international acts including Above & Beyond, Brodinski, Goldfish & Blink, Lapsap and DJ Xu, Found@Thirst Alumni Phil K. Lee, Tommy Cham and Nick Haydez, and many more.

Heineken Green Room – Designer Music Scene

Thousands of Heineken fans and music lovers thronged the KL Live venue on 15th June 2013, and were greeted by a groundbreaking conceptual exhibition called A Social Design. The space showed the artistic influence of the country's leading graphic designers and fine art exponents who explored their passion for music as well as its influence on their work. The unique venue design also allowed fans to create their



hangouts in the various Green Room areas as they indulged in great music courtesy of international headliners The Drums and Totally Enormous Extinct Dinosaur as well as local favourites Twilight Actiongirl, The Deer Society and Darren Ashley. The event generated a PR value of over RM2.7 million.

Heineken Ibiza Final – In A League of Champions

Organised in conjunction with the UEFA Champions League, the Heineken Ibiza Final contest

was a 360 campaign capitalising on the Ibiza Final property. It included a nationwide consumer promotion; fans who purchased Heineken stood a chance to be invited to an on-ground challenge where the ultimate prize would be an all-expense paid trip to the UEFA Champions League Finals in Ibiza, Spain. Three lucky winners were sent to join 200 Heineken fans from around the world to celebrate the UEFA Champions League Finals from 24th – 26th May 2013. All in all, the campaign garnered a PR value of over RM2.5 million.

1. More than 28,000 revellers soaked up the excitement at Heineken Thirst 2012.
2. Highlight of the night for many as The Drums took the stage to a warm welcome from an eager audience.
3. A Heineken toast for the three lucky winners who were flown to Ibiza, Spain for the UEFA Champions League Finals.



Kilkenny

- The No. 1 selling ale in Malaysia
- Amicable and authentic, Kilkenny is the Cream of Irish beers
- Kilkenny Facebook acquired more than 100,000 fans over the past year

Strongbow

- UK's No. 1 authentic cider
- Achieved 5 years of consistent growth
- Continued its sponsorship of the Baby Tonga yacht, a prize winner in the Raja Muda Selangor International Regatta 2008 – 2011
- The official beverage partner of the Borneo Jazz Festival 2013

Anchor Smooth

- A quality brew with a smooth, refreshing taste
- A great choice for everyday consumption, especially to accompany local food
- Anchor Smooth was awarded Gold at the Monde Selection for 3 consecutive years, 2010 - 2012

Anchor Strong

- The bolder variant of the Anchor brand
- A brew that is strong and refreshing, yet surprisingly smooth
- It is brewed longer with a cold filtration process to remove all excess yeast resulting in an easy-to-drink beer that is fuller and stronger



Paulaner

- A premium wheat beer that is growing in popularity among the younger crowd
- Paulaner is also gaining popularity among those who are looking for a more sophisticated, less “commercial” brew

Anglia

- The Real Shandy, an all-time Chinese New Year favourite
- In 2013, Anglia Grape was made available as a variant during the Chinese New Year period
- Appeals to light drinkers with its refreshing buzz and unique blend of beer mixed with fizzy lemonade

Malta

- The preferred choice of malt drink for people with active lifestyles
- A carbonated, non-alcoholic malt beverage that boosts energy and alertness
- Contains all the goodness of malt, including a high concentration of B Vitamins (B1, B3 & B6)



Portfolio Consumer Campaigns

GAB's iconic portfolio is truly greater than the sum of its parts, as evidenced by the exceptional response from consumers to our range of portfolio activities.

GAB Oktoberfest – “For the Love of Beer”

In conjunction with Oktoberfest, and under the theme of “For the Love of Beer”, seven big events and 238 smaller, self-run events were organised, in addition to a street party and six roving teams. A portfolio promotion was also conducted

over 6 weeks, with 80,000 of 1 litre Tiger Mugs being given away, and the unique Paulaner Oktoberfest Bier – the original Oktoberfest beer from Munich brewed only for the festival – was served. The celebration kicked off with a special launch at The Social, Publika, where GAB created the country's first-ever BEER LOVE METRE for fans to see how much their love for beer was worth.

GAB CNY Campaign – Celebration of Fortune, Prosperity & Longevity

For the Chinese New Year (CNY) period, a consumer promotion was conducted from 2nd January

2013 till 28th February 2013 revolving around the theme of “A Celebration of Good Fortune, Prosperity & Longevity”. Throughout the festive season, consumers who purchased big bottles of Tiger, Guinness or Anchor were given the opportunity to win solid gold and gold-plated Fu Lu Shou sets worth RM10,000 and RM1,000 respectively. They could also redeem 18 bottle caps for a Fu Lu Shou set. Additionally, seven village events were also held in collaboration with Sin Chew Daily and Guang Ming Daily, including charity dinners to raise funds for worthy causes such as the refurbishment



of the 117-year old Chan She Shu Yuen Clan Association. Part of the village events was the newly introduced CNY Bazaar sponsorship tie-up with three reputable companies, bringing added joy to the village communities. In total, more than 30,000 people joined us in our nationwide CNY celebration, with almost RM1 million worth of PR value generated by the village events.

Taking Flight with Our Portfolio

GAB conducted several trade portfolio campaigns in the past financial year under the theme of Make GAB Brands Your

Travelling Companion. Activities included a consumer promotion from 6th May 2013 till 30th June 2013, where consumers could either collect liners to get branded Lotto backpacks and foldable bags, or spend and be rewarded with power banks. We also ran a brand ambassadors activation programme to engage consumers on ground. Our roving team of ambassadors visited various locations throughout Malaysia and conducted a Lucky Draw promotion where customers stood a chance to win travel vouchers and travel essentials such as luggage bags and tags.

1. GAB Brand Ambassadors clad in Bavarian folk costume.
2. GAB's former Managing Director, Charles Ireland (fourth from left), along with other members of the GAB Management Team striking a pose with the three Fu Lu Shou deities during CNY campaign launch.
3. Delighted consumers gave our Make GAB Brands Your Travelling Companion consumer promotion a thumbs up.

PERFECTING BREWS

Our brewery and brewing facilities are the heart of our business, and this section provides an overview of the improvements, enhancements and changes that have been initiated over the past financial year in order to keep GAB on the forefront of the industry.



In FY13, GAB continued its drive towards becoming a World Class Brewery Organisation as the precepts, principles and practices of Total Productive Management (TPM) were further institutionalised at every operational level of the business. The implementation of the TPM Programme is a key element in our continued growth and success, as it enhances systems and processes, improves efficiency, drives workforce performance and helps in the cultivation of a zero-loss mindset.

TPM methodology is based on 7 Pillars:

- (i) Safety
- (ii) FI (Focus Improvement)
- (iii) AM (Autonomous Maintenance)
- (iv) PM (Planned Maintenance)
- (v) PQ (Progressive Quality)
- (vi) L&D (Learning & Development)
- (vii) Logistics (In Pilot Phase - Focus is on Returnable Packaging Material (RPM) and Planning Pillar)

A visible embodiment of TPM at work can be seen in our efforts to instill shop floor excellence. This initiative seeks to create a deep change in the Company's culture of running a brewery, driving small but significant transformations in the quality and efficiency of day-to-day tasks, and creating a solid quality mindset that runs throughout the organisation, from brewery management to the workforce on the shop floor.



This financial year, we have also defined a new ambition for our brewery; beyond being efficient production facilities, we believe that we have the capabilities and resources to develop it into a distinctive competitive advantage. Over the past three years, we have invested over RM120 million in ensuring our brewery remains on the cutting edge of the industry. With enhancements ranging from the new Empty Bottle Inspector (EBI) to the installation of the new hybrid labelling machine, which allows processing of both paper and clear plastic labels, we are well positioned to continue delivering outstanding

brews that are recognised by the industry, and beloved by our customers.

Excellence from the Floor Up

Our shop floor excellence initiatives are focused on achieving long-term sustainable results brought about by a holistic change towards a TPM-driven mindset. It calls for the implementation of visible elements of TPM in respect to workplace organisation, and results from a synergistic approach that combines activities from all TPM pillars.



The Supply Chain 5S system, for instance, is a simple workplace organisation and standardisation concept consisting of five activities, namely Sort, Set in Order, Shine, Standardise and Sustain. It was developed as a system to keep the shop floor workspace clean, neat and organised in an easy-to-understand and practical manner, effectively minimising clutter, maximising efficiency and optimising productivity.

Essentially, it is about making TPM an organic part of our day-to-day tasks in order to sustain implementation of TPM practices. We want to bring about a massive change in emphasis when it comes to shop floor activities, shifting the focus from linear activities (operating equipment) to building a culture of learning, improvement and innovation. By doing this, we will be able to move our workforce up the value chain, building them up from skilled technicians to thinkers and innovators with the capabilities as well as mindset to sustain the forward momentum of the Company.



Towards a Gold Standard in TPM

While getting prepared for the Bronze Certification in TPM, we are concentrating our efforts on fulfilling the criteria for Silver Certification. Our goal is to effectively transform our brewery from efficient production facilities into a powerful competitive advantage by cultivating a higher level of performance, developing a leaner, optimised organisation and improving our agility in responding to innovation and market changes.

To achieve this, we need to leverage on the systems previously established,

focus resources on essential initiatives and expand to new disciplines that will provide us with a distinctive competitive advantage. The first step is to maintain the basic conditions we have already established, building on and refining them to improve results. Ensuring that our vision for the future of the organisation and its performance levels is accurate, then embedding the Vision to Action planning cycle and execution will form the basis of our drive through the Bronze and Silver Certification. With this in place, we can leverage on systematic improvements to the established processes, then further improve competencies in problem solving and shop

floor excellence. Learning from others, including from thought leaders, game changers and leading innovators both within and beyond our industry, is essential to enhance these capabilities. This will also allow us to expand the level of detail in existing pillars in order to enhance their clarity, and therefore their effectiveness. Finally, we will be able to build on these activities and expand TPM to new disciplines that will add the most value to the organisation.

DRIVING EFFICIENCY

Constant improvements in efficiency play a crucial role in keeping the Company competitive. This section outlines our ongoing efforts to enhance efficiency at all levels of operations, from optimising energy consumption and streamlining process management to reducing overall environmental impact.



12 consecutive years of growth is no mean feat, and it is testament to GAB's constant focus on refining, fine-tuning and enhancing efficiency measures that such an achievement has been made possible. Efficient systems and processes contribute not just to enhanced performance and productivity, but also lead to effective management of resources and reduction of wastage, all while ensuring GAB maintains a good environmental record. This financial year, we have redoubled efforts in optimising water, electricity and thermal energy use throughout the organisation.

We surpassed our thermal energy reduction targets, achieving 14% savings in FY13 alone. We have managed to reduce water usage by using just over 5.8 million hl of water per year. In terms of electricity, we used a total of 13.6 million kWh in our manufacturing processes annually. In FY13, we were given a target of reducing year-on-year consumption by 6%, in which we achieved a 4% reduction. However, even though we missed this reduction target, we have still managed to reduce electricity consumption over the past 5 years by 13.9%. By



upgrading and streamlining our systems, we are also working towards enhancing the safety of the workplace, primarily within our brewery.

Exemplary Environmental Performance

While 12 consecutive years of growth is something to be proud of, doing it while maintaining a good environmental record is doubly praise-worthy. Our environmental annual reduction rates are challenging, to say the least, and are based on the

Utilities Benchmark models of Heineken. Key performance indices (KPI) have been identified, and we have built a reference library of solutions and potential savings for each KPI. We track our progress with action sheets that incorporate implementation dates and deployment plans. These detailed reports enable us to understand our current position and give us a clear picture of what we can improve in order to obtain more savings. These savings are then translated into monetary terms, with 30% of them reinvested into generating even more improvements in environmental performance.

The core pillars of our environmental initiatives are thermal energy, water and electricity usage reduction. For more insights on our usage reduction, please refer to GAB's Corporate Responsibility Report 2013.



Lean, Green Efficiency

In FY12, we successfully rolled out the new Heineken bottle design, which sported such significant features as a thumb groove for a firmer grip, a cap that reflects the brand's premium quality, and a longer neck that makes it truly stand out from the crowd. GAB is the first brewery to roll out the Heineken new bottle design in a returnable market in the Asia-Pacific region. Conventionally, the change in the dimensions and design of a bottle would lead to an overhaul in terms of packaging

and distribution; the longer, slimmer neck, in particular, meant the "shoulder" of the bottles would crash into each other during transport, if they were transported in existing crates. Due to changes in the dimensions and design of the bottle, innovative measures have been taken to create and produce new crates to better fit the bottles. This further enhances our ways of packaging and distribution in respect to our new bottles that has helped the Company achieve cost savings of over RM3.8 million.

For more insights on our crate innovation, please refer to GAB's Corporate Responsibility Report 2013.



Safe & Sound

We operate on a zero lost time injury rate in our brewery, and take every precaution to ensure that accidents on the production floor are minimised, if not eliminated. We maintained 375 accident-free days until end of May 2013 and reduced the rate of time lost as a consequence of accident from 1.99 per 100 full-time employees (FTE) to zero.

As part of our continuous safety enhancement exercises, we replaced two 20-year old machines we deemed unsafe

for use by today's standards, and upgraded our guardhouse to improve gate-keeping. We also implemented an integrated registration and safety validation system, where contractors are only allowed to commence work after a series of pre-work assessments.

We believe that creating a safe environment requires not just comprehensive protective measures, but also a change of attitude. In this respect, one of the key challenges for us is to tackle the culture of fear in regard to reporting near misses or safety infractions.

To circumvent this, we have established a programme that rewards employees for reporting near misses. To encourage compliance, a monthly award is presented to the employee who exemplifies compliance to safety regulations.

For more insights on our safety measures and improvements, please refer to GAB's Corporate Responsibility Report 2013.

STRENGTHENING PARTNERSHIPS

Building, maintaining and managing relationships with external stakeholders is vital in ensuring the continued growth and expansion of our business. This section outlines the various activities and initiatives conducted throughout the past financial years in solidifying our partnerships for sustainable, mutually-beneficial results.



1

1. The top 5 HEROs from the GAB Professional Solutions HERO Academy training programme celebrating their win and cheering to their much-anticipated Sydney learning trip.
2. HAPA-GAB Excellence Awards 2012 trophy.
3. The winners of the 'Most Innovative Guest Experience' category celebrating their win while Cornelius Koh, Human Resources Director of GAB, looks on.

Launched in 2012, GAB Professional Solutions (GABPS), an evolution of the GAB Academy, was created to serve as a reliable consultant and solutions provider to GAB's trade partners. Its core initiative is the GAB HERO (Hotels, Entertainment & Restaurant Operators) Academy, which was designed to improve customer service levels and enable service staff to deliver the perfect drinking and dining experience.

This financial year saw the ramping up of activities that helped raise the profile of GABPS. We successfully organised the inaugural HAPA-GAB Excellence Awards,

where we recognised the graduates of the various HERO training programmes in a glitzy ceremony. We also began operations for our Mobile Training Centre, which brought our brand of interactive training to trade partners all around the country. We also expanded GABPS Academy to reach every region in Malaysia, and rewarded top performing HEROs with a hospitality field trip to a major foreign city.

Rooted in GAB's commitment to create a culture of Service Excellence, GABPS will continue to create quality engagement and build lasting relationships with trade partners to drive the Company's success.



Creating Brand New HEROs

For the past 5 years, the GABPS Academy has successfully trained over 10,000 individuals from 900 outlets nationwide. In 2012, the Academy expanded its training programme to reach regions outside of the main cities enabling more than 1,200 participants from 300 outlets to make the transition to become skilled HEROs. The training, which spans three semesters, encompasses a wide range of aspects including customer service standards, product knowledge, serving and selling skills, the art of brewing, food and beer pairing, draught beer setup and beer quality management.

The performance of participants are monitored and appraised, with the 10 best HEROs standing a chance to win the HERO of the Year Award and also being honoured at the HAPA-GAB Excellence Awards. Additionally, the top HEROs in 2012 were rewarded with a trip to Sydney, Australia, where they were given the chance to broaden their horizons on the hospitality industry through a series of unique experiences. The winning HEROs were given the chance to experience the trendiest restaurants and nightspots in Sydney, and gain invaluable exposure through various knowledge-building activities. They had the opportunity to put into practice everything they have learned

from the GABPS Academy through intensive internship training, and enhance their body of knowledge with visits to wineries, distilleries and breweries. They were also exposed to the many different types of glassware and bar equipment, and exposed to international best practices by attending the Sydney Bar Show, which showcases the latest developments in F&B innovation.



A Night for Winners

A collaboration between GAB and the Hospitality Asia Platinum Awards (HAPA), the inaugural HAPA-GAB Excellence Awards is the culmination of GAB's focus in helping trade partners enhance service standards in their respective outlets. It recognises graduates of the GABPS Academy, which covers various aspects including customer service, product knowledge and the art of pouring.

Over 69 outlets from around the country participated in this first-ever awards ceremony, with participants vying for victory in five main categories namely Best Product Quality, Most Innovative Guest Experience, Best Entertainment Outlet, Service Excellence and Outlet of the Year, with the addition of two mystery awards – Best F&B Concept and Best Branding Concept. The big winner of the night was WIP Kuala Lumpur, which took



home top honours as Outlet of the Year, while also garnering Silvers in the Service Excellence and Most Innovative Guest Experience awards. Another highlight during the ceremony was the announcement of the transformation of GAB Academy into GAB Professional Solutions (GABPS), with this new entity promising new offerings and services for trade partners including a mystery shopper programme and national, regional and global competitions under the GABPS Academy.

GABPS Goes Mobile

One of the key new offerings of GABPS is a customised GAB Professional Solutions Mobile Training Centre that has been making rounds throughout the country bringing the unique training experience right to the doorsteps of trade partner outlets. The customised bus is set to travel more than 25,000km, visiting 37 cities across the Peninsula including Sitiawan, Batu Pahat and Alor Setar, and training more than 1,200 participants to deliver top-notch customer service by the end of 2013.

1. Winners of the HAPA-GAB Excellence Awards 2012 posing with Thum Chee Yuen, Sales Director of GAB (fourth from the left) & Yap Swee Leng, former Marketing Director of GAB (in red).
2. The brand new GAB Professional Solutions Mobile Training Centre.

COMMUNITY OUTREACH

Apart from achieving economic success, GAB also places great emphasis on being a responsible corporate citizen. This section provides a glimpse into the many efforts of the GAB Foundation and the Company to make life better for the community.



GAB continues to make a difference in the communities in which we operate through initiatives spearheaded by the GAB Foundation, and via our Big Day Out annual outreach event. Now in its sixth year of operation, the GAB Foundation has initiated various programmes based on its three core pillars of Environment, Education and Community, touching over 16,000 lives and donating over RM5 million to worthy causes.

The Foundation's breakthrough W.A.T.E.R Project has helped rehabilitate the Sungei Way river, and is set to move beyond this location to cover other locales. An extension of the W.A.T.E.R Project, the River

Carnival has successfully spread awareness and education on river and water conservation in a fun and engaging way. 2012 also saw the Foundation achieve another milestone when it organised the country's first-ever National River Forum, where renowned experts from all over the world converged to share best practices on river rehabilitation.

In terms of Education, the English Enrichment Training Programme continues to evolve to engage more teachers, and has since been made available to even more schools in order to realise the Foundation's vision of raising the standard of English proficiency in the country.

Meanwhile, the annual Big Day Out outreach initiative, part of the Foundation's Community pillar, has expanded to include over 750 GAB employees and business partners, with last year's event dedicated to water conservation in conjunction with Malaysia's inaugural participation in the 2012 World Rivers Day Celebration.

Environment

The National River Forum: An International Convergence

Probably the Foundation's most significant achievement to date where water conservation initiatives are concerned, the National River Forum held



in September 2012 brought together over 200 participants from all over the world to share global best practices on river rehabilitation.

Officiated by the then Minister of Natural Resources & Environment (NRE), YB Dato' Sri Douglas Uggah Embas, the one-day forum was themed "Sustainable River Management" and featured renowned experts from Malaysia, Singapore, UK, Japan, Australia and Vietnam who shared their vast knowledge and exchanged best practices with more than 200 participants.

Amongst notable speakers was Robert Oates, Executive Director of the Thames Rivers Restoration Trust in the UK. Other notable attendees were Tan Sri Joseph Kurup, then Deputy Minister of NRE; Dato' Dr James Dawos, then Deputy Minister of Tourism; and Datuk Ir Haji Ahmad Husaini Sulaiman, Director General, Department of Irrigation and Drainage (DID), Malaysia. The event cemented GAB Foundation's standing as one of the leading proponents of water-centric conservation in the country.

1. GAB Foundation's World Water Day's main highlight was the release of three fish species into Sungei Way, the river which the Foundation rehabilitated through its W.A.T.E.R Project.
2. GAB Foundation celebrated World Water Day with the Desa Mentari local community by cleaning the Sungei Way river.
3. Speakers and Panelist for the National River Forum 2012, from L-R:
 - Mr Robert Oates (UK),
 - Mr Hideaki Kawasaki (Japan),
 - Assoc. Prof. Eva G. Abal (Australia),
 - Yg Bhg Datuk Ir Hj Ahmad Husaini bin Sulaiman (Director-General of DID Malaysia),
 - Dr Dao Trong Tu (Vietnam),
 - Ms Renuka Indrarajah (GAB Foundation Trustee),
 - Dato' Ir Lim Chow Hock (Malaysia),
 - Prof Dr Mazlin Mokhtar (Malaysia),
 - Mr Joseph Hui (Singapore),
 - Mr Faizal Parish (Director of Global Environment Centre, Malaysia)



W.A.T.E.R Flowing Smoothly

The W.A.T.E.R Project continues to engage with the community of Sungai Way through education and training. Our efforts have also helped maintain the water quality of the river at Class III, and created tremendous improvements in bio-diversity levels.

We have also established a Mobile River Care Unit (MRCU) – an interactive education center on wheels designed to reach out to different communities and to drive home the importance of urban river conservation. The MRCU will play a key role

in implementing activities directed at continuously raising awareness and encouraging community participation in river conservation activities. It has visited 12 schools and 11 community groups over the past 3 years.

With the invaluable experience, knowledge and expertise gained from our Sungai Way initiative, we have begun extending this programme to other states, beginning with Sungai Kinta in Perak. A planned 3-year project, this rehabilitation programme will focus on stakeholder engagement and education to support DID Perak’s on-going

1. GAB Foundation, Global Environment Centre & UTAR inked a Memorandum of Understanding to support Sungai Kinta rehabilitation efforts.
2. The River Carnival was officiated by the Deputy Secretary General I, Ministry of Natural Resources and Environment (back row, 5th from left).



efforts in transforming Sungai Kinta, focusing our efforts around three tributaries, namely Sg. Buntong, Sg. Senam and Sg. Kledang.

Among the stakeholders who have already committed to being part of the Technical Committee are the DID Perak and Kinta, the Ipoh City Council, the Perak State Department of National Unity and Integration (JPNIN), the Perak State Department of Education and Universiti Tunku Abdul Rahman (UTAR). In June 2013, the GAB Foundation signed a Memorandum of Understanding with Global Environment Centre (GEC) and

UTAR, enabling the university students to support on-ground activities in exchange for credit points for their final results.

Conservation Made Fun

One of the major objectives of our water conservation initiatives is to make the preservation of rivers and other water sources a fun and engaging activity. This has been brought to life with our vibrant River Carnival, which was held in 2012 for the third time. While earlier carnivals focused on the upstream and downstream communities of the rivers we helped rehabilitate, the last

River Carnival was focused on bringing the conservation message to a wider audience. Held at Zoo Negara, the 2012 event attracted over 3,000 people, who learned about the importance of river conservation through a series of exciting and family-oriented activities.

Additionally, GAB Foundation has also become a key partner in the River of Life Public Outreach Programme (ROLPOP) driven by DID Malaysia.



1

Education Espousing Excellence in English

The key initiative under the Foundation’s Education pillar is the English Programme, which has helped improve the English proficiency of students in 56 schools across the country. In 2012, the Foundation evolved the English Programme to focus on teachers, implementing our first-ever English teaching programme for local teachers of English. Called the English Enrichment Training Programme (EETP), the first batch of attendees for this four-day programme consisted of 70 teachers from 38 primary schools across five states. Divided into two sessions - an English refresher course aimed at sharpening the participants’

language proficiency and an English Teaching Styles and Techniques session designed to expose them to new teaching methods to enhance student engagement – the programme was conducted by experienced English experts and early childhood education professionals.

Upon completion of the programme, the teachers organised supplementary after-school English classes for their Year 1 students in order to put their new skills to the test. These were conducted using the Foundation’s proprietary lesson plans which incorporated interactive activities to cultivate interest for the language. Mentors were also deployed to support the teachers and conduct regular qualitative

1. A facilitator guiding a group during GAB Foundation’s English Enrichment Training Programme.
2. Discussion among Year 1 teachers during one of the training activities.
3. GAB employees all geared up for Big Day Out.



assessments through field observations directed at evaluating the coaching methods used by teachers in class while measuring the participation level from students.

In 2013, we invited teachers from the existing pool of participating schools for another training session and also opened it up to 18 additional schools. This provided previous participants an opportunity to further hone their skills, and expand the reach of the programme to a total of 60 schools. Just as in the previous programme, the 2013 EETP was followed through with the teachers carrying out supplementary English classes in the respective schools, this time benefitting over 1,300 students.

Community The Biggest Day Out Ever

The iconic Big Day Out event is a corporate social responsibility event that is unique to GAB, providing the Company and our business partners an opportunity to make a difference in the community. The latest Big Day Out outreach event was GAB's biggest ever, with over 750 participants comprising GAB employees and business partners dedicating a full work day in October 2012 towards creating vital change in the world around them.

This third iteration of the event coincided with Malaysia's inaugural participation in the 2012 World Rivers Day Celebration, which meant all 18 community projects initiated

on the day revolved around water source conservation. These included sprucing up the Bukit Jalil recreational park by installing floating wetlands to improve the water quality of the pond within the area, installing water filters for schools, fixing leaking pipes, conducting water conservation workshops and clean-up activities at various lakes, beaches and waterways in the country.

For more information on GAB Foundation, please refer to our Corporate Responsibility Report 2013.

CORPORATE INFORMATION

DIRECTORS

Dato' Saw Choo Boon (Chairman)
Hans Essaadi (Managing Director)
Martin Giles Manen
Dato' Syed Salleh bin Syed Othman
Datin Ngiam Pick Ngoh, Linda
Siobhan Mary Hamilton
Edward McShane
Michiel Egeler
Choo Tay Sian, Kenneth

SECRETARY

Ng Sow Hoong (MAICSA 7027552)

AUDITORS

KPMG
Chartered Accountants

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8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor, Malaysia
Tel : 603-77213388
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Email : general.enquiry@gab.com.my

SHARE REGISTRAR

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Tel : 603-22643883
Fax : 603-22821886

PRINCIPAL BANKERS

Standard Chartered Bank
Malaysia Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Public Bank 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 2013 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



From left seated:

Datin Linda Ngiam Pick Ngoh, Michiel Egeler, Dato' Saw Choo Boon,
Martin Giles Manen

From left standing:

Kenneth Choo Tay Sian, Dato' Syed Salleh bin Syed Othman,
Hans Essaadi, Edward McShane



DIRECTORS' PROFILE

Dato' Saw Choo Boon

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

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

Dato' Saw Choo Boon, Malaysian, aged 67, was appointed to the Board on 21 May 2012 and was elected Chairman of the Board on 22 November 2012.

Dato' Saw joined Shell in 1970 as a Refinery Technologist in Shell Refining Company (Federation of Malaya) Bhd. 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) Sdn Bhd and in 1998, he assumed the position of Managing Director for Oil Products (Downstream) at Shell Malaysia. In 1999, with the globalisation of Shell Oil Products business, he was appointed the Vice-President of the Commercial business in the Asia-Pacific region. In 2005, he assumed the position of Vice-President of the Global Marine division to manage the marketing of oil products to shipping companies globally. He was appointed the Chairman of Shell Malaysia from 2006 until 2009, and Senior Adviser until 30 June 2010 when he retired after 40 years of continuous service.

Dato' Saw also sits on the Board of Shell Refining Company (Federation of Malaya) Bhd, RHB Capital Bhd, RHB Investment Bank Bhd and Digi.Com Bhd. 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.

Hans Essaadi

Bachelor's Degree, Major in Finance (Hotelschool the Hague)

Managing Director and Member of the Executive Committee

Hans Essaadi, a Dutch national, aged 47, was appointed as Managing Director on 1 March 2013. He joined GAB on 4 January 2013 as Managing Director Designate and was appointed to the Board on 1 March 2013.

Hans started his career in 1991 as a Sales Representative with Heineken Netherlands and in 1995 he moved to Heineken Germany as Sales Manager. Hans returned to Heineken Netherlands in 1997, first serving as Heineken Export Manager with the Heineken Export Group and then as Senior Brand Manager until the end of 2002.

In early 2003, Hans was appointed Country Manager of Heineken Puerto Rico, a key market for Heineken Group as the no. 10 Heineken beer market in the world. By the end of 2005, he was appointed General Manager of Brau Union International based in Vienna, Austria, part of Heineken Region – Central and Eastern Europe.

Subsequently, in 2008, Hans was appointed General Manager of Sirocco, a joint venture between Heineken and Emirates in Heineken Region – Africa and Middle East, his most recent role prior to joining GAB. In this role, he oversaw several key markets in the Gulf Region and managed a portfolio of brands from various principals including Heineken International, AB InBev, Molson Coors and Asia Pacific Breweries.

Hans currently serves as a Governing Council Member of the Confederation of Malaysian Brewers Berhad.

Martin Giles Manen

Chartered Accountant
Member of the Malaysian Institute of Accountants
and the Malaysian Institute of Certified
Public Accountants

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

Martin Giles Manen, Malaysian,
aged 58, was appointed to the Board
on 29 August 2008.

Martin served more than 21 years
with Sime Darby Group, holding
various senior positions including
Group Tax Controller, Group Company
Secretary, Group Finance Director
and Divisional Director of the Allied
Products & Services Division. After
leaving the Sime Darby Group in 2007,
he served as chief executive officer of
a public relations and communications
consultancy until May 2009. He started
his career at KPMG with whom he
served 11 years in Malaysia and the
United Kingdom, undertaking audit,
tax and business advisory assignments.

Martin has served as a member of
the Malaysian Accounting Standards
Board and the Executive Committee
of the International Fiscal Association
(Malaysia Branch).

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

Dato' Syed Salleh bin Syed Othman

Bachelor of Science Degree in Biochemistry
(University of Malaya)

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

Dato' Syed Salleh bin Syed Othman,
Malaysian, aged 66, 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.

Datin Ngiam Pick Ngoh, Linda

Bachelor of Arts (Hons) in Social Sciences (University of Malaya)
Diploma in Advertising and Marketing (Institute of Communications, Advertising and Marketing (CAM) of United Kingdom)

Independent Non-Executive Director and Member of the Remuneration Committee

Datin Ngiam Pick Ngoh, Linda, Malaysian, aged 58, was appointed to the Board on 3 December 2012. Datin Ngiam was the Group Managing Director / Chief Executive Officer of Star Publications (M) Bhd from 1 July 2008 to 30 June 2011. She was first employed in The Star as Advertising Sales Promotions Manager in 1985 before serving as General Manager, Advertising and Business Development in 1995. In 2004, she was appointed as Deputy Group General Manager and in 2007 she was promoted to Executive Director / Group Chief Operating Officer before assuming the office as Group Managing Director / Chief Executive Officer in 2008, a position she held till her retirement in 2011.

She was a Board Member of the Audit Bureau of Circulations (ABC) Malaysia and Chairperson of the ABC Content & Communications Committee. She represented The Star on the Malaysian Newspapers Publishers Association (MNPA) as its Honorary Secretary and was a Board Member of the Advertising Standards Authority (ASA) Malaysia.

Currently, Datin Ngiam sits on the Board of the following public companies:

- Star Publications (Malaysia) Bhd
- MUI Properties Bhd
- Hong Leong Assurance Bhd

Datin Ngiam also serves as a Trustee of Yayasan Sin Chew.

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 39, 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.

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 41, 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 19 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.

Michiel Egeler

Master of Business Administration
(Interfaculteit Bedrijfskunde (Graduate School of Management), Delft, the Netherlands)
Bachelor of Economics (Erasmus University in Rotterdam, the Netherlands)

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

Michiel Egeler, a Dutch national, aged 62, was appointed to the Board on 1 April 2013.

Michiel Egeler is the Regional Director (Southeast Asia/Oceania) of Heineken Asia Pacific Pte Ltd (formerly known as Asia Pacific Breweries Limited) ("HAPPL") since 1 April 2013. In his capacity, he oversees the operating companies within HAPPL Group in the following regions:

1. New Zealand / Australia
2. Malaysia
3. Mongolia
4. Papua New Guinea / Solomon Islands
5. Sri Lanka
6. New Caledonia
7. South Korea

Michiel was most recently the Managing Director of Heineken Central and Eastern Region. He has more than 35 years of experience within Heineken where he held various management positions in the Dutch operations in his early years. Between 1988 and 1990, he was General Manager Beer Division of South Pacific Holding Limited in Papua New Guinea. Twelve years and several leadership positions later, he was appointed General Manager of Multi Bintang Indonesia, a position which he held until 2006. Michiel gathered additional management experience in Curacao and Hungary, in the export business for Africa, Middle East, Caribbean, South America and also as Regional Director Latin America.

Choo Tay Sian, Kenneth

Bachelor of Accountancy Degree (Hons)
(Nanyang Technological University, Singapore)
Advanced Management Program
(Harvard Business School)

Non-Independent Non-Executive Director

Choo Tay Sian, Kenneth, Singaporean, aged 46, was appointed to the Board on 15 August 2013.

Kenneth Choo is the Director, Group Finance of Heineken Asia Pacific Pte Ltd (formerly known as Asia Pacific Breweries Limited) ("HAPPL"). He is also a board member of HAPPL and sits on various boards including DB Breweries Limited, Vietnam Brewery Limited, Thai Asia Pacific Brewery Co. Ltd and South Pacific Brewery Limited.

Prior to the current appointment, Kenneth was Director of Regional Finance & Business Development at Heineken Asia Pacific where he had similar responsibilities and also led the business development function for close to 10 years. Kenneth had successfully led or was involved extensively in various high profile M&A deals in Asia Pacific, and played key roles in joint venture relationships and license management.

Before joining Heineken, Kenneth was the Regional Business Development Director of global retailer, Royal Ahold NV. He was based in Singapore and in Thailand (2001-2003).

MANAGEMENT TEAM

From left seated:

Renuka Indrarajah (Corporate Relations & Legal Director), **Hans Essaadi** (Managing Director),
Thum Chee Yuen (Sales Director)

From left standing:

Anand Panchalingam (Chief Information Officer), **Bernard Marie Eloy** (Supply Chain Director),
Bruce Dallas (Marketing Director), **Mahendran Kapuppial** (Finance Director),
Cornelius Koh Beng Yan (Human Resources Director)



MANAGEMENT TEAM PROFILE

Hans Essaadi

Bachelor's Degree, Major in Finance
(Hotelschool the Hague)

Managing Director

Hans Essaadi, a Dutch national, was appointed as Managing Director on 1 March 2013. He joined GAB on 4 January 2013 as Managing Director Designate and was appointed to the Board on 1 March 2013.

He started his career in 1991 as a Sales Representative with Heineken Netherlands and in 1995 he moved to Heineken Germany as Sales Manager. Hans returned to Heineken Netherlands in 1997, first serving as Heineken Export Manager with the Heineken Export Group and then as Senior Brand Manager until the end of 2002.

In early 2003, Hans was appointed Country Manager of Heineken Puerto Rico, a key market for Heineken Group as the no. 10 Heineken beer market in the world. By the end of 2005, he was appointed General Manager of Brau Union International based in Vienna, Austria, part of Heineken Region – Central and Eastern Europe.

Subsequently, in 2008, Hans was appointed General Manager of Sirocco, a joint venture between Heineken and Emirates in Heineken Region – Africa and Middle East, his most recent role prior to joining GAB. In this role, he oversaw several key markets in the Gulf Region and managed a portfolio of brands from various principals including Heineken International, AB InBev, Molson Coors and Asia Pacific Breweries.

Hans currently serves as a Governing Council Member of the Confederation of Malaysian Brewers Berhad.

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 to be the Finance Director at Kellogg Asia Marketing Inc looking after Southeast Asia and China. During his tenure with Kellogg Asia Marketing Inc, he was also asked to be the Acting Sales Director in 2008, a role he held while being Finance Director.

Bruce Dallas

Bachelor of Commerce, Economics and Marketing
(University of Natal, South Africa)
Bachelor of Commerce (Hons), Marketing
(University of Natal, South Africa)
MBA (Henley Management College, UK)

Marketing Director

Bruce Dallas, South African, was appointed as GAB's Marketing Director on 15 March 2013.

Prior to joining GAB, Bruce was with Diageo based in Singapore as Category Director APAC, Beer and Baileys.

Bruce started his career in 1997 in South Africa and spent the first few years working on an assortment of foods brands in various brand management capacities. In 2000, he was seconded to the Bestfoods European Head Office in Brussels, Belgium and subsequently returned to South Africa as Group Product Manager Knorr South Africa. In 2003, Bruce became Regional Marketing Manager for the spreads category for Unilever Africa.

In 2006, Bruce joined Brandhouse Beverages South Africa, a joint venture between Diageo, Heineken and Namibian Breweries as Portfolio Manager, Innovation and Renovation and two years later he was appointed Group Portfolio Manager, Innovation, Vodka and Ready to Drinks (RTD). In 2010, Bruce took on a maternity cover role with Diageo Africa as Marketing Director of West Africa Spirits, before moving to Asia to take on the Category Director role he held prior to moving to GAB.

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 close to two decades 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 various retail categories such as food, homecare and personal care division, in both modern and general trade.

In 2007, Thum joined Celcom Axiata Berhad to assume the position of Vice President – Sales Planning and Operations. In this role, he implemented best practices in areas such as in Key Account Management, Trade Marketing & Distributor Management.

In the course of his career in the various industries, Thum was able to successfully implement best practices in distributor management, trade marketing and sales force effectiveness. His forte is in change management and strategising on overall go-to-market strategies.

Renuka Indrarajah

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

Corporate Relations & Legal Director

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

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

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

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

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 in 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, organisational effectiveness, performance and rewards and learning and development for over 10,000 employees across three groups, Tan Chong Holdings, Warisan TC, and APM. During that period, he was also acting Head of Human Capital Services for Warisan TC.

At Motorola, Cornelius was mainly in charge of employee learning and training. His last position there was 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 of 2003 went on to be a Production Manager of Burundi. By end of 2003, Bernard became the Technical Manager at Brarudi in Burundi for five years.

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

Anand Panchalingam

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

Chief Information Officer

Anand Panchalingam, Malaysian, joined GAB in 3 October 2011.

Anand has 19 years of experience in managing Business-IT systems. In 2012, Anand oversaw the implementation of the new SAP and CRM systems for GAB. Prior to joining GAB, he was in British American Tobacco (Malaysia and Asia Pacific Region) for 10 years as a member of their IT leadership team.

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 consulted 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 Company and its subsidiaries (“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 recommendations stipulated in the Malaysian Code on Corporate Governance 2012 (“CG Code”).

This Corporate Governance Statement sets out the Company’s application of the underlying principles and recommendations provided in the CG Code and the extent to which the Company has complied with the Code and the rationale for non-observance of specific recommendations in the CG Code during the financial year ended 30 June 2013.

1. Roles and Responsibilities of the Board and Management

1.1 Clear Functions of the Board and Management

The Board’s role is to lead and control the Group’s business and affairs on behalf of shareholders. The Board takes into consideration the interests of all stakeholders in their decision making so as to ensure the Group’s objectives of creating long term shareholder value are met. The Board also monitors the Group

performance and operations progress towards the corporate objectives.

The Board delegates the authority and responsibility for managing the day-to-day affairs of the Group to the Managing Director. The Managing Director is also responsible for the implementation of business plans and strategies, policies and decisions approved by the Board and communicating matters to the Board. He is assisted by the following Senior Management members:

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

The responsibilities and authorities of the Management Team are clearly defined in the Group’s Standard Policies and Procedures Manual.

There is a schedule of key matters reserved specifically for the Board deliberation and decision to ensure the direction and control of the Group are in its hands. They include the approval of financial statements/ reports, 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 and matters that have significant impact to the Group’s operations.

1.2 Principle Responsibilities of the Board

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 risk management and internal control system is in place as well as regularly reviewing such system to ensure its adequacy and integrity.

The Board assumes the following principal responsibilities in discharging its fiduciary and leadership functions:

- 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.

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. The Board reviews the Board Committee's authority and terms of reference from time to time to ensure their relevance.

There are four (4) Board Committees namely the Executive Committee, Nomination Committee, Remuneration 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 the said committees are disclosed hereunder.

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:

- Dato' Saw Choo Boon (Chairman, Independent Non-Executive Director) – Appointed a member and Chairman of the Committee on 22 November 2012
- Hans Essaadi (Non-Independent Executive Director) - Appointed a member of the Committee on 1 March 2013
- Siobhan Mary Hamilton (Non-Independent Non-Executive Director)
- Michiel Egeler (Non-Independent Non-Executive Director) – Appointed a member of the Committee on 1 April 2013

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

- (i) To review the business and financial performance of the Group, including:

- annual budgets (and the implementation of approved capital and operational expenditure), management accounts, statutory Directors' Report and financial statements; and
 - proposals for the acquisition or disposal of businesses, mergers, restructuring, joint ventures or other corporate transactions;
- (ii) To raise and resolve in a timely manner normal operational business issues affecting the Group which cannot be resolved by Management;
 - (iii) To discuss business strategies and plans to be recommended to the Board, and to consider and, if thought fit, to approve business development projects falling within the appropriate financial limits contained in the Authorisation Policy;
 - (iv) To review, report and make recommendations to the Board on specific human resource policies (after consultation with Management where appropriate) in respect of:
 - the identification of key personnel with high potential;

- plans for succession planning and training;
 - candidates for the position of Managing Director of the Company and any other company within the Group and Senior Management personnel for the Group.
- (v) To approve or to make recommendations (depending on the Authorisation Policy) on introduction of new products, which are complementary to the existing business, and the introduction of new brand names and packaging designs;
- (vi) To make recommendations on the formulation and implementation of a long term strategic vision, a 3-year business plan and an operational plan for the Group;
- (vii) To review and recommend changes in the overall organisational structure of the Group; and
- (viii) To approve the establishment of bank accounts and to approve or recommend (depending on the Authorisation Policy) the acceptance of credit facilities or the creation of any encumbrance over the assets of the Group.

During the financial year ended 30 June 2013, seven (7) EXCO meetings were held and the details of attendance of the EXCO members are as follows:

Name	Attendance
Dato' Saw Choo Boon (Chairman) - Appointed a member and Chairman of the Committee on 22 November 2012	5/5
Hans Essaadi - Appointed a member of the Committee on 1 March 2013	3/3
Siobhan Mary Hamilton - On maternity leave from May 2013	6/6
Michiel Egeler - Appointed a member of the Committee on 1 April 2013	2/2
Tan Sri Saw Huat Lye - Retired on 22 November 2012	2/2
Dr Leslie Buckley - Resigned on 1 April 2013	4/5

1.3 Ethical Standards and Code of Conduct

The Directors of the Group is guided by 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.

The Group has in place a Code of Conduct that govern the standards of ethics and responsible business conduct expected from employees. It covers all aspects of the Group's business operations such as compliance with laws, policies and procedures, integrity, conduct in the workplace, business conduct, maintaining confidentiality and disclosure of information, fraud and improper payments, avoiding situations where there are conflicts 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 whistle-blowing policy, which forms part of the Code of Conduct, to provide an avenue for employees to freely communicate to the appropriate parties their concerns about unethical practices without repercussions in a safe and confidential manner. Concerns may be reported to the Human Resources Director; or the Head of Internal Audit Department; or the Senior Independent Director of the Company. All reports received will be investigated independently to ensure appropriate actions are taken.

The Code of Conduct is made available to employees on the Group Document Repository Portal. Copies of the document may also be obtained from the Company Secretary. The Company will take steps to publish the salient features of the Code of Conduct on the Company's corporate website.

In addition to the Code of Conduct, the Group employees are also guided by the Corporate Vision and Values which are embedded deeply within the Group's policies and procedures and work culture. Having a passion for winning; valuing and respecting each other; showing integrity in all that we do; providing enjoyment and committed to service excellence are the Corporate Values that help steer the Group performance. These values are spelt out in the Management Handbook.

The Company has also adopted the Malaysian International Chamber of Commerce and Industry's ("MICCI") Ethics Charter ("the Ethics Charter") since 2006. The Company strives to abide by the guide when conducting business while pursuing its corporate and business interests with VIGOUR, which represents the business values of Value Creation, Integrity, Governance, Obligation, Understanding and Responsibility.

1.4 Strategies Promoting Sustainability

The Board is committed to implementing responsible and sustainable corporate practices that maintain the equilibrium between the Company's bottom line performance and the environmental and social performance. GAB has fully embraced good corporate responsibility practices in the areas of stakeholder engagement, the community, workplace, marketplace and environment. Every business decision that the Group makes pertaining to growth and profitability is consistent with its social and environmental goals for sustainability. The corporate responsibility initiatives undertaken by the Company for the financial year ended 30 June 2013 were disclosed in a separate Corporate Responsibility Report.

1.5 Access to Information and Advice

The Directors are provided with a structured agenda together

with comprehensive Management reports and proposal papers on a timely manner prior to the scheduled Board/Board Committee 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 developments and consumer trends
- Developments on human resources
- Environmental and industry issues
- Legal and regulatory update
- Information systems update

Where necessary, Senior Management will be invited to attend Board / Board Committee meetings to report and update on areas of business within their responsibility to provide Board members insights into the business, and clarify any issues raised by the Directors in relation to the Group operations. Directors are encouraged to share their views and insight in the course of deliberation and partake in discussions.

All issues discussed and all decisions made during the Board/Board Committee 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.

1.6 Access to Independent and Professional Advice

All Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary advises the Board on any new statutory and regulatory requirements relating to corporate governance.

The Company Secretary, who is qualified, experienced and competent, organises and attends all Board meetings and most of the Board Committee meetings and ensures meetings are properly convened; accurate and proper records of the proceedings and resolutions passed are maintained accordingly. The removal of company secretary, if any, is a matter for the Board to decide collectively.

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.

1.7 Board Charter

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's roles and responsibilities, the Board's rights to establish committees to assist in the discharge of its duties and its meetings requirements.

The Board will take steps to conduct regular reviews on the terms of reference and ensure salient features of the same are made available on the Company's corporate website.

2. Strengthen Composition of the Board

2.1 Nomination Committee

The Nomination Committee is charged with the responsibility to oversee the selection and assessment of Directors for appointment/re-appointment to the Board and Board Committees.

The Nomination Committee comprises entirely of Non-Executive Directors with the majority being Independent, as follows:

- Dato' Syed Salleh bin Syed Othman (Chairman, Independent Non-Executive Director) – Appointed a member of the Committee on 22 November 2012 and designated as the Chairman of the Committee on 8 April 2013
- Martin Giles Manen (Senior Independent Non-Executive Director)
- Siobhan Mary Hamilton (Non-Independent Non-Executive Director)
- Dato' Saw Choo Boon (Independent Non-Executive Director) – Appointed a member of the Committee on 28 August 2012
- Michiel Egeler (Non-Independent Non-Executive Director) – Appointed a member of the Committee on 1 April 2013

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.

Meetings of the Nomination Committee are held at least once a year and as and when required. During the financial year ended 30 June 2013, three (3) meeting were held and the details of attendance of the members of the Nomination Committee are as follows:

Name	Attendance
Dato' Syed Salleh bin Syed Othman (Chairman) – Appointed a member of the Committee on 22 November 2012	1/1
Martin Giles Manen	3/3
Siobhan Mary Hamilton	3/3
Dato' Saw Choo Boon – Appointed a member of the Committee on 28 August 2012	3/3
Michiel Egeler – Appointed a member of the Committee on 1 April 2013	1/1
Dr Leslie Buckley – Resigned on 1 April 2013	2/2
Tan Sri Saw Huat Lye – Retired on 22 November 2012	2/2
Dato' Sreesanthan Eliathamby – Retired on 22 November 2012	Nil

2.2 Recruitment of Directors and Annual Assessment

Appointments and Re-election to the Board

The Nomination Committee is empowered to identify and recommend to the Board, candidates for new appointments to the Board. The Nomination Committee has established specific criteria for assessing candidature for directorship. The suitability of a candidate will be assessed by taking into consideration the individual's background, competencies, knowledge, expertise and experience, personal qualities and commitment. Considerations will also be given on whether the candidate meets the requirements for independence as defined in the Listing Requirements; the candidate's understanding of the Group business and market; and factors that promote boardroom diversity, including gender diversity and other qualities of the Board. The Nomination Committee is also responsible to ensure that the procedures for appointing new Directors are transparent and that appointments are made on merit.

The Company's Articles of Association provides that the total number of Directors shall not be less than two (2) nor more than twelve (12). The Board may appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not exceed the said limit. Any new Director appointed by the Board during the year shall hold office only until the next Annual General Meeting ("AGM") of the Company and shall be eligible for re-election.

The Company's Articles of Association further 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.

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.

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 AGM. In determining whether to recommend a Director for re-election or re-appointment, the Director's effectiveness and contribution to the activities of the Board will be duly considered by the Nomination Committee. 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.

The following Directors are due to retire at the coming AGM. They have offered themselves for re-appointment / re-election:

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

- Datin Ngiam Pick Ngoh, Linda
- Hans Essaadi
- Michiel Egeler
- Choo Tay Sian, Kenneth

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

- Dato' Syed Salleh bin Syed Othman
- Edward McShane

The Nomination Committee has assessed and recommended to the Board for the re-appointment / re-election of the above Directors at the coming AGM to be held on 21 November 2013.

Annual Assessment

The Nomination Committee conducts the Board Effectiveness Evaluation via questionnaires, which comprises 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 contribute to the development of strategy and exercise independent judgement towards the effective functioning of the Board. The Nomination Committee also evaluates the independence of Independent Directors based on the criteria of "Independence" as prescribed by the Bursa Securities Main Market Listing Requirements.

The evaluation process is led by the Nomination Committee Chairman with the support from the Company Secretary. The Nomination Committee will review the feedback gathered from the evaluation; identify areas for improvements to enhance the effectiveness of the Board and recommend actions to be taken by the Board.

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

2.3 Directors' Remuneration

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

- Dato' Saw Choo Boon
(Chairman, Independent Non-Executive Director)
- Appointed a member and Chairman of the Committee on 22 November 2012
- Siobhan Mary Hamilton
(Non-Independent Non-Executive Director)
- Michiel Egeler
(Non-Independent Non-Executive Director)
- Appointed a member of the Committee on 1 April 2013
- Datin Ngiam Pick Ngoh, Linda
(Independent Non-Executive Director) – Appointed a member of the Committee on 8 April 2013

The Remuneration Committee is responsible for recommending to the Board the policy framework on terms of employment and on all elements of the remuneration of Executive Directors and members of the Senior Management of the Company. The Remuneration Committee is authorised to review and recommend the annual bonus and salary increment of the Executive Directors and members of the Senior Management of the Company based on their KPIs achievements. 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 the responsibility to review and formulate the succession plans and policies for the Group.

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

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

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

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

Meetings of the Remuneration Committee are held at least once a year, and as and when required. During the financial year ended 30 June 2013, four (4) meetings were held and the details of attendance of the members of the Remuneration Committee are as follows:

Name	Attendance
Dato' Saw Choo Boon (Chairman) – Appointed a member of the Committee on 22 November 2012	2/2
Siobhan Mary Hamilton – On maternity leave from May 2013	3/3
Michiel Egeler – Appointed a member of the Committee on 1 April 2013	1/1
Datin Ngiam Pick Ngoh, Linda – Appointed a member of the Committee on 8 April 2013	1/1
Dr Leslie Buckley – Resigned on 1 April 2013	3/3
Tan Sri Saw Huat Lye – Retired on 22 November 2012	2/2
Dato' Sreesanthan Eliathamby – Retired on 22 November 2012	Nil

Amongst the items deliberated by the Remuneration Committee at its meetings held during the financial year ended 30 June 2013 were:

- Payment of performance bonus for the Senior Management and Management staff of the Group for the financial year ended 30 June 2012
- Payment of performance bonus to the former Managing Director who left the Company on 1 March 2013
- Salary increment, bonus KPIs and structure for Management staff for the financial year ended 30 June 2013
- Renewal of Collective Agreement with the Union of Beverage Industry Workers
- Review of retirement benefits for Management staff

Level and Make-up of Remuneration

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

Remuneration Package

The current remuneration policy for the Directors is as follows:

(a) Basic Salary for Executive Directors

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

(b) Fees and Allowances for Non-Executive Directors

The fees and allowances payable to the Non-Executive Directors are determined by the Board as authorised by the shareholders of the Company. The Board, based on the recommendation of the Remuneration Committee, proposed to revise the current remuneration for the Non-Executive Directors as follows:

	Current	Proposed
Directors' fee for each Non-Executive Director	RM45,000 per annum	RM60,000 per annum
Meeting attendance allowance	RM1,000 per meeting	RM1,200 per meeting
Allowance for the Chairman of the Board and Executive Committee	RM80,000 per annum	RM100,000 per annum
Allowance for the Chairman of the Audit Committee	RM5,000 per annum	RM6,500 per annum
Allowance for the Chairman of other Board Committees	RM2,000 per annum	No change

The proposed fee and allowance will be tabled for shareholders' approval at the Company's 49th AGM.

(c) Bonus Scheme

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

(d) Benefits in Kind

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

(e) Contribution to Employees Provident Fund

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

(f) Notice Period

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

Directors' Remuneration

The details of the remuneration paid to Directors (including former Directors who resigned/retired from the Company during the year) for the financial year ended 30 June 2013 are as follows:

Remuneration	Financial year ended 30 June 2013	
	Executive Directors RM	Non-Executive Directors RM
Fees & Chairman allowance	–	465,742
Meeting attendance allowance	–	118,000
Gratuity #	–	20,000
Benefits in kind*	490,710	11,304
Salary & Other emoluments**	1,577,017	–
Total	2,067,727	615,046

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 performance bonus paid to the former Managing Director of the Company who resigned on 1 March 2013.
- # The gratuity payment was paid to the former Chairman of the Company who retired from the Board pursuant to Section 129 of the Companies Act, 1965 on 22 November 2012. The payment was made based on the mandate approved by the shareholders on 26 November 2009.

The number of Directors of the Company (including former Directors who resigned/retired from the Company during the year) whose total remuneration including benefits-in-kind for the financial year ended 30 June 2013 which fall within the required disclosure bands are as follows:

Range of Remuneration RM	Financial year ended 30 June 2013	
	Executive Directors	Non-Executive Directors
1 - 50,000	–	5
50,001 - 100,000	–	5
100,001 - 150,000	–	1
700,001 – 750,000	1	–
1,300,001 - 1,350,000	1	–

3. Independent Directors

3.1 Assessment of Independent Directors

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. 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. The decisions are arrived at after taking into account the long term interests, not only of the shareholders, but also of employees, customers, suppliers, and the many communities in which the Group conducts its business.

The four (4) Independent Non-Executive Directors of the Company fulfill the criteria of independence as defined in the Bursa Securities Main Market Listing Requirements. The Company meets the minimum requirement prescribed by the Bursa Securities Main Market Listing Requirements to have at least one-third of the Board comprised of Independent Non-Executive Directors.

The Chairman of the Audit Committee, Martin Giles Manen, is the designated Senior Independent Non-Executive Director, to whom concerns pertaining to the Group may be conveyed by shareholders and other stakeholders.

3.2 Tenure of Independent Directors

The Company does not have term limits for Independent Directors but the Board does evaluate the contribution and the tenure of the Independent Directors. The Board believes that valuable contribution can be obtained from Directors who have, over a period of time, developed valuable insight of the Company and its business. Their experience enables them to discharge their duties and responsibilities independently and effectively in the decision making processes of the Board notwithstanding their tenure on the Board.

The Board therefore was of the view that imposing a fixed term limit for Independent Directors does not necessary promote independence and objectivity.

3.3 Re-appointment of Independent Director who has served for nine years or more

As of 22 August 2013, none of the existing Independent Director has served on the Board for a cumulative term of nine years or more.

3.4 Separation of positions of the Chairman and Managing Director

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 leading the Board in the oversight of management. He engages directly with the Managing Director to monitor performance and oversees the implementation of strategies.

The Managing Director is responsible for the day-to-day management of the Group operations and business as well as implementation of business plans and strategies, policies and decisions approved by the Board.

3.5 Board Composition and Balance

The Board currently comprises nine (9) members, of whom four (4) (including the Chairman) are Independent Non-Executive Directors, four (4) are Non-Independent Non-Executive Directors, and one (1) is an Executive Director. The Board is satisfied that the current size of the Board is appropriate and commensurate with

the complexity, scope and operations of the Group and that it has an appropriate mix of relevant skills, knowledge and experience. It also has a balanced composition with adequate Board independence that represents the minority interest.

A brief profile of the Board members is presented on pages 62 to 65 of this Annual Report.

4. Directors' Commitment

4.1 Time Commitment

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 the Company's stocks by Directors based on the targeted date of announcement of quarterly results of the Group, is prepared and circulated to Directors before the beginning of each year to facilitate the Directors to plan ahead.

The Board meets on a quarterly basis and additional meetings are convened as and when necessary, to consider urgent proposals or matters that require the Board's consideration.

The Board met six (6) times during the financial year ended 30 June 2013 and attendance of Directors at Board meetings, was as follows:

Name	Attendance
Dato' Saw Choo Boon Chairman, Independent Non-Executive Director	6/6
Hans Essaadi Managing Director - Appointed on 1 March 2013	2/2
Martin Giles Manen Senior Independent Non-Executive Director	6/6
Siobhan Mary Hamilton Non-Independent Non-Executive Director - On maternity leave from May 2013	5/6
Dato' Syed Salleh bin Syed Othman Independent Non-Executive Director	5/6
Edward McShane Non-Independent Non-Executive Director	6/6
Datin Ngiam Pick Ngoh, Linda Independent Non-Executive Director - Appointed on 3 December 2012	3/3
Michiel Egeler Non-Independent Non-Executive Director - Appointed on 1 April 2013	2/2
Tan Sri Saw Huat Lye Chairman, Independent Non-Executive Director - Retired on 22 November 2012	3/3
Dato' Sreesanthan Eliathamby Independent Non-Executive Director - Retired on 22 November 2012	1/3
Charles Henry Ireland Managing Director - Resigned on 1 March 2013	4/4
Dr Leslie Buckley Non-Independent Non-Executive Director - Resigned on 1 April 2013	4/4
Edmond Neo Kim Soon Non-Independent Non-Executive Director - Resigned on 15 August 2013	5/6

Note : Choo Tay Sian, Kenneth was appointed to the Board on 15 August 2013.

At 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. Off-site Board meeting to discuss specific topics will be arranged, when necessary, to facilitate more time for discussion and view sharing.

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

Directors are expected to devote sufficient time and effort to carry out their responsibilities. The Board will seek commitment from Directors at the time of appointment. Directors are advised to notify the Chairman / Board before accepting any new directorship.

4.2 Directors' Training and Induction

Any Director appointed to the Board is required to complete the Mandatory Accreditation Programme ("MAP") within 4 months from the date of appointment. Datin Ngiam Pick Ngoh, Linda, Hans Essaadi, Michiel Egeler and Choo Tay Sian, Kenneth, who were appointed to the Board during or after the financial year 2013, had attended and successfully completed the MAP.

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.

The Company Secretary co-ordinates training programmes for the Directors. Directors may request to attend training courses according to their needs from time to time to keep abreast with relevant changes in laws and regulations, and the business environment.

During the financial year 2013, the Directors have attended training courses, seminars or conferences in the areas of commercial, corporate governance, risk management, legal and regulatory framework, leadership and management, economic and financial as set out below:

Commercial

- GAB National Commercial Conference
- Diageo Asia Pacific FY2014 Game Workshop
- Heineken Forum 2013

Corporate Governance

- The key components of establishing and maintaining world class audit committee reporting capabilities
- What keeps an audit committee up at night?
- CG Code 2012 and Bursa Malaysia Disclosure Framework
- Sustainability training
- Audit Committee's oversight role on financial reporting
- Corrupt practices
- Nomination Committee Programme
- Special Dialogue and Presentation Session on ASEAN CG Scorecard 2013
- Media training

Risk Management / Legal and Regulatory Framework

- Risk Management Guidelines for Directors of Listed Issuers
- Internal Capital Adequacy Assessment Process
- Transfer Pricing Forum
- Managerial trends and financial control
- Due diligence in mergers and acquisitions

Leadership and Management

- Diageo Asia Pacific Leadership Conference – Sessions on strategy and leadership

Economic and Financial

- World Economic Forum on East Asia

The Directors are mindful of the need to continue to refresh their skills and knowledge to assist them in the discharge of their duties as Directors. The Board will on a continuous basis, evaluate and determine the training needs of the Directors.

5. Integrity in Financial Reporting

5.1 Financial Reporting

In presenting the quarterly and annual financial statements to shareholders and investors, the Board is committed to providing a clear, balanced and meaningful 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 quarterly financial statements and the appropriateness of the Group's accounting policies and the changes to these policies to ensure that these financial statements comply with accounting standards and regulatory requirements.

The Chairman's message and the reviews from the Managing Director on pages 12 to 19 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 148 of the Financial Statements section of this Annual Report.

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 Bursa Securities Listing Requirements, and give a true and fair view of the financial position 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 2013, the Group has adopted and applied consistently appropriate accounting policies, supported by reasonable

and prudent judgements and estimates; and implemented relevant internal controls to ensure the financial statements are free from material misstatement. 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.

Related Party Transactions

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

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

The shareholders' mandate in respect of recurrent related party transactions is obtained at the AGM of the Company on a yearly basis. The recurrent related party transactions entered into by the Group with its related parties

during the financial year ended 30 June 2013 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 144 to 145 of this Annual Report.

5.2 Suitability and Independence of 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. The external auditors are engaged mainly to perform statutory audit on the Group's financial statements. The external auditors also undertake certain non-audit services such as providing training on the convergence of new International Financial Reporting Standards and services provided as observers in the process of selection of contestants for certain promotion contests carried out by the Group.

The external auditors have confirmed that there were no circumstances and relationship that create threats to their independence and that the ethical requirements have been complied with. In compliance with the requirements of the Malaysian Institute of Accountants, the external auditors rotate their audit partners assigned to the Group every five (5) years.

Further information on the role of the Audit Committee in relation to the external auditors is stated on pages 86 to 91 of this Annual Report.

6. Risk Management and Internal Controls System

6.1 Risk Management Framework

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.

The Group has in place a continuous and systematic process for identifying, evaluating 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 reviewed by the Board via the Audit Committee to ensure the adequacy and integrity of the system. The key features of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control.

6.2 Internal Audit Function

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 Risk Management and Internal Control, which provides an overview of the state of internal controls within the Group, is presented on pages 92 to 96 of this Annual Report.

7. Timely and High Quality Disclosure

7.1 Corporate Disclosure Policy

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.

7.2 Dissemination of Information

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

The Company will continue to ensure value-added information relating to corporate governance are provided and work towards enhancing the transparency and timeliness on all corporate disclosures and reporting.

8. Strengthen Relationship with Shareholders

8.1 Shareholders

Participation at General Meetings

The Board regards the AGM as a principal platform for open communication between the shareholders, Directors and Senior Management of the Company. Notice of the AGM is sent to shareholders at least 21 days ahead of the meeting date together with the Annual Report that contains the audited financial statements and information on the rationale of any proposed resolution under the special business agenda to assist shareholders in deciding how they should vote on each agenda item. The notice of meeting is also posted on the Company's corporate website and advertised in a local daily newspaper.

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 48th AGM of the Company held on 22 November 2012, in addition to the above, the Company also shared its response to the questions submitted in advance by the Minority Shareholder Watchdog Group.

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

8.2 Poll Voting

All resolution put forth for shareholders' approval at the 48th AGM held on 22 November 2012 were voted by a show of hands.

Poll voting will be adopted if there is / are substantive resolution(s) to be put forth for shareholders' approval at the general meetings moving ahead.

8.3 Communication and Engagements with Shareholders

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 during the Company's open period. Presentations are made to provide comprehensive insight into the Group's business strategy, performance and major developments of the Group's business activities. In these meetings, Management also addresses queries / concerns raised with regard to the Group performance, market outlook, business operations and other matters affecting shareholders' interests.

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.

This Statement on Corporate Governance has been reviewed by the Board of Directors on 22 August 2013.

AUDIT COMMITTEE REPORT

Composition

The Audit Committee comprises the following five (5) members, three (3) of whom, including the Chairman, are Independent Non-Executive Directors:

Martin Giles Manen (Chairman)
Senior Independent Non-Executive Director
(A Chartered Accountant and a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants)

Dato' Saw Choo Boon
Independent Non-Executive Director

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

Michiel Egeler
Non-Independent Non-Executive Director
- Appointed on 1 April 2013

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

Meetings

During the financial year ended 30 June 2013, 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
Dato' Saw Choo Boon	4/4
Dato' Syed Salleh bin Syed Othman	4/4
Edward McShane	4/4
Michiel Egeler - Appointed a member of the Committee on 1 April 2013	1/1
Dr Leslie Buckley - Resigned on 1 April 2013	3/3
Tan Sri Saw Huat Lye - Retired on 22 November 2012	2/2
Dato' Sreesanthan Eliathamby - Retired on 22 November 2012	Nil

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 matters.

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 Group annual financial statements 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 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 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.

The members of the Audit Committee are all Non-Executive Directors. At least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or alternatively a person who has at least three (3) years working experience and has passed the examinations specified in Part 1 of the First Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the said schedule or a person who fulfills the requirements as may be prescribed by Bursa Securities from time to time.

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

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

B. Meetings and Minutes

The Audit Committee shall meet at least four (4) times annually. A majority of the members in attendance must be Independent Directors in order to form a quorum for the meeting.

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

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

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

C. Authority

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

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

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

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

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

D. Duties

1. To review the quarterly and annual financial statements of the Company, focusing particularly on:
 - any significant changes to accounting policies and practices
 - significant adjustments arising from the audits
 - compliance with accounting standards and other legal requirements
 - the going concern assumption
2. To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of Management integrity.

3. To consider annually the Risk Management Framework adopted within the Group and to be satisfied that the methodology employed allows the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to minimise losses and maximise opportunities.
4. To ensure that the system of internal controls is soundly conceived and in place, effectively administered and regularly monitored.
5. To cause reviews to be made on 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 Risk Management and 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.
- 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 Bursa Securities Main Market Listing Requirements, provisions of the Companies Act, 1965, applicable International Financial Reporting Standards, approved accounting standards issued by the Malaysian Accounting Standards Board and any other relevant legal and regulatory requirements.
- In the review of the annual audited financial statements, the Audit Committee discussed with Management and the external auditors the accounting principles and reporting standards that were applied and the impact of the items to the financial statements.
- Internal Audit**
- Reviewed the Internal Audit 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.

Summary of Activities

The following activities were carried out by the Audit Committee during the financial year ended 30 June 2013:

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.

AUDIT COMMITTEE REPORT

- 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.
- 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.
- Assessed the performance of the external auditors and made recommendations to the Board on their re-appointment and remuneration.
- 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 22 November 2012, and the Circular to Shareholders in respect of renewal of shareholders' mandate for recurrent related party transactions.
- Reviewed the Malaysian transfer pricing legislation and measures to be implemented by the Group to ensure compliance with the requirements of the tax authorities.
- Reviewed industry issues and Management's concerns over the potential implication of the issues to the Group operations and business.
- Reviewed findings of any examination by regulatory agencies and any observation by auditors from holding companies in relation to reviews conducted on the Group operating processes.
- Reviewed capital management and dividend distribution strategy and all dividend payments proposed by Management.
- Reviewed the Managing Director's Review, Statement on Corporate Governance, Audit Committee Report, Risk Management Report and the Statement on Internal Control and recommended to the Board to approve the same for inclusion in the Annual Report.

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 Risk Management and 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.

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 ("CARM") Programme assessment.

Training

During the financial year ended 30 June 2013, the Audit Committee members attended various training courses, seminars or conferences organised by relevant regulatory authorities and professional bodies on areas relating to commercial, corporate governance, risk management, legal, regulatory framework, leadership and management; and economic and financial. Details of the topics are set out in the Corporate Governance Statement 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 2013.

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 CARM 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 2013 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
 - Product distribution process, national key accounts operations, procurement, brand and trade marketing, payment to suppliers and financial reconciliation, human resources and key control areas in new processes after the migration to the new IT systems.
- (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 testing on internal control areas assessed by each function within the Group under the CARM Programme.
- (viii) Reviewed findings of any examination by regulatory agencies and any observation by auditors from holding companies in relation to reviews conducted on the Group operating processes.

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 2013 was RM831,826.

The Audit Committee Report has been reviewed by the Audit Committee on 22 August 2013.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“the Board”) recognises the importance of maintaining a sound system of risk management and internal controls in Guinness Anchor Berhad Group (“the Group”) to safeguard shareholders’ investments and the Group’s assets. The Group has in place a framework for procedures of risk management and internal control which is in line with the guidelines set out in the “Statement on Risk Management and Internal Control : Guidance for Directors of Public Listed Companies”.

This statement stipulates the nature and the key element of the system of risk management and internal controls that the Group has in place during the financial year ended 30 June 2013.

Board Responsibility

The Board is responsible and accountable for the Group’s system of risk management and internal controls, which includes the establishment of risk management processes and control environment, as well as reviewing its effectiveness, adequacy and integrity as an integral part of good corporate governance. The system of risk management and internal controls covers, inter alia, financial, organisational, governance, environmental, operational and compliance controls. Such system is designed to manage and minimise impact rather than completely eliminate the risk of failure that may impede the achievement of the Group’s business objectives. Accordingly, it can only provide reasonable, but not absolute, assurance against any material misstatement or losses.

Risk Management Framework

The Group has established a Risk Management Framework to promote effective risk management and enhance the corporate governance assurance process. The framework provides an integrated risk management structure with the establishment of the respective risk workgroups to ensure major areas of risks are controlled and coordinated. This involves the process for identifying, evaluating, monitoring and managing 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 reviewed by the Board via the Audit Committee to ensure its adequacy and integrity.



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



The Group's risk management process is managed by the Risk and Control Workgroup ("RCW") which is made up of cross-functional senior managers and is headed by the Finance Director. This workgroup is responsible for assessing the major areas of risk including the business continuity plan, financing process, operations and financial related risks, as well as transactions with related parties. The risk profile of the Group is established during risk assessment sessions facilitated by the RCW. Risks identified will be analysed and categorised in the following manner to enable the Group to allocate its resources to deal with the different levels of risks in which case a risk owner will be assigned to ensure appropriate risk response actions are carried out.

RISK MANAGEMENT ACTIONS

	Significant	Considerable management required	Must manage and monitor risks	Extensive management essential
IMPACT	Moderate	Risk may be worth accepting while monitoring	Management effort worthwhile	Management effort required
	Minor	Accept risks	Accept but monitor risks	Manage, and monitor risks
		Low	Medium	High
		LIKELIHOOD		

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 manages 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
- 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

Control Assurance and Risk Management

To further strengthen the Group's internal controls and enhance its corporate governance, the Group has adopted a risk management and compliance programme – internally known as CARM (Control Assurance and Risk Management).

CARM is part of Diageo's (a joint owner of the Group's holding company) compliance with the requirements of the US Sarbanes-Oxley Act. It is a web-based self-assessment programme that requires each function to evaluate and ensure that it has controls in place to manage a broad range of risks arising from the day-to-day business activities within the Group. CARM emphasises on internal controls over financial reporting and it focuses on transparency, accountability and safeguarding of assets in its review mechanism.

The head of functions and process owners have attended annual trainings, conducted by the CARM team, and participated in the annual assessments which are spearheaded by the Financial Controller. The assessment of the controls was tested by the Internal Audit Department and its outcome was reported to the RCW and the Audit Committee during the financial year under review.

Internal Audit Function

The Internal Audit Department ("IAD") is responsible for reviewing all policies and processes of the Group and monitoring compliance with policies and procedures and the effectiveness of the internal control system. Significant findings in respect of any non-compliance will be highlighted for Management and Audit Committee's attention. 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. The IAD 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 IAD is independent of the operational and management activities they audit.

For the financial year ended 30 June 2013, the IAD conducted 12 reviews / audits in the regional sales and distribution operations and embarked on 5 ad hoc investigations based on Management's requests. Other activities involved by the IAD were facilitating the CARM assessment and testing of controls, detecting anti-counterfeit activities and conducting roadshows to raise awareness of employees on internal controls and compliance. Internal audit findings are discussed at Management level and actions are agreed in response to the IAD recommendations. Audit findings together with Management's response and proposed action plans are presented to the Audit Committee on a quarterly basis for review. The progress of implementation of the agreed actions will be monitored by the IAD through follow-up reviews.

The IAD also provides support to the internal auditing arm of the ultimate joint owners i.e. Diageo and Heineken who perform ad hoc reviews on the processes and systems in selected functions to assess the effectiveness of the Group risk management and internal controls system. Observations together with Management's response and proposed action plans arising from such review are shared with the Audit Committee. The last review performed by Diageo and Heineken was in May 2013.

Key Elements of Risk Management and Internal Controls System

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

Authority and Responsibility

- As part of its Risk Management Framework, the Board has an organisational structure with clearly defined lines of accountability and responsibilities and delegated authority to the Board Committees and the Management to ensure they discharge their duties. The roles and responsibilities of the Board and Board Committees are provided in the Statement on Corporate Governance.

There is a schedule of key matters reserved specifically for the Board deliberation and decision. The Group is practicing segregation of duties to ensure that specific tasks or duties within related business processes or associated with the systems supporting business processes are deliberately apportioned between different employees, to prevent unintentional or fraudulent transactions.

- Internal policies and procedures of core business processes with limit of authority delegated to appropriate levels of employees are documented in the Group's Standard Policies and Procedures Manual. This Manual is subject to review and improvement to reflect changing risks or to resolve operational deficiencies and is communicated and made assessable to all employees on the Group Document Repository Portal to ensure compliance. All proposed changes or new policies and guidelines are required to be presented to the RCW and the Audit Committee for approval; and non-compliance cases, if any, are reported to the Audit Committee.

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 IAD.
- 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 the Board.
- Monthly monitoring of results against budget, with major variances being followed up on and Management action taken, where necessary. The Audit Committee also conducts similar reviews on a quarterly basis.
- Visits are made to regional offices to conduct regional reviews by the Management Team.

- Stakeholder engagement with employees, shareholders, analysts, media, trade partners and relevant authorities are conducted 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 staff 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 so that 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.
- Induction programme for new joiners is organised with the aim of 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.

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 compliance with laws, policies and procedures, integrity, conduct in the workplace, business conduct, maintaining confidentiality and disclosure of information, fraud and improper payments, avoiding situations where there are conflicts 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 whistle-blowing policy, which forms part of the Code of Conduct, to provide an avenue for employees to freely communicate to the appropriate parties their concerns about unethical practices without repercussions in a safe and confidential manner. Concerns may be reported to the Human Resources Director; or the Head of IAD; or the Senior Independent Director of the Company. All reports received will be investigated to ensure appropriate actions are taken.
- The Group employees are guided by the Corporate Vision and Values which are embedded within the Company's policies and procedures and work culture. Having a passion for winning; valuing and respecting each other; showing integrity in all that we do; providing enjoyment and commitment to service excellence are the Corporate Values that help steer the Group performance. These values are spelt out in the Management Handbook.

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. The Group has formed a Crisis Management Team which comprises members of the Management Team, to provide leadership and timely decision-making in the event of crisis. The Crisis Management Team is assisted by the Emergency Response Team, which is entrusted to implement the necessary procedures for responding and stabilising the situation following an incident as well as the Recovery Team, which is assigned to identify primary disaster recovery plan to keep the business operational. Crisis simulation is conducted 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. The last crisis simulation was conducted in June 2012.

Board Assessment

The Board is of the view that the overall risk management and internal control systems in place for the financial year ended 30 June 2013 and up to the date of approval of this statement are operating adequately and effectively, in all material aspects, based on the same assurance received from both the Managing Director and Finance Director of the Company via the CARM assessment sign-off. During the financial year 2013, there were no material financial and non-financial losses reported as a result of weaknesses or inadequacies in internal controls. The Board will review the systems and ensure that measures will be taken to strengthen the risk management and internal controls environment within the Group.

This statement has been reviewed by the Audit Committee and the Board on 22 August 2013.

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FINANCIAL STATEMENTS

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2013

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2013.

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	217,604	217,924

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 55 sen per 50 sen stock unit under the single tier tax system totalling RM166,153,900 in respect of the financial year ended 30 June 2012 on 21 December 2012; and
- ii) an interim dividend of 20 sen per 50 sen stock unit under the single tier tax system totalling RM60,419,600 in respect of the financial year ended 30 June 2013 on 19 April 2013.

The Directors now recommend the declaration of a final dividend of 48.5 sen per 50 sen stock unit under the single tier tax system totalling RM146,517,530 in respect of the financial year ended 30 June 2013 which if approved by the owners of the Company will be payable on 27 December 2013.

Directors of the Company

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

Dato' Saw Choo Boon (*Chairman*) (*Designated on 22 November 2012*)

Hans Essaadi (*Managing Director*) (*Appointed on 1 March 2013*)

Martin Giles Manen

Siobhan Mary Hamilton

Dato' Syed Salleh bin Syed Othman

Edward McShane

Michiel Egeler (*Appointed on 1 April 2013*)

Datin Ngiam Pick Ngoh, Linda (*Appointed on 3 December 2012*)

Choo Tay Sian, Kenneth (*Appointed on 15 August 2013*)

Tan Sri Saw Huat Lye (*Retired on 22 November 2012*)

Dato' Sreesanthan Eliathamby (*Retired on 22 November 2012*)

Charles Henry Ireland (*Managing Director*) (*Resigned on 1 March 2013*)

Dr Leslie Buckley (*Resigned on 1 April 2013*)

Edmond Neo Kim Soon (*Resigned on 15 August 2013*)

Directors' Interests in Shares

According to the Register of Directors' Shareholdings, none of the Directors (including the spouses or children of the Directors who themselves are not Directors of the Company) holding office at 30 June 2013 had any interest in the ordinary shares/stock units of the Company or 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 one of the former Directors is a member.

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

Issue of Shares and Debentures

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

Options Granted Over Unissued Shares

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

Ultimate Holding Corporation

The Directors regard GAPL Pte. Ltd., a corporation incorporated in the Republic of Singapore, as the ultimate holding corporation. GAPL Pte. Ltd. is a joint venture corporation whose ultimate owners are Diageo Plc., a corporation incorporated in England and Wales, and Asia Pacific Breweries Limited ("APBL"), a corporation incorporated in the Republic of Singapore. During the financial year, Heineken N.V., a corporation incorporated in Netherlands, became a joint ultimate owner (with Diageo Plc.) after acquiring the entire shareholdings in APBL through its subsidiary, Heineken International B.V..

Other Statutory Information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any 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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2013

Other Statutory Information (Continued)

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2013 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:

Dato' Saw Choo Boon

Director

Hans Essaadi

Director

Petaling Jaya,
22 August 2013

Statements of Financial Position

AS AT 30 JUNE 2013

	Note	30.6.2013 RM'000	Group 30.6.2012 RM'000	1.7.2011 RM'000	30.6.2013 RM'000	Company 30.6.2012 RM'000	1.7.2011 RM'000
Assets							
Property, plant and equipment	3	225,776	231,549	222,953	200,912	215,301	209,425
Intangible assets	4	35,787	25,873	9,124	35,787	25,873	9,124
Investment in subsidiaries	5	-	-	-	14,344	14,369	14,369
Other receivables and prepayments	6	19,550	6,531	7,028	777	766	785
Total non-current assets		281,113	263,953	239,105	251,820	256,309	233,703
Current assets							
Inventories	7	47,343	65,833	65,402	25,845	28,430	27,750
Receivables, deposits and prepayments	6	322,806	279,079	200,090	58,993	37,432	16,524
Current tax assets		19,480	9,733	764	19,480	9,733	764
Cash and cash equivalents	8	68,242	160,820	179,777	51,913	152,378	167,538
Total current assets		457,871	515,465	446,033	156,231	227,973	212,576
Total assets		738,984	779,418	685,138	408,051	484,282	446,279
Equity							
Share capital	9	151,049	151,049	151,049	151,049	151,049	151,049
Reserves		-	5,193	5,113	-	-	-
Retained earnings		214,491	223,461	360,454	29,268	37,918	203,348
Total equity attributable to owners of the Company		365,540	379,703	516,616	180,317	188,967	354,397
Liabilities							
Deferred tax liabilities	10	40,218	32,685	32,592	32,548	30,004	29,975
Borrowings	11	150,000	150,000	-	150,000	150,000	-
Total non-current liabilities		190,218	182,685	32,592	182,548	180,004	29,975
Trade and other payables, including derivatives	12	179,142	154,712	132,577	45,186	65,311	61,907
Borrowings	11	-	50,000	-	-	50,000	-
Current tax liabilities		4,084	12,318	3,353	-	-	-
Total current liabilities		183,226	217,030	135,930	45,186	115,311	61,907
Total liabilities		373,444	399,715	168,522	227,734	295,315	91,882
Total equity and liabilities		738,984	779,418	685,138	408,051	484,282	446,279

The notes on pages 106 to 147 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue		1,676,348	1,623,687	1,041,847	1,059,181
Cost of sales		(1,111,443)	(1,076,490)	(994,909)	(998,609)
Gross profit		564,905	547,197	46,938	60,572
Other income		10,445	8,498	8,053	-
Distribution, marketing and selling expenses		(212,611)	(217,410)	(2,174)	(5,970)
Administrative expenses		(61,240)	(57,185)	(29,459)	(23,798)
Other expenses		(8,753)	(3,859)	(7,866)	(1,562)
Dividend income		-	-	207,339	156,684
Results from operating activities		292,746	277,241	222,831	185,926
Finance income	13	3,014	4,268	2,979	4,230
Finance costs	14	(7,024)	(4,528)	(7,024)	(4,388)
Net finance costs		(4,010)	(260)	(4,045)	(158)
Profit before tax	15	288,736	276,981	218,786	185,768
Tax expense	17	(71,132)	(69,582)	(862)	(6,806)
Profit for the year		217,604	207,399	217,924	178,962
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operation		-	80	-	-
Total comprehensive income for the year		217,604	207,479	217,924	178,962
Profit for the year attributable to:					
Owners of the Company		217,604	207,399	217,924	178,962
Total comprehensive income for the year attributable to:					
Owners of the Company		217,604	207,479	217,924	178,962
Basic/Diluted earnings per ordinary stock unit (sen)	18	72.0	68.7		

The notes on pages 106 to 147 are an integral part of these financial statements.

Statements of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2013

Group	Note	← Attributable to owners of the Company →			
		Non-distributable		Distributable	
		Share capital RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 July 2011		151,049	5,113	360,454	516,616
Foreign currency translation differences for foreign operations		-	80	-	80
Profit for the year		-	-	207,399	207,399
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 2012/1 July 2012		151,049	5,193	223,461	379,703
Realisation of translation reserve		-	(5,193)	-	(5,193)
Profit for the year		-	-	217,604	217,604
Total comprehensive income for the year		-	(5,193)	217,604	212,411
Dividends to owners of the Company	19	-	-	(226,574)	(226,574)
At 30 June 2013		151,049	-	214,491	365,540
		Note 9	Note 9		

Company	Note	← Attributable to owners of the Company →		
		Distributable		
		Share capital RM'000	Retained earnings RM'000	Total equity RM'000
At 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 2012/1 July 2012		151,049	37,918	188,967
Total comprehensive income for the year		-	217,924	217,924
Dividends to owners of the Company	19	-	(226,574)	(226,574)
At 30 June 2013		151,049	29,268	180,317
			Note 9	

The notes on pages 106 to 147 are an integral part of these financial statements.

Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash flows from operating activities					
Profit before tax		288,736	276,981	218,786	185,768
<i>Adjustments for:</i>					
Amortisation of intangible assets	4	9,850	4,093	9,850	4,093
Realisation of translation reserve		(5,193)	-	-	-
Depreciation of property, plant and equipment	3	30,710	30,310	24,948	27,063
Dividend income		-	-	(207,339)	(156,684)
Gain in capital reduction in a subsidiary		-	-	(4,914)	-
(Gain)/Loss on disposal of property, plant and equipment		(513)	(643)	99	(100)
Interest expense	14	7,024	4,528	7,024	4,388
Interest income	13	(3,014)	(4,268)	(2,979)	(4,230)
Intangible assets written off		438	-	438	-
Reversal of restructuring of distribution channel accruals		(1,600)	(5,400)	-	-
Operating profit before changes in working capital		326,438	305,601	45,913	60,298
Inventories		18,490	(431)	2,585	(680)
Receivables, deposits and prepayments		(56,746)	(78,492)	(8,046)	(20,889)
Trade and other payables, including derivatives		26,030	27,615	(20,125)	3,404
Cash generated from operations		314,212	254,293	20,327	42,133
Income tax paid		(81,580)	(69,493)	(8,065)	(15,746)
Interest paid		(7,024)	(4,528)	(7,024)	(4,388)
Net cash from operating activities		225,608	180,272	5,238	21,999
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(25,353)	(39,273)	(19,548)	(33,259)
Acquisition of intangible assets	4	(20,202)	(20,842)	(20,202)	(20,842)
Dividend received		-	-	207,339	156,684
Interest received		3,014	4,268	2,979	4,230
Proceeds from disposal of property, plant and equipment		929	1,010	303	420
Net cash (used in)/from investing activities		(41,612)	(54,837)	170,871	107,233

The notes on pages 106 to 147 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash flows from financing activities					
Dividends paid to owners of the Company	19	(226,574)	(344,392)	(226,574)	(344,392)
Proceeds from issuance of commercial papers/medium term notes		-	350,000	-	350,000
Repayment of commercial papers		(50,000)	(150,000)	(50,000)	(150,000)
Net cash used in financing activities		(276,574)	(144,392)	(276,574)	(144,392)
Net decrease in cash and cash equivalents		(92,578)	(18,957)	(100,465)	(15,160)
Cash and cash equivalents at 1 July		160,820	179,777	152,378	167,538
Cash and cash equivalents at 30 June	(i)	68,242	160,820	51,913	152,378

(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	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deposits placed with licensed banks	8	9	97,667	9	97,667
Cash and bank balances	8	68,233	63,153	51,904	54,711
		68,242	160,820	51,913	152,378

The notes on pages 106 to 147 are an integral part of these financial statements.

Notes to the Financial Statements

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 of the Company as at and for the financial year ended 30 June 2013 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 2013 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 corporation incorporated in the Republic of Singapore, as the ultimate holding corporation. GAPL Pte. Ltd. is a joint venture corporation whose ultimate owners are Diageo Plc., a corporation incorporated in England and Wales, and Asia Pacific Breweries Limited ("APBL"), a corporation incorporated in the Republic of Singapore. During the financial year, Heineken N.V., a corporation incorporated in Netherlands, became a joint ultimate owner (with Diageo Plc.) after acquiring the entire shareholdings in APBL through its subsidiary, Heineken International B.V..

These financial statements were authorised for issue by the Board of Directors on 22 August 2013.

1. Basis of Preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

1. Basis of Preparation (Continued)

(a) Statement of compliance (Continued)

In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia. The transition to MFRSs does not have any financial impact to the financial statements.

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits (2011)*
- MFRS 127, *Separate Financial Statements (2011)*
- MFRS 128, *Investments in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009 – 2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009 – 2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009 – 2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009 – 2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009 – 2011 Cycle)*

1. Basis of Preparation (Continued)

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

- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

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

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

- from the annual period beginning on 1 July 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2013, except for MFRS 11, MFRS 128, Amendments to MFRS 11 and IC Interpretation 20 which are not applicable to the Group and the Company.

1. Basis of Preparation (Continued)

(a) Statement of compliance (Continued)

- from the annual period beginning on 1 July 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.
- from the annual period beginning on 1 July 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

Except as disclosed below, there are no material impacts on initial application of the abovementioned standards, amendments or interpretations to the current and prior periods financial statements:

Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)

The Amendments to MFRS 116 clarify that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. The Group is currently assessing the financial impact that may arise from the adoption of Amendments to MFRS 116.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

1. Basis of Preparation (Continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(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 MFRSs 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.

2. Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 July 2011 (the transition date to MFRS framework), unless otherwise stated.

2. Significant Accounting Policies (Continued)

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company 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.

(ii) 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

For acquisitions on or after 1 January 2011, the Group measures the cost of 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.

2. Significant Accounting Policies (Continued)**(a) Basis of consolidation (Continued)****(ii) Business combinations (Continued)*****Acquisitions on or after 1 January 2011 (Continued)***

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, 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.

Acquisitions before 1 July 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 July 2011.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) 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.

2. Significant Accounting Policies (Continued)**(b) Foreign currency****(i) Foreign currency transactions**

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

Monetary assets and liabilities denominated in foreign currencies at the end of the 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.

(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 foreign currency translation reserve ("Capital reserve") in equity. When a foreign operation is disposed of such that control is lost, the cumulative amount in the capital reserve related to that foreign operation is reclassified to profit or loss as part of profit or loss on disposal.

2. Significant Accounting Policies (Continued)

(b) Foreign currency (Continued)

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

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 statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

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

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

2. Significant Accounting Policies (Continued)

(c) Financial instruments (Continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

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

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

(b) *Loans and receivables*

Loans and receivables category comprises 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.

2. Significant Accounting Policies (Continued)**(c) Financial instruments (Continued)****(ii) Financial instrument categories and subsequent measurement (Continued)
Financial liabilities (Continued)**

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

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 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 profit or loss.

2. Significant Accounting Policies (Continued)**(d) Property, plant and equipment****(i) Recognition and measurement**

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

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 or 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.

2. Significant Accounting Policies (Continued)

(d) Property, plant and equipment (Continued)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component 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 based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component 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 are not depreciated until the assets are ready for their intended use.

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

- leasehold 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 at the end of each reporting period and adjusted as appropriate.

2. Significant Accounting Policies (Continued)

(e) Operating leases

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

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

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible assets

(i) Computer software

Computer software 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 measured 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.

2. Significant Accounting Policies (Continued)**(f) Intangible assets (Continued)****(iii) Amortisation**

Amortisation is based on the cost of an asset less its residual value. Computer software are amortised from the date that they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 5 years (2012 - 4 years).

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

(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 statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

2. Significant Accounting Policies (Continued)**(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. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

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

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

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

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

2. Significant Accounting Policies (Continued)

(i) Impairment (Continued)

(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 cash-generating units.

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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in 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 cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

2. Significant Accounting Policies (Continued)

(i) Impairment (Continued)

(ii) Other assets (Continued)

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. Reversals of impairment losses are credited to profit or loss in the financial 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.

(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.

(ii) State plans

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

2. Significant Accounting Policies (Continued)**(k) Employee benefits (Continued)****(iii) 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.

A provision for restructuring of distribution channels was recognised when the Group approved a detailed formal restructuring plan and the restructuring was communicated to the affected parties. Future operating losses were not provided for.

(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 persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing

2. Significant Accounting Policies (Continued)**(m) Revenue and other income (Continued)****(i) Goods sold (Continued)**

management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(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.

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.

2. Significant Accounting Policies (Continued)

(n) Borrowing costs (Continued)

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 are 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 financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement 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 be applied 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 not discounted.

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.

2. Significant Accounting Policies (Continued)

(o) Income tax (Continued)

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.

(p) Earnings per ordinary stock unit

The Group presents basic and diluted earnings per stock unit data for its ordinary stock units ("EPS").

Basic EPS 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 EPS 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.

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
Cost							
At 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 2012/1 July 2012	4,037	20,191	89,318	330,921	181,418	6,735	632,620
Additions	-	-	1,578	149	5,096	18,530	25,353
Disposals	-	-	(463)	(6,000)	(4,625)	-	(11,088)
Transfers	-	-	2,384	15,278	4,904	(22,566)	-
At 30 June 2013	4,037	20,191	92,817	340,348	186,793	2,699	646,885
Accumulated depreciation							
At 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 2012/1 July 2012	-	7,102	40,654	229,755	123,560	-	401,071
Depreciation charge for the year	-	256	4,639	11,731	14,084	-	30,710
Disposals	-	-	(462)	(5,604)	(4,606)	-	(10,672)
At 30 June 2013	-	7,358	44,831	235,882	133,038	-	421,109
Carrying amounts							
At 1 July 2011	4,037	13,345	45,751	97,987	61,613	220	222,953
At 30 June 2012/1 July 2012	4,037	13,089	48,664	101,166	57,858	6,735	231,549
At 30 June 2013	4,037	12,833	47,986	104,466	53,755	2,699	225,776

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
Cost						
At 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 2012/1 July 2012	20,191	85,631	330,921	160,365	6,735	603,843
Additions	-	38	149	831	18,530	19,548
Disposals	-	-	(6,000)	(1,691)	-	(7,691)
Transfers	-	2,384	15,278	4,904	(22,566)	-
Transfer to a subsidiary	-	(1,919)	-	(25,551)	-	(27,470)
At 30 June 2013	20,191	86,134	340,348	138,858	2,699	588,230
Accumulated depreciation						
At 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 2012/1 July 2012	7,102	39,226	229,755	112,459	-	388,542
Depreciation charge for the year	256	3,535	11,731	9,426	-	24,948
Disposals	-	-	(5,604)	(1,685)	-	(7,289)
Transfer to a subsidiary	-	-	-	(18,883)	-	(18,883)
At 30 June 2013	7,358	42,761	235,882	101,317	-	387,318
Carrying amounts						
At 1 July 2011	13,345	45,143	97,987	52,730	220	209,425
At 30 June 2012/1 July 2012	13,089	46,405	101,166	47,906	6,735	215,301
At 30 June 2013	12,833	43,373	104,466	37,541	2,699	200,912

4. Intangible Assets

	Computer software RM'000	Capital work-in- progress RM'000	Total RM'000
Group and Company			
Cost			
At 1 July 2011	22,417	571	22,988
Additions	–	20,842	20,842
Transfer	3,891	(3,891)	–
At 30 June 2012/1 July 2012	26,308	17,522	43,830
Additions	–	20,202	20,202
Transfer	37,034	(37,034)	–
Write off	(2,700)	–	(2,700)
At 30 June 2013	60,642	690	61,332
Amortisation			
At 1 July 2011	13,864	–	13,864
Amortisation for the year	4,093	–	4,093
At 30 June 2012/1 July 2012	17,957	–	17,957
Amortisation for the year	9,850	–	9,850
Write off	(2,262)	–	(2,262)
At 30 June 2013	25,545	–	25,545
Carrying amounts			
At 1 July 2011	8,553	571	9,124
At 30 June 2012/1 July 2012	8,351	17,522	25,873
At 30 June 2013	35,097	690	35,787

4.1 Change in estimates

During the financial year ended 30 June 2013, the Group has changed its intangible assets useful life from 4 years to 5 years due to the upgrade of existing information system. As a result, the estimated carrying values have increased and the effect of this change on amortisation expense is insignificant. Hence, no disclosure is made on the effect of the change in the current and future periods.

5. Investment in Subsidiaries

	30.6.2013 RM'000	Company 30.6.2012 RM'000	1.7.2011 RM'000
Unquoted shares			
– at cost	14,344	14,369	14,369

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest		
			30.6.2013 %	30.6.2012 %	1.7.2011 %
Guinness Anchor Marketing Sdn. Bhd.	Malaysia	Marketing and distribution of beverages primarily alcoholic in Malaysia	100	100	100
Ramaha Corporation (M) Sdn. Bhd.	Malaysia	Property holding and land development	100	100	100
Guinness Sabah Sdn. Bhd.	Malaysia	Dormant	100	100	100
Guinness Singapore Pte. Limited #	Singapore	Dormant	100	100	100
Malayan Breweries (Malaya) Sdn. Bhd. * and its subsidiary:	Malaysia	Dormant	100	100	100
Malayan Breweries Marketing Sdn. Bhd. *	Malaysia	Dormant	–	–	100

Not required to be audited, hence consolidated using unaudited financial statements. The subsidiary undertook a capital reduction exercise to reduce its issued share capital from SGD2,000,000 to SGD2. Arising from the exercise, the subsidiary made a distribution of SGD1,999,998 to the Company on 12 July 2012.

* 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 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 striking off of this dormant subsidiary does not have any material impact on the net assets and earnings per share of the Group for the financial year ended 30 June 2013.

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

6. Receivables, Deposits and Prepayments

	Note	30.6.2013 RM'000	Group 30.6.2012 RM'000	1.7.2011 RM'000	30.6.2013 RM'000	Company 30.6.2012 RM'000	1.7.2011 RM'000
Non-current							
Other receivables	6.1	1,098	1,132	1,152	777	766	785
Prepayments	6.2	18,452	5,399	5,876	-	-	-
		19,550	6,531	7,028	777	766	785
Current							
Trade							
Amount due from a subsidiary	6.3	-	-	-	46,597	23,842	-
Amount due from related parties	6.3	1,092	1,990	2,563	1,092	1,990	2,563
Trade receivables		300,199	263,299	183,913	2,473	3,913	5,095
Less : Impairment losses		(6,621)	(5,912)	(8,303)	-	-	-
		294,670	259,377	178,173	50,162	29,745	7,658
Non-trade							
Other receivables	6.1	1,850	3,419	2,729	518	812	2,468
Prepayments	6.2	19,590	13,184	16,173	492	860	370
Amount due from a subsidiary	6.3	-	-	-	4,043	4,043	4,043
Amount due from related parties	6.3	1,698	41	-	37	41	-
Deposits		4,998	3,058	3,015	3,741	1,931	1,985
		28,136	19,702	21,917	8,831	7,687	8,866
		322,806	279,079	200,090	58,993	37,432	16,524

6.1 Other receivables

Included in other receivables are staff loans of the Group and of the Company amounting to RM1,620,000 (30.6.2012: RM1,661,000; 1.7.2011: RM1,619,000) and RM1,120,000 (30.6.2012: RM1,107,000; 1.7.2011: RM1,098,000) respectively of which RM1,098,000 (30.6.2012: RM1,132,000; 1.7.2011: RM1,152,000) and RM777,000 (30.6.2012: RM766,000; 1.7.2011: RM785,000) are repayable after the next 12 months for the Group and the Company respectively.

6.2 Prepayments

Included in prepayments of the Group are upfront payments for promotional activities of RM36,979,000 (30.6.2012: RM17,517,000; 1.7.2011: RM21,679,000) of which RM18,452,000 (30.6.2012: RM5,399,000; 1.7.2011: RM5,876,000) are to be amortised over a period of more than 12 months but not exceeding 36 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 the normal trade terms.

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

7. Inventories

	Group			Company		
	30.6.2013 RM'000	30.6.2012 RM'000	1.7.2011 RM'000	30.6.2013 RM'000	30.6.2012 RM'000	1.7.2011 RM'000
Raw materials	11,736	10,123	7,654	11,736	10,123	7,654
Work-in-progress	2,342	4,658	4,121	2,342	4,658	4,121
Finished goods	21,633	41,132	45,122	1,054	3,960	7,624
Packaging materials	6,124	5,326	4,196	6,124	5,326	4,196
Engineering stores and spares	5,508	4,594	4,309	4,589	4,363	4,155
	47,343	65,833	65,402	25,845	28,430	27,750

8. Cash and Cash Equivalents

	Group			Company		
	30.6.2013 RM'000	30.6.2012 RM'000	1.7.2011 RM'000	30.6.2013 RM'000	30.6.2012 RM'000	1.7.2011 RM'000
Deposits placed with licensed banks	9	97,667	161,217	9	97,667	161,217
Cash and bank balances	68,233	63,153	18,560	51,904	54,711	6,321
	68,242	160,820	179,777	51,913	152,378	167,538

9. Capital and Reserves

9.1 Share capital

	30.6.2013		Company 30.6.2012		1.7.2011	
	Amount RM'000	No. of shares '000	Amount RM'000	No. of shares '000	Amount RM'000	No. of shares '000
Authorised:						
Shares of RM0.50 each	200,000	400,000	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	151,049	302,098

The holders of ordinary stock units are entitled to receive dividends as declared from time to time and are entitled to one vote per stock unit at meetings of the Company.

9.2 Capital reserve

The capital reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operation. The translation reserve was realised as a result of the capital reduction exercise by its foreign operation during the financial year.

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 tax exempt dividends to its shareholders out of its entire retained earnings.

10. Deferred Tax Liabilities

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000
Property, plant and equipment	1,507	1,630	1,053	(32,330)	(32,148)	(30,700)
Other items	1,107	2,326	3,713	(4,311)	(8,070)	(1,985)
Tax assets/(liabilities)	2,614	3,956	4,766	(36,641)	(40,218)	(32,685)
Set off of tax	(2,614)	(3,956)	(4,766)	3,956	-	-
Net tax liabilities	-	-	-	(32,685)	(40,218)	(32,685)
Company						
Property, plant and equipment	-	-	-	(32,330)	(33,655)	(32,330)
Other items	1,107	2,326	1,963	-	1,107	2,326
Net tax assets/(liabilities)	1,107	2,326	1,963	(32,330)	(32,548)	(30,004)

Movement in temporary differences during the year

Group	At 1.7.2011 RM'000		Recognised in profit or loss (Note 17) RM'000		At 30.6.2012/ 1.7.2012 RM'000		Recognised in profit or loss (Note 17) RM'000		At 30.6.2013 RM'000	
	Property, plant and equipment	(30,885)	(30,700)	185	(1,448)	(30,700)	(1,448)	(32,148)		
Other items	(1,707)	(1,985)	(278)	(6,085)	(1,985)	(6,085)	(8,070)			
	(32,592)	(32,685)	(93)	(7,533)	(32,685)	(7,533)	(40,218)			
Company										
Property, plant and equipment	(31,938)	(32,330)	(392)	(1,325)	(32,330)	(1,325)	(33,655)			
Other items	1,963	2,326	363	(1,219)	2,326	(1,219)	1,107			
	(29,975)	(30,004)	(29)	(2,544)	(30,004)	(2,544)	(32,548)			

11. Borrowings

	Note	Group and Company		
		30.6.2013 RM'000	30.6.2012 RM'000	1.7.2011 RM'000
Non-current				
Medium Term Notes (unsecured)	11.1	150,000	150,000	-
Current				
Commercial Papers (unsecured)	11.2	-	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.

11.1 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.

11.2 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 that year. The remaining RM50 million matured and was repaid on 17 October 2012.

12. Trade and Other Payables, including Derivatives

	Note	30.6.2013 RM'000	Group 30.6.2012 RM'000	1.7.2011 RM'000	30.6.2013 RM'000	Company 30.6.2012 RM'000	1.7.2011 RM'000
Trade							
Trade payables	12.1	47,595	47,746	42,617	24,952	24,765	20,291
Non-trade							
Amount due to subsidiaries	12.2	–	–	–	100	13,072	17,718
Amount due to related parties	12.2	14,129	8,966	6,007	2,826	8,142	5,424
Other payables		1,419	4,365	–	1,240	3,611	–
Accrued expenses	12.3	115,999	93,617	83,933	16,068	15,703	18,454
Financial liabilities at fair value through profit or loss		–	18	20	–	18	20
		131,547	106,966	89,960	20,234	40,546	41,616
		179,142	154,712	132,577	45,186	65,311	61,907

12.1 Trade payables

In 2011, 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 were costs of restructuring of distribution channels of RM Nil (30.6.2012: RM1,600,000; 1.7.2011: RM7,000,000).

13. Finance Income

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest income received from deposits placed with licensed banks	2,997	4,247	2,966	4,214
Interest income received from staff loans	17	21	13	16
Recognised in profit or loss	3,014	4,268	2,979	4,230

14. Finance Costs

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- customers' security deposits	-	140	-	-
- commercial papers/medium term notes	7,024	4,388	7,024	4,388
Recognised in profit or loss	7,024	4,528	7,024	4,388

15. Profit Before Tax

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax is arrived at after charging:				
Amortisation of intangible assets	9,850	4,093	9,850	4,093
Auditors' remuneration				
- Statutory audit				
KPMG	180	140	108	88
- Other services				
KPMG	70	82	40	82
Affiliates of KPMG	122	54	100	34
Depreciation of property, plant and equipment	30,710	30,310	24,948	27,063
Hire of equipment	888	744	545	563
Intangible assets written off	438	-	438	-
Legal fees paid to a firm in which a former Director is a member	84	140	40	96
Net loss on disposal of property, plant and equipment	-	-	99	-
Net impairment losses on trade receivables	709	-	-	-
Net realised loss on foreign exchange	1,619	11	1,428	68
Net unrealised loss on foreign exchange	83	81	88	78
Personnel expenses (including key management personnel):				
- Contributions to defined contribution plans	10,006	9,211	4,443	3,576
- Wages, salaries and others	68,340	62,119	28,703	25,973
Rental expense on buildings	2,893	2,013	66	261
and after crediting:				
Realisation of translation reserves	5,193	-	-	-
Dividend income from unquoted subsidiary	-	-	207,339	156,684
Gain on capital reduction in a subsidiary	-	-	4,914	-
Net gain on disposal of property, plant and equipment	513	643	-	100
Net reversal of impairment losses on trade receivables	-	2	-	-
Reversal of restructuring of distribution channels accruals	1,600	5,400	-	-

16. Key Management Personnel Compensation

The key management personnel compensations are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors				
- Fees	472	454	466	448
- Remuneration [#]	1,597	1,978	1,597	1,978
- Defined contribution plans	-	33	-	33
- Meeting attendance allowance	118	101	118	101
Other short term benefits (including estimated monetary value of benefit-in-kind)	502	531	502	531
	2,689	3,097	2,683	3,091
Other key management personnel:				
Short-term employee benefits	4,825	3,962	3,459	2,630
	7,514	7,059	6,142	5,721

[#] Included bonus paid/payable to the former Managing Director of the Company who left the Company on 1 March 2013 and payment to the former Chairman (Non-Executive) who retired from the Company pursuant to Section 129 of the Companies Act, 1965 on 22 November 2012. The latter payment was approved by the Company's shareholders on 26 November 2009.

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.

17. Tax Expense

Recognised in profit or loss

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current tax expense				
Malaysian – current year	66,222	70,864	570	7,921
– overprovision in prior year	(2,623)	(1,375)	(2,252)	(1,144)
Total current tax recognised in profit or loss	63,599	69,489	(1,682)	6,777
Deferred tax expense				
Origination and reversal of temporary differences	6,648	431	1,519	233
Under/(Over) provision in prior year	885	(338)	1,025	(204)
Total deferred tax recognised in profit or loss (Note 10)	7,533	93	2,544	29
Total income tax expense	71,132	69,582	862	6,806
Reconciliation of tax expense				
Profit for the year	217,604	207,399	217,924	178,962
Total income tax expense	71,132	69,582	862	6,806
Profit excluding tax	288,736	276,981	218,786	185,768
Income tax calculated using Malaysian tax rate of 25% (2012: 25%)				
	72,184	69,245	54,697	46,442
Non-deductible expenses/(Non-taxable income)	686	2,050	(773)	883
Tax exempt dividend	–	–	(51,835)	(39,171)
Overprovision in prior year	(1,738)	(1,713)	(1,227)	(1,348)
Tax expense	71,132	69,582	862	6,806

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 2013 was based on the profit attributable to ordinary shareholders of RM217,604,000 (30.6.2012: RM207,399,000) and a weighted average number of ordinary stock unit outstanding during the financial year of 302,098,000 (30.6.2012: 302,098,000).

Weighted average number of ordinary stock unit

	2013 '000	2012 '000
Issued ordinary stock unit at 30 June	302,098	302,098
Basic earnings per ordinary stock unit (sen)	72.0	68.7

Diluted earnings per ordinary stock unit

There were no diluted earnings per ordinary stock unit for the Group as at 30 June 2013 and 2012.

19. Dividends

Dividends recognised by the Company are:

	Sen per stock unit	Total amount RM'000	Date of payment
2013			
Interim 2013 ordinary	20.00	60,420	19 April 2013
Final 2012 ordinary	55.00	166,154	21 December 2012
Total amount		226,574	
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	

The Directors now recommend the declaration of a final dividend of 48.5 sen per 50 sen stock unit under the single tier tax system totalling RM146,517,530 in respect of the financial year ended 30 June 2013 which if approved by the owners of the Company will be payable on 27 December 2013.

20. Operating Segments

The Group's business is focused only in malt liquor brewing including production, packaging, marketing and distribution of its products, principally in Malaysia. Approximately 1% (2012: 2%) of the total sales is exported, mainly to 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.

20. Operating Segments (Continued)

Segment assets and liabilities

Segment assets and liabilities information is neither included in the internal management reports nor provided regularly to the Group's Managing Director. Hence, no disclosure is made on segment assets and liabilities.

Segment capital expenditure

Segment capital expenditure is the total costs incurred during the financial year to acquire property, plant and equipment, and intangible assets.

	2013 RM'000	2012 RM'000
Total additions to non-current assets other than financial instruments and deferred tax assets	45,555	60,115
Segment profit	288,736	277,061
<i>Included in the measure of segment profit are:</i>		
Revenue from external customers	1,584,091	1,531,253
Depreciation and amortisation	(40,560)	(34,403)
<i>Not included in the measure of segment profit but provided to the Group's Managing Director</i>		
Net finance costs	(4,010)	(260)

Reconciliation of reportable segment revenue, profit or loss and other material items

	2013 RM'000	2012 RM'000
Profit or loss		
Segment profit	288,736	277,061
Foreign currency translation differences for foreign operation	-	(80)
Consolidated profit before tax	288,736	276,981
Net finance (costs)/income		
Finance income	3,014	4,268
Finance costs	(7,024)	(4,528)
Consolidated net finance (costs)/income	(4,010)	(260)

No reconciliation is performed for reportable segment depreciation and amortisation 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:

- (a) Loans and receivables ("L&R");
- (b) Fair value through profit or loss ("FVTPL"):
 - Held for trading ("HFT"); and
- (c) Financial liabilities measured at amortised cost ("FL").

30 June 2013	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL - HFT RM'000
Financial assets			
Group			
Receivables and deposits	304,314	304,314	-
Cash and cash equivalents	68,242	68,242	-
	372,556	372,556	-
Company			
Receivables and deposits	59,278	59,278	-
Cash and cash equivalents	51,913	51,913	-
	111,191	111,191	-
Financial liabilities			
Group			
Trade and other payables, including derivatives	(179,142)	(179,142)	-
Borrowings	(150,000)	(150,000)	-
	(329,142)	(329,142)	-
Company			
Trade and other payables, including derivatives	(45,186)	(45,186)	-
Borrowings	(150,000)	(150,000)	-
	(195,186)	(195,186)	-

21. Financial Instruments (Continued)**21.1 Categories of financial instruments (Continued)**

30 June 2012	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL - HFT RM'000
Financial assets			
Group			
Receivables and deposits	267,027	267,027	-
Cash and cash equivalents	160,820	160,820	-
	427,847	427,847	-
Company			
Receivables and deposits	37,338	37,338	-
Cash and cash equivalents	152,378	152,378	-
	189,716	189,716	-
Financial liabilities			
Group			
Trade and other payables, including derivatives	(154,712)	(154,694)	(18)
Borrowings	(200,000)	(200,000)	-
	(354,712)	(354,694)	(18)
Company			
Trade and other payables, including derivatives	(65,311)	(65,293)	(18)
Borrowings	(200,000)	(200,000)	-
	(265,311)	(265,293)	(18)

21. Financial Instruments (Continued)**21.1 Categories of financial instruments (Continued)**

1 July 2011	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL - HFT RM'000
Financial assets			
Group			
Receivables and deposits	185,069	185,069	-
Cash and cash equivalents	179,777	179,777	-
	364,846	364,846	-
Company			
Receivables and deposits	16,939	16,939	-
Cash and cash equivalents	167,538	167,538	-
	184,477	184,477	-
Financial liabilities			
Group			
Trade and other payables, including derivatives	(132,577)	(132,557)	(20)
Company			
Trade and other payables, including derivatives	(61,907)	(61,887)	(20)

21.2 Net gains and losses arising from financial instruments

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Net gains/(losses) on:				
Loans and receivables	1,301	4,270	1,978	4,230
Financial liabilities measured at amortised cost	(7,557)	(4,528)	(7,363)	(4,388)
Fair value through profit or loss - Held for trading	(259)	(18)	(259)	(18)
	(6,515)	(276)	(5,644)	(176)

21. Financial Instruments (Continued)

21.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

21.3.1 Credit risk

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

(a) Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

The Group has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. Due to the nature of the industry, 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:

	30.6.2013	Group 30.6.2012	1.7.2011
	RM'000	RM'000	RM'000
Malaysia	291,384	255,847	175,348
Asia	3,286	3,530	2,825
	294,670	259,377	178,173

21. Financial Instruments (Continued)**21.3 Financial risk management (Continued)****21.3.1 Credit risk (Continued)****(a) Receivables (Continued)*****Exposure to credit risk, credit quality and collateral (Continued)***

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

	Carrying amounts		
	30.6.2013 RM'000	30.6.2012 RM'000	1.7.2011 RM'000
Type of collateral			
Bank guarantees	43,846	44,439	38,795
Cash deposits	3,787	5,536	6,521
Properties charged*	28,225	25,609	25,361
Quoted shares pledged*	2,016	770	927
	77,874	76,354	71,604

* The carrying amounts of properties charged and quoted shares pledged are based on the market value at the date they were charged or pledged to the Group.

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:

Group	Gross	Individual	Net
30 June 2013	RM'000	impairment RM'000	RM'000
Not past due	290,130	-	290,130
Past due 1 - 30 days	635	-	635
Past due 31 - 120 days	2,549	-	2,549
Past due more than 120 days	7,977	(6,621)	1,356
	301,291	(6,621)	294,670
30 June 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

21. Financial Instruments (Continued)**21.3 Financial risk management (Continued)****21.3.1 Credit risk (Continued)****(a) Receivables (Continued)*****Impairment losses (Continued)***

Group	Gross	Individual	Net
1 July 2011	RM'000	impairment	RM'000
		RM'000	RM'000
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 financial year were:

	Group	
	2013	2012
	RM'000	RM'000
At 1 July	5,912	8,303
Impairment loss recognised	830	640
Impairment loss reversed	(121)	(642)
Impairment loss written off	–	(2,389)
At 30 June	6,621	5,912

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.

In the previous year, allowance for impairment losses amounting to RM2,389,000 were written off against trade receivables directly.

(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 statement 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. Financial Instruments (Continued)

21.3 Financial risk management (Continued)

21.3.1 Credit risk (Continued)

(c) Other financial assets

Risk management objectives, policies and processes for managing the risk

The Group and the Company are also exposed to counterparty credit risk from financial institutions through fund placement activities. These exposures are managed in accordance with the existing guidelines and procedures that define the parameters within which the investment activities shall be undertaken in order to achieve the Group's investment objective of preserving capital and generating additional returns above appropriate benchmarks within allowable risk parameters. Fund placements are only made with reputable licensed financial institutions with high creditworthiness.

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 statement of financial position.

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. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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
30 June 2013							
Group							
<i>Non-derivative financial liabilities</i>							
Borrowings							
- Medium							
Term Notes	150,000	3.70% - 3.78%	162,152	5,620	103,700	52,832	-
Trade and other payables, excluding derivatives	179,142	-	179,142	179,142	-	-	-
	329,142		341,294	184,762	103,700	52,832	-
Company							
<i>Non-derivative financial liabilities</i>							
Borrowings							
- Medium							
Term Notes	150,000	3.70% - 3.78%	162,152	5,620	103,700	52,832	-
Trade and other payables, excluding derivatives	45,186	-	45,186	45,186	-	-	-
	195,186		207,338	50,806	103,700	52,832	-

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
30 June 2012							
Group							
<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	-
Company							
<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	65,293	-	65,293	65,293	-	-	-
	265,293		283,550	121,398	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)	-	-	-
	265,311		283,568	121,416	5,621	156,531	-

21. Financial Instruments (Continued)
21.3 Financial risk management (Continued)
21.3.2 Liquidity risk (Continued)
Maturity analysis (Continued)

Group	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	Under 1 year RM'000
1 July 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
1 July 2011
Non-derivative financial liabilities

Trade and other payables, excluding derivatives	61,887	–	61,887	61,887
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Derivative financial liabilities

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 through normal trading activities on sales and purchases that are denominated in currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Great Britain Pound ("GBP") and Euro Dollar ("EURO").

Risk management objectives, policies and processes for managing the risk

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

21. Financial Instruments (Continued)

21.3 Financial risk management (Continued)

21.3.3 Market risk (Continued)

(a) Currency risk (Continued)

Exposure to foreign currency risk

The Group's exposure to foreign currencies (currencies which are other than the functional currency of the Group entities) 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
30 June 2013			
Trade receivables	3,286	-	-
Trade payables	(907)	(1,339)	(963)
Net exposure	2,379	(1,339)	(963)
30 June 2012			
Trade receivables	3,435	-	-
Trade payables	(182)	(77)	(1,451)
Forward exchange contracts	1	-	(19)
Net exposure	3,254	(77)	(1,470)
1 July 2011			
Trade receivables	2,859	-	-
Trade payables	(109)	(3,751)	(195)
Forward exchange contracts	(20)	-	-
Net exposure	2,730	(3,751)	(195)

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 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.

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		
	30.6.2013 RM'000	30.6.2012 RM'000	1.7.2011 RM'000
Fixed rate instruments			
Financial assets	9	97,667	161,217
Financial liabilities	(150,000)	(200,000)	-
Net exposure	(149,991)	(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 approximate 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 statement of financial position, are as follows:

Group and Company	30.6.2013		30.6.2012		1.7.2011	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Forward exchange contracts:						
Assets	-	-	1	1	-	-
Liabilities	-	-	(19)	(19)	(20)	(20)
Borrowings	(150,000)	(150,000)	(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:

	30.6.2013	30.6.2012	1.7.2011
Borrowings	3.70% - 3.78%	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
30 June 2013				
Financial liabilities				
Forward exchange contracts	-	-	-	-
30 June 2012				
Financial liabilities				
Forward exchange contracts	-	18	-	18
1 July 2011				
Financial liabilities				
Forward exchange contracts	-	20	-	20

22. Operating Leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group			Company		
	30.6.2013 RM'000	30.6.2012 RM'000	1.7.2011 RM'000	30.6.2013 RM'000	30.6.2012 RM'000	1.7.2011 RM'000
Less than one year	2,594	1,894	2,956	1,150	561	885
Between one and five years	2,907	5,264	1,116	1,581	257	248
	5,501	7,158	4,072	2,731	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		
	30.6.2013 RM'000	30.6.2012 RM'000	1.7.2011 RM'000
Capital expenditure commitments			
Property, plant and equipment			
Authorised but not contracted for	67,286	44,750	59,387
Authorised and contracted for within one year	18,428	30,596	4,477
	85,714	75,346	63,864

24. Related Parties

Identity of related parties

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

The Directors regard GAPL Pte. Ltd., a corporation incorporated in the Republic of Singapore, as the ultimate holding corporation. GAPL Pte. Ltd. is a joint venture corporation whose ultimate owners are Diageo Plc., a corporation incorporated in England and Wales, and Asia Pacific Breweries Limited ("APBL"), a corporation incorporated in the Republic of Singapore. APBL is owned by Heineken N.V., a corporation incorporated in Netherlands.

Fraser and Neave Limited ("F&N") was an indirect major shareholder of the Company by virtue of its direct and indirect interests in APBL. F&N ceased to be an indirect major shareholder of the Company following the disposal of its entire stake in APBL to Heineken International which was completed on 15 November 2012.

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	F&N and its related corporations	Other F&N corporations	Heineken and related corporations	Other Heineken corporations
	RM'000	APBL Group RM'000	RM'000	APBL Group RM'000	RM'000
2013					
Purchase of goods	(13,503)	-	-	-	(18,057)
Sale of products	16,651	-	-	-	-
Royalties payable	(7,769)	(9,191)	-	(9,784)	(7,610)
Marketing and technical fees payable	(4,362)	-	-	-	(439)
Marketing fees receivable	-	-	-	13,462	6,098
Amounts due from	1,129	-	-	-	1,661
Amounts due to	4,449	-	-	7,462	2,218
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

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. There was no change in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

26. Explanation of Transition to MFRSs

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2013, the comparative information presented in these financial statements for the financial year ended 30 June 2012 and in the preparation of the opening MFRS statement of financial position at 1 July 2011 (the Group's date of transition to MFRSs).

The transition to MFRSs does not have any financial impact to the separate financial statements of the Company.

In preparing the opening consolidated statement of financial position at 1 July 2011, the Group has considered the various optional exemptions and potential impact arising from adoption of MFRSs. An explanation of how the transition from previous FRSS to MFRSs has affected the Group's financial statements is set out as follows:

Property, plant and equipment – Deemed cost exemption – previous revaluation

Under FRSS, the Group had availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Certain long term leasehold land and buildings were revalued in 1984 and no later valuation has been recorded for these property, plant and equipment (except in the case of impairment adjustments based on valuation).

Upon transition to MFRSs, the Group and the Company elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. There is no financial impact as the Group had already fully utilised its revaluation reserves for bonus issues. The transition to MFRSs does not have any financial impact to the Group's financial statement. Hence, no equity reconciliation is presented.

Investment in subsidiaries – Deemed cost exemption – previous revaluation

Under FRSS, the Company had revalued one of its subsidiaries in 1989 and no later valuation has been recorded for this investment since.

Upon transition to MFRSs, the Company elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. There is no financial impact as the Company had already fully utilised its revaluation reserves for bonus issues. The transition to MFRSs does not have any financial impact to the Company's financial statement. Hence, no equity reconciliation is presented.

27. Supplementary Financial Information on the Breakdown of Realised and Unrealised Profits or Losses

The breakdown of the retained earnings of the Group and of the Company as at 30 June, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised profits	256,432	261,616	62,149	71,096
- unrealised losses	(41,072)	(37,256)	(32,881)	(33,178)
	215,360	224,360	29,268	37,918
Less: Consolidation adjustments	(869)	(899)	-	-
Total retained earnings	214,491	223,461	29,268	37,918

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 101 to 146 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2013 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 27 on page 147 has been properly 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:

Dato' Saw Choo Boon

Director

Hans Essaadi

Director

Petaling Jaya,
22 August 2013

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 101 to 147 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 22 August 2013.

Mahendran Kapuppial

Before me:

Commissioner for Oaths

Radziah Binti Abdul Rahman

No. B381

No. 513, Block A3, Pusat Dagang Setia Jaya
No.9, Jalan PJS8/9, 46150 Petaling Jaya
Selangor Darul Ehsan

Independent Auditors' Report

TO THE MEMBERS OF GUINNESS ANCHOR BERHAD

Report on the Financial Statements

We have audited the financial statements of Guinness Anchor Berhad, which comprise the statements of financial position as at 30 June 2013 of the Group and of the Company, and the statements of profit or loss and other 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 101 to 146.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors 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.

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 give a true and fair view of the financial position of the Group and of the Company as of 30 June 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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.

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 and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GUINNESS ANCHOR BERHAD

Other Matters

As stated in Note 1(a) to the financial statements, Guinness Anchor Berhad adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 July 2012 with a transition date of 1 July 2011. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 30 June 2012 and 1 July 2011, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 30 June 2012 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 30 June 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2012 do not contain misstatements that materially affect the financial position as of 30 June 2013 and financial performance and cash flows for the year then ended.

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
22 August 2013

Analysis of Stockholdings

AS AT 7 OCTOBER 2013

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	813	7.25	6,053	0.00
100 – 1,000	4,633	41.32	3,385,261	1.12
1,001 – 10,000	4,520	40.32	17,517,420	5.80
10,001 – 100,000	1,104	9.85	32,347,192	10.71
100,001 – 15,104,899	140	1.25	94,772,174	31.37
15,104,900 and above	1	0.01	154,069,900	51.00
TOTAL	11,211	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	18,197,000	6.02	-	-
Aberdeen Asset Management Asia Limited	15,680,000	5.19	-	-
Mitsubishi UFJ Financial Group, Inc	-	-	18,215,018 [#]	6.03 [#]

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

Director's Interest

According to the Register of Directors' Shareholdings, none of the Directors (including the spouses or children of the Directors who themselves are not Directors of the Company) holding office as of 7 October 2013 had any interest in the ordinary stock units of the Company or its related corporations.

ANALYSIS OF STOCKHOLDINGS

AS AT 7 OCTOBER 2013

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	9,451,900	3.13
4. HSBC Nominees (Asing) Sdn Bhd Exempt An for J.P. Morgan Bank Luxembourg S.A.	3,682,300	1.22
5. HSBC Nominees (Asing) Sdn Bhd Exempt An for BNP Paribas Securities Services (Jersey GBP)	3,477,600	1.15
6. DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund W4B3 for Wasatch Emerging Markets Small Cap Fund	3,372,187	1.12
7. Cartaban Nominees (Asing) Sdn Bhd RBC Investor Services Bank for Vontobel Fund – Far East Equity	2,957,009	0.98
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. DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund AM4N For Aberdeen Institutional Commingled Funds LLC	1,949,000	0.65
12. Chinchoo Investment Sdn.Berhad	1,865,000	0.62
13. Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Private Limited (Client A/C-NR)	1,332,909	0.44
14. Ho Sim Guan	1,330,000	0.44
15. Kam Loong Mining Sdn Bhd	1,320,000	0.43

30 Largest Stockholders (Continued)

	No. of stock units	%
16. Gan Teng Siew Realty Sdn.Berhad	1,277,000	0.42
17. Key Development Sdn.Berhad	1,250,000	0.41
18. HSBC Nominees (Asing) Sdn Bhd Exempt An for The Bank of New York Mellon (Mellon Acct)	1,153,025	0.38
19. HLB Nominees (Asing) Sdn Bhd Tan Eng Chin Holdings (Pte.) Limited (Cust.Sin 40555)	1,150,000	0.38
20. HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (U.A.E.)	1,123,800	0.37
21. CIMSEC Nominees (Asing) Sdn Bhd Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	1,106,170	0.37
22. CIMSEC Nominees (Tempatan) Sdn Bhd Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	1,065,200	0.35
23. Cartaban Nominees (Asing) Sdn Bhd RBC Investor Services Bank for Global Emerging Markets Smallcap (Danske Invest)	1,056,700	0.35
24. Chan Emily	1,052,000	0.35
25. UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	1,017,739	0.34
26. Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank NA (Aegon BV)	1,004,900	0.33
27. HSBC Nominees (Asing) Sdn Bhd DZ Privatbk for Uniasiapacific	900,000	0.30
28. HLIB Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	898,840	0.30
29. Mrs Chan Lam Choon Nee Mun Swee Heong	896,400	0.30
30. Hong Leong Assurance Berhad As Beneficial Owner (Life Par)	859,000	0.28
	217,469,059	71.98

Other Information

Utilisation of Proceeds

There were no proceeds raised from any corporate proposal during the financial year ended 30 June 2013.

Share Buyback

There was no share buyback exercise carried out by the Company during the financial year ended 30 June 2013.

Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued by the Company during the financial year ended 30 June 2013.

Depository Receipt Programme

The Company did not sponsor any depository receipt programme during the financial year ended 30 June 2013.

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 2013, which have material impact on the operations or financial position of the Group.

Non-Audit Fees

The amount of non-audit fees paid by the Group to external auditors, Messrs KPMG and its affiliates for the financial year ended 30 June 2013 amounted to RM192,400. This amount was incurred in respect of the following services provided to the Group:

- Tax compliance services
- Review of the Statement on Internal Control, implementation of new IT systems and the breakdown of unrealised and realised gains/losses
- Training on Malaysian Financial Reporting Standards; and
- Other services in relation to promotion activities carried out by the Group

Variation in Results

There were no profit estimate, forecast or projection issued by the Company during the financial year ended 30 June 2013.

Profit Guarantee

There were no profit guarantees given by the Company and its subsidiaries during the financial year ended 30 June 2013.

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 2013 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 2013 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	47	60,104	30 September 1984*
120, Air Keroh Industrial Estate 75450 Melaka	1.07	Office building & store	Leasehold expiring 13 January 2080	31	391	30 September 1984*
Lot 123, Semambu Industrial Site 25350 Kuantan Pahang	0.52	Office building & store	Leasehold expiring 5 March 2046	31	331	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
					64,863	

* 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 49th Annual General Meeting of Guinness Anchor Berhad (the Company) will be held at Grand Selangor Ballroom, Grand Dorsett Subang Hotel, Jalan SS 12/1, 47500 Subang Jaya, Selangor, Malaysia on Thursday, 21 November 2013 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 2013 together with the Directors' and Auditors' Reports thereon. **Ordinary Resolution 1**
2. To approve the declaration of a final single tier dividend of 48.5 sen per 50 sen stock unit in respect of the financial year ended 30 June 2013 as recommended by the Directors. **Ordinary Resolution 2**
3. To re-elect Dato' Syed Salleh bin Syed Othman who retires by rotation pursuant to Article 89 of the Company's Articles of Association as a Director of the Company. **Ordinary Resolution 3**
4. To re-elect Mr Edward McShane 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 Datin Ngiam Pick Ngoh, Linda who retires pursuant to Article 96 of the Company's Articles of Association as a Director of the Company. **Ordinary Resolution 5**
6. To re-elect Mr Hans Essaadi who retires pursuant to Article 96 of the Company's Articles of Association as a Director of the Company. **Ordinary Resolution 6**
7. To re-elect Mr Michiel Egeler who retires pursuant to Article 96 of the Company's Articles of Association as a Director of the Company. **Ordinary Resolution 7**
8. To re-elect Mr Choo Tay Sian, Kenneth who retires pursuant to Article 96 of the Company's Articles of Association as a Director of the Company. **Ordinary Resolution 8**
9. To approve the Directors' Fees of RM590,500 payable to the Non-Executive Directors of the Company for the financial year ending 30 June 2014. **Ordinary Resolution 9**
10. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 10**

As Special Business

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

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 2.3 of the Circular to Shareholders dated 30 October 2013 with the related parties mentioned therein which are necessary for the Group's day-to-day operations, subject further to the following:

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

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

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

whichever is earlier;

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

Ordinary Resolution 11

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

Notice of Dividend Entitlement and Payment

Subject to the approval of Stockholders, a final single tier dividend of 48.5 sen per 50 sen stock unit in respect of the financial year ended 30 June 2013 will be paid on 27 December 2013 to Stockholders registered at the close of business on 6 December 2013.

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 4 December 2013 in respect of shares which are exempted from mandatory deposit;
- (b) Shares transferred into the Depositor's securities account before 4.00 pm on 6 December 2013 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
30 October 2013

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 2013** 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 9

- Payment of Directors' Fees to the Non-Executive Directors for the Financial Year ending 30 June 2014

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

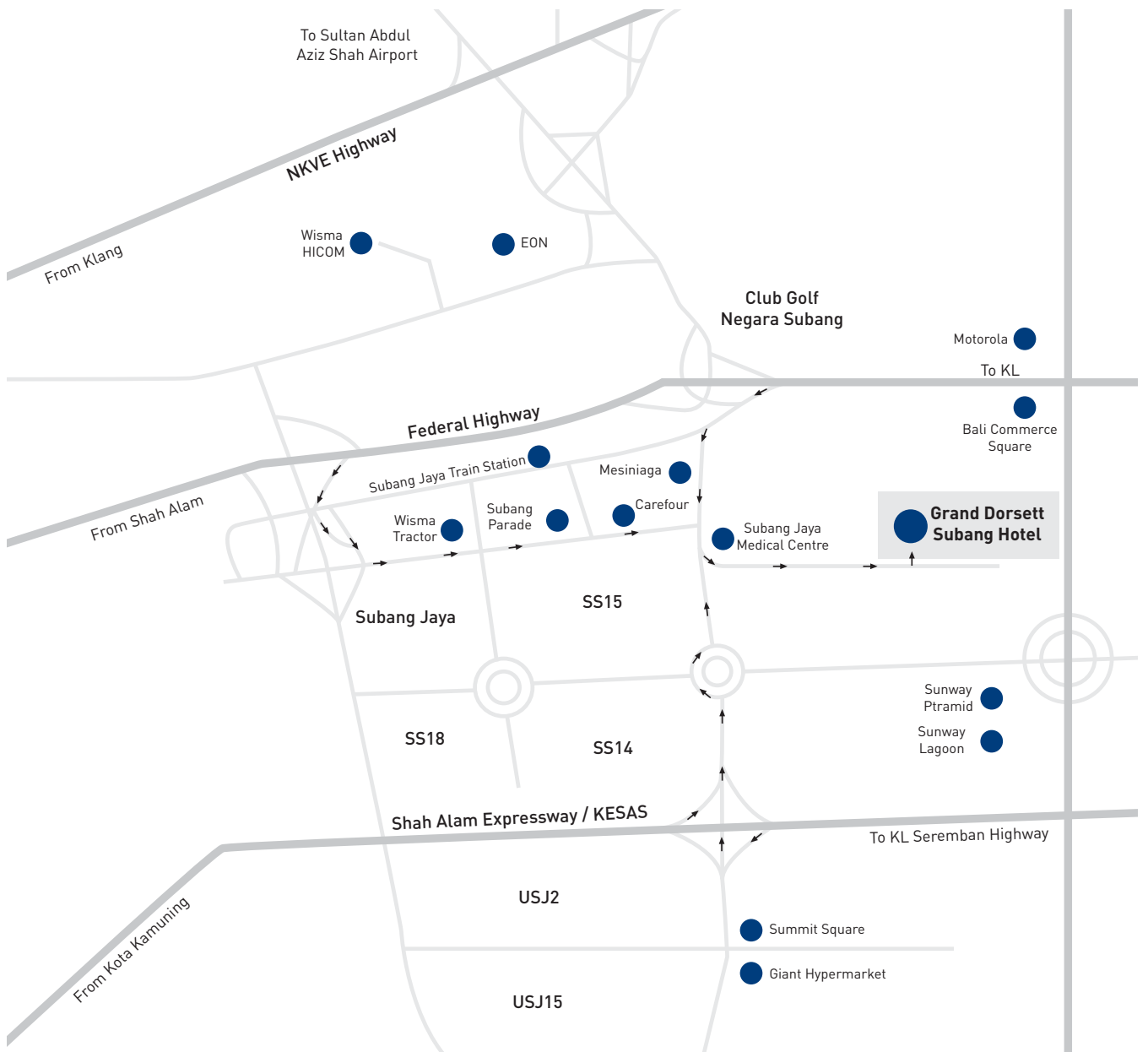
Ordinary Resolution 11

- Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature

Ordinary Resolution 11, if passed, will allow the Group to enter into the recurrent related party transactions in the ordinary course of business and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur, would be eliminated. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group. The Shareholders' Mandate is subject to renewal on an annual basis.

Further information on the Proposed Shareholders' Mandate are set out in the Circular to Shareholders of the Company dated 30 October 2013.

**Grand Dorsett Subang Hotel,
Jalan SS 12/1, 47500 Subang Jaya,
Selangor, 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 49th Annual General Meeting of the Company to be held at Grand Selangor Ballroom, Grand Dorsett Subang Hotel, Jalan SS 12/1, 47500 Subang Jaya, Selangor, Malaysia on Thursday, 21 November 2013 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.]

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

Signed this _____ day of _____ 2013

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 2013** 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.

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Please fold here to seal

Affix
Stamp Here

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

Please fold here to seal

Group Directory

Corporate Office

Guinness Anchor Berhad

Sungei Way Brewery
Lot 1135, Batu 9
Jalan Klang Lama
46000 Petaling Jaya
Selangor, Malaysia
Tel : 603-78614688
Fax : 603-78614602

Regional Sales Offices

Guinness Anchor Marketing Sdn Bhd

Kuala Lumpur

Lot 48, Jalan Tiga Off Jalan Chan Sow Lin
55200 Kuala Lumpur
Malaysia
Tel : 603-92351999
Fax : 603-92351900

Kedah

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

Penang

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

Johor Bahru

No. 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 Sibu
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 : 6088-435541/542
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

Fax : 603-78614602

www.gab.com.my