

Management Executives

Sitting from left to right:

Charles Henry Ireland
Sujitha Rajaratnam

Standing from left to right:

Renuka Indrarajah
Peter G Vogtlander
Mark Jenner
Michael Chin
Low Teng Lum



Management Executives



CHARLES HENRY IRELAND

Managing Director



LOW TENG LUM

Finance Director

MARK JENNER

Bachelor of Management Studies (Hons) Waikato University

Marketing Director

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

Mark joined Heineken International in Amsterdam in 2004 as the Regional Marketing Manager. In that role, he was involved as a management member of the project team that developed and launched Heineken's first new beer in the USA in 133 years – Heineken Premium Light. He was also a management member of the global Heineken brand team that was responsible for the development and communication of the global Heineken brand strategy.

Prior to his years with Heineken, Mark was with DB Breweries in New Zealand, where he held a number of senior Marketing roles.

MICHAEL CHIN

Bachelor of Marketing and Management
(University of Oregon)

Sales Director

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

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

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

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

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

PETER G VOGTLANDER

Master of Mining & Petroleum Engineering (Tu Delft)

Supply Chain Director

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

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

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

SUJITHA RAJARATNAM

LLB (Hons), University of London

Human Resources Director

Sujitha Rajaratnam, Malaysian, joined GAB in February 2004.

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

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

RENUKA INDRARAJAH

Bachelor of Laws (University of Queensland), Post Graduate Diploma in Legal Practice (QUT)

Solicitor of the Supreme Court of Queensland, High Court of Australia and formerly Advocate & Solicitor of the High Court of Malaya.

Corporate Relations & Legal Director

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

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

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

Management Review - Technical Highlights



Total Productive Management

In 2004, GAB embarked on a major initiative to start the Total Productive Management (TPM) programme, based on the global Heineken programme, guided by regional Heineken TPM consultants. This initiative is founded on the objective to change the mindset of our organisation towards a zero loss culture.

TPM is all about getting our people on the shop floor to be responsible for their respective areas of work and ensure that every loss in time, productivity, material or product is recovered for a better yield. It is all about improving key performance indicators and reducing overtime and other costs while increasing production and volumes.

Today, TPM has become a way of work at GAB and an important aspect of the programme is effective training in all areas of the work process. TPM training is a carefully structured process, and last year, it included training on discipline, appraisals, basic maintenance as well as technical education trips to our sister brewery, Asia Pacific Breweries Limited in Singapore, as well as to Tetra Pak and Toyota to understudy their TPM operations and integration.

TPM Initiatives Increase Efficiency and Reduce Costs

Among TPM initiatives launched is the 5S programme that stands for Sort, Set in order, Shine, Standardise and Sustain. This is an important programme to create a more conducive working environment and to keep our work place clean and tidy. It is a principle of waste elimination through work place organisation.

Energy conservation is an important part of TPM as responsible energy consumption is crucial for companies like ours where extremely large quantities of energy are needed to run our day-to-day operations. Our main focus this year was electricity and we managed to substantially reduce

electricity consumption by eliminating wastage and improving operational efficiency. We thus managed to produce more in less time and use less energy, resulting in cost savings up to RM100,000 per year.

With our growing market share and increased demand for our products, we need to make sure that we produce the right volume of beer to meet the higher demand. We do this by ensuring accurate demand forecasts that tell us how much volume to produce and deliver to each region thus avoiding over or under-supplying. This information accurately guides the sales, brewing, packaging and supply planning departments in making sure the exact amount of raw materials, resources and manpower required.

Finally, we have renewed and centralised our control room to place all our production managers, supervisors and operators in one central location to improve communications, reduce lag time and increase efficiency. We have also refurbished our brewing process and included a newer and larger vessel to improve brewery operations.

League of Extraordinary Bews

TPM is now an integral part of our corporate culture and our concerted efforts to improve operations, increase efficiency and reduce dependence on fuel oil are slowly but surely beginning to pay off. We are seeing improvements not only in our operational and production performance but also in our brands performance.

Tiger was ranked second overall in the Tiger League of Excellence Award, after Asia Pacific Breweries Limited in Singapore. The ranking assessment was based on quality, packaging, markets, how the beer is brewed, freshness, point-of-sale items and sales outlets.

Our GUINNESS, on the other hand, claimed top honours in the GUINNESS League of Excellence Award for the best beer brewed outside of Dublin. Heineken in Malaysia emerged top 10 in the whole Heineken Asia Pacific Breweries Group.



Management Review - Technical Highlights



Improving Efficiency, Productivity and Environmental Protection

GAB continued its efforts to improve efficiency on all its production lines, improve overall productivity and reduce dependence on fuel oil to make it a more environmentally friendly company.

Our people are now more focused when working on problems as they strive towards reducing losses and eliminating root causes to ensure problems do not recur in future. As a result, all our three bottling, canning and kegging production lines have shown a marked ten per cent improvement in total efficiency.

The fully automated and integrated brewery at GAB has also contributed significantly in further improving efficiency and raising productivity, as can be seen by the higher volume of beer and stout produced using the same lines, machinery and equipment.

GAB is now connected to the national natural gas pipeline and this has greatly reduced our dependence on fuel oil while making us a more environmentally friendly company with the reduced emission of carbon dioxide into the atmosphere. Gas is also cheaper than fuel oil and this will also help us save costs in the long run.

In addition, we have systematically improved our operations as a whole by reducing our dependency on water, energy and electricity, resulting in an 18 per cent reduction in water and electricity consumption while fuel consumption has improved marginally.

Improving Security, Logistics and Quality

Safety and security is of prime importance at GAB as we continue to introduce new safety and security measures on our premises, within the brewery and in the office area. This is critical for us to ensure a smooth, undisturbed work flow that can optimise our production process.

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

In delivery and logistics we have one overriding goal: to get our products to our dealers and on the shelves as quickly and as cost-effectively as possible. We aim for 100% on time in full performance every time, which means that our products reach customers at the specified time and date and in the exact quantity ordered.

We have come up with new trucks with our new branding as well as new crates with improved looks to be consistent with our image while reducing our dependence on cartons. Renovation and upgrading works to inject our new corporate image at our corporate office block have been completed and we have already completed 50 per cent of similar works to our technical block.

A real credit to GAB was when we became the first brewery in the country to receive the Ministry of Health's Hazard Analysis Critical Control Point (HACCP) and ISO 9001:2000 certifications in 2002. These two internationally recognised standards of safety and quality have been successfully renewed every year.





Iconic Brands + Strong Brand Equity = World's Best Brand Portfolio





Tiger
1932
World Acclaimed
LAGER BEER
MENGANDUNGI 5% (V) ALKOHOL

GUINNESS
17 59
GUINNESS
FOREIGN EXTRA
MENGANDUNGI 8% (V) ALKOHOL

Heineken
LAGER BEER
PREMIUM QUALITY
MENGANDUNGI 5% (V) ALKOHOL

Tiger
1932
World Acclaimed
LAGER BEER
MENGANDUNGI 5% (V) ALKOHOL

GUINNESS
FOREIGN EXTRA
MENGANDUNGI 8% (V) ALKOHOL

ANCHOR
THE REAL SHANGHAI
MENGANDUNGI 5% (V) ALKOHOL

Brand Portfolio

BRANDS OF EXCELLENCE

A significant component of our winning blend comprises our international brands of excellence. Brewed to perfection, our brands have withstood the test of time and proven that consistency in quality, goodness and freshness goes a long way. They are savoured and enjoyed by our consumers from all walks of life during any and every drinking moment. Our brands have emerged even stronger, providing an unmatched experience for all our drinkers.

“Winning Blend – Brands of Excellence”



Tiger

75 years young. This famous lager has achieved 75 golden “years of youth” and has emerged as one of the world’s best lager beers. Distinctively Asian and unmistakably world class, Tiger has earned multiple international awards, making it world-acclaimed and increasingly popular around the globe.



GUINNESS

Black is Best. Since 1759, GUINNESS remains the preferred choice of premium black beer for drinkers around the world. GAB has won the coveted global GUINNESS League of Excellence Award for the best GUINNESS brewed outside of Dublin in Ireland. The distinctive full flavour and bittersweet taste puts this premium Irish brew way above any other in its league.



Heineken

International premium quality. The world’s No 1 international premium lager beer is available in over 170 countries around the world. Heineken is an icon with its distinctive green-hued bottles and unique label design. Heineken is known for its innovations and 2 examples launched this year in Malaysia are the revolutionary 5 Litre Draught Keg, perfect for home consumption, and the 1.5-litre Magnum bottle. With its crisp, refreshing and smooth taste, Heineken is the beer for discerning drinkers.

Brands of Excellence



Anchor Smooth

Smooth is the feeling. This long-established pilsener beer is one of Malaysia's pioneer beer brands and truly a local favourite. Anchor Beer, as it was originally known, has now been given a new look, feel and taste to go down even more smoothly. With its new and modern look, refreshing taste and vigour, it is definitely a crowd puller on the local pub scene.



Anchor Strong

A stronger alternative. This year, Anchor launched a newer and stronger beer to cater to drinkers who prefer a beer with a slightly higher alcohol content. Anchor Strong goes through a filtration process called "cold filtration", which removes all the excess yeast, making it an easy to drink, quality beer that is fuller and stronger in taste.



Kilkenny

Crème de la crème. This Irish ale has been crowned the "cream of beers". Renowned for its distinctive features - velvety smooth amber shade and creamy head - it is named after its hometown of Kilkenny in Ireland. An approachable and popular selection, this premium draught is fast gaining popularity among beer lovers.



Malta

Wholesome Malta. This non-alcoholic malt drink caters to consumers who lead an active and healthy lifestyle. It is the perfect beverage for those seeking energy to maintain a fast-paced daily routine. The drink was recently revitalised with a new and refreshing look, clearly placing it as an energising beverage to be consumed at any time of the day.



Anglia Shandy

The real shandy. Malaysia's pioneer shandy, since 1978, recently took on a new and refreshing image and look, giving it a more exciting, cooler and fun image while continuing to provide its drinkers a unique and refreshing drinking experience. It is a refreshing blend of fizzy lemonade and beer to be enjoyed on all occasions.

Management Review - Brand Highlights



GAB has a winning portfolio of brands designed to fit every drinking moment. We have worked hard over the years to further enhance their strengths in a competitive environment.

Our experienced and skilled sales and marketing teams have conceptualised and implemented many programmes to refresh and update our brands; enhancing their appeal to an ever-growing number of their loyal consumers.

TIGER

Tiger FC's Roaring Success

Tiger FC, an award winning programme widely acknowledged as "Best in Class", turned three this year. More than 60 Tiger FC viewing parties nationwide joined the celebration when the English Premier League (EPL) returned in August 2006 as fans watched two gripping games featuring Sheffield United against Liverpool and Arsenal taking on Aston Villa.

Between August 2006 and May 2007, a total of 500 viewing parties were organised throughout the country, presenting fans with a wonderful and exciting experience.

Tiger FC originated in Malaysia and its success has spurred other neighbouring countries beyond Malaysian shores to adopt it in their markets.

FC Barcelona Welcomes Tiger FC

Tiger has grown from being the official beer of the Arsenal Club to also being the official beer of FC Barcelona. Several key members of the media were treated to a familiarisation trip to FC Barcelona's home stadium. The trip to Nou Camp took place in early November 2006 as part of Tiger FC's on-going media relations effort.

The media, together with football fans, had the rare opportunity to experience first-hand Tiger FC's international ties with world-renowned football clubs. Tiger FC has been the official Southeast Asia sponsor of FC Barcelona since July 2006 as part of Tiger's initiatives to bring the best football experiences to the region.

Tiger FC Presents the Barca Tour

Tiger went further when it leveraged on its sponsorship of FC Barcelona to bring the Tiger FC Barca Tour to our shores for one night only; the event showcased a selection of historic memorabilia from Barcelona's glorious past, as well as merchandise from their current crop of superstars.

Meanwhile, 500 football fans got to watch a clash of titans encounter between Liverpool and Manchester United at the "My Home Bistro" in Sri Hartamas on 3 March 2007, courtesy of the Tiger FC Away Game.



Management Review - Brand Highlights



A Gripping Season Final

The popularity of Tiger FC was cemented at what can only be described as the biggest football-viewing party of the year when over 1,500 football fans gathered at the Tiger FC Season Final Away Game held at the Bangsar Village outdoor car park on 19 May 2007. The right mood was set for the exhilarating clash between Manchester United and Chelsea at the EPL final.

Tiger FC raised the standards of football viewing when the Tiger FC Season Final saw the Bangsar Village outdoor car park transformed into a lively 14,000 sq ft arena dedicated to football-viewing, with a custom-made Tiger FC pitch, grandstand seating and huge screens.

Tiger Rocks with 'Muse'

Tiger continued its association with live music with its *Tiger presents Muse World Tour 2007*. British rock trio Muse literally 'rocked' the house at the Stadium Negara on 25 February 2007, performing to a 6,000-strong Malaysian audience.

Tiger has set the standards for live rock concerts in Malaysia by sponsoring one of the biggest British rock bands. With that, one can only prepare for the next big event to rock our shores as Tiger continues to leverage on its international presence in big cities in the UK, Europe and the United States to introduce more progressive live bands to all Malaysians in the near future.

Charitable Tiger

The first phase of the Tiger Sin Chew Chinese Education Charity Concert (CECC) was held successfully from 2 to 6 November 2006 all over Malaysia. Tiger Sin Chew CECC received overwhelming encouragement from community members who enthusiastically attended these concerts to lend their support to schools that would benefit from these events.

The first phase of the concerts raised a massive RM4 million. Ten other Chinese schools that needed funds to improve infrastructure and the overall learning environment of their students benefited from the second phase of the Tiger Sin Chew CECC that kicked off on 12 April 2007 and raised RM3.5 million.

Tiger has been dedicated to the development of Chinese education in Malaysia since 1994. The Tiger-Sin Chew CECC programme has so far raised RM160 million for the improvement of facilities and infrastructure in more than 350 Chinese independent schools.



Management Review - Brand Highlights



GUINNESS

Double Bonanza

The GUINNESS Double Bonanza promotion was one of the many ways loyal GUINNESS consumers were rewarded as it shows how much GUINNESS appreciates and values their support.

This time, the Double Bonanza, which was held from April to June 2006, saw 30 lucky winners take home lucrative prizes, including a RM10,000 grand prize, 42" plasma television sets, home theatre systems, mobile phones, digital cameras and mini hi-fi systems.

Hall of Fame

GUINNESS leveraged on the rise in consumption by increasing the distribution of GUINNESS Draught to more urban bars, bistros and pubs across the country.

A tributary showcase of the GUINNESS Draught Hall of Fame was held at Avenue K in October 2006 for the media and selected guests in conjunction with the announcement of GUINNESS Draught's market penetration plans.

Carrying the "Torch"

The GUINNESS Torch Fund is an annual programme started in 1996 with the aim of providing underprivileged, but academically proficient individuals with the opportunity to accomplish their dreams by means of an interest-free student loan. For the year, the fund raised RM180,000 for promising young scholars and to-date it has raised more than RM6 million to benefit more than 1,300 students within the local Chinese community.

In line with this, GUINNESS introduced a limited edition eight-can promotional gift pack this Chinese New Year as part of its on-going effort to give something back to the community. With an attractive packaging and an exclusive Imperial Gold Seal, signifying prosperity, RM2 from the purchase of each gift pack was channeled to the GUINNESS Torch Fund.

Irish Fun

In March this year, GUINNESS had the distinction of bringing the first ever St Patrick's Day celebration to Malaysia. The GUINNESS St Patrick's Carnival witnessed a marching band, parades, stilt walkers, clowns and everything Irish that greeted consumers at Souled Out in Desa Sri Hartamas.

The event turned out to be one big party with green and black being the colours dominating the scene. Malaysia joined many other countries around the world in celebrating this Irish festival with great style.

9-Ball Tour

The GUINNESS 9-Ball Tour, which was formerly known as the Asian 9-Ball Tour, marked the brand's grand entrance into pool sponsorship. Pool and GUINNESS make a perfect combination as pool is meant to be shared with friends on a relaxed night out with a perfect pint of GUINNESS.

Taking the cue from this, Malaysia played host to the third leg of Asia's most prestigious pool championship, which was held at Genting Highlands Resort from 15-17 June 2007, and telecasted live on ESPN Star Sports. The tournament was played to packed crowds who witnessed the neck-to-neck battle leading up to the championship.



Management Review - Brand Highlights



Black Challenge

The GUINNESS Black Challenge culminated in the finals at the Genting International Convention Centre on 18 June 2007. Eight of the country's best pool players battled it out for the crown of being the speediest pool player. Mr Tony Chung Jhun Heung from Kota Kinabalu, Sabah with an average time of 50 seconds per rack emerged the winner and walked away with RM2,000 and a trip to Bali, Indonesia to watch the GUINNESS 9 Ball Tour Grand Finale.

Prior to the finals, in line with the Black Challenge promotions, a Virtual Speed Pool Quest was made available online to further enhance the Black Challenge experience. Continuing GUINNESS' firsts in Malaysia, for the first time, an Animated Interactive Screen on Pool was specially installed at TGV Curve.

Partying in Black

Without a doubt, the GUINNESS Black Party Series has established itself as THE party to be when it comes to class, style, fun and excitement. This year, the exclusive by-invitation party literally took to the skies as it was staged at the Arena of Stars in Genting Highlands. Featuring DJ Nesh, DJ Gabriel and Camelia, the party was one non-stop entertainment fiesta as the three celebrities did their part in chasing the mountain chill.

HEINEKEN

Musical Rainforest

The Sarawak Rainforest World Music Festival grows bigger and better year after year, and with Heineken's continued sponsorship of this internationally renowned event, it gives Malaysians an annual experience they can look forward to.

A showcase of ethnic music from Malaysia as well as the rest of the world, music aficionados congregate in the lush rainforest every year for an out-of-this-world musical experience.

This year which marked its 10th anniversary, the festival drew the participation of 19 bands from more than ten countries all over the world with 25,000 people cheering the bands on as they immersed themselves in this exotic musical experience. As the official beer, Heineken's annual presence complements its excellent taste in music with its excellent taste of premium beer.



Champions Planet

Heineken is one of the main sponsors of the UEFA Champions League for three years running beginning from the 2006/2007 season. To support Heineken's sponsorship of the UEFA Champions League, an integrated marketing communication campaign titled "Heineken Champions Planet" was developed and implemented.

The highlight of the "Heineken Champions Planet" was the UEFA Trophy Tour that brought the trophy to Japan, Hong Kong, Indonesia, Malaysia and Thailand. Malaysia hosted the trophy from 22 to 25 March this year touring the three major cities of Kuala Lumpur, Ipoh and Johor Bahru. This enabled local football fans to see the trophy up close and personal.

The Manager

"The Manager" is a game presented by Heineken as part of the Heineken Champions Planet experience. It is a game of strategy where consumers and participants were invited to think like a championship football manager. The winner of this game was sent on an all-expense paid trip to watch the UEFA Champions League final live in Athens, Greece on 23 May 2007. Consumers were invited to participate in the game by Heineken brand ambassadors via PDA in the outlets.

Management Review - Brand Highlights



Thirst for Music

Heineken Thirst Studio is a groundbreaking collaboration of rising music talent and the planet's hottest producers across urban music genres, culminating in powerful new music and unique live performances across the globe. The Thirst Studio competition offers aspiring producers the opportunity to work with an international producer to create music that meets international standards.

The group CosmicSpaceMunkys beat stiff competition to emerge as the Heineken Thirst Studio 2006 Winner. The group, consisting of Joey G and Bobo, won the opportunity of working with international producer Paul Epworth in his studio in London.

The CosmicSpaceMunkys also joined some of the most talented bands in the region at the Heineken Thirst Studio held at the KL Tower on 16 September 2006. With over 5,000 attendees, this event was one of the biggest THIRST events ever.

Heineken Stars

Heineken, partnering the Kuala Lumpur Fashion Week for the third year running, hosted a cocktail party and fashion show at Berjaya Times Square, Kuala Lumpur on 14 November 2006. Aptly themed "An Evening with the Stars", the glitzy event was attended by foreign dignitaries, celebrities and the "Who's who" of High Society.

Heineken Moments

Where there's fun and festivity, there's surely Heineken. Heineken made it a memorable festive season for its consumers when it presented five stylish designer photo frames that served as collectibles.

Reflective of Heineken's international presence, the photo frame collection comprises depictions of five of the world's most famous landmarks from five well-known cities, namely; London's Tower Bridge, New York's Statue of Liberty, Sydney Opera House, Shanghai's Oriental Tower and Paris' Arc de Triomphe. Each frame was made available with the purchase of a bucket of Heineken beer.



ANCHOR

A Smooth, Strong Impact

Anchor Smooth continued its smooth growth in the market and, in order to complement this, Anchor Strong entered the fray to give a further boost to our brand portfolio. With 8.8 per cent alcohol, Anchor Strong carved a niche in the high alcohol market, steadily and surely building a loyal consumer base for the brand.

Anchor Strong goes through a brewing process called "cold filtration", which removes all the excess yeast, making it an easy to drink, quality beer that is fuller and stronger in taste. An attractive price positioning also helped elevate Anchor Strong's appeal in providing consumers good value for money.



KILKENNY

An Exceptional Creamy Beer

Crowned as the "Cream of Beers" this Irish ale hails from Kilkenny in Ireland from where it gets its proud heritage. This exceptional beer is winning the hearts of drinkers the nation over and is fast growing in popularity among beer lovers. As a result, this strong premium draught is now more sought after by consumers and is clearly making its presence felt in more and more outlets. Kilkenny is fast becoming a rising star in our stable of premium brands with a steady increase in demand and sales.

ANGLIA

The Real Shandy

Malaysia's pioneer shandy, took on a new and refreshing image, giving it a more exciting, cooler and fun outlook while continuing to provide its drinkers a unique and refreshing drinking experience.

Anglia maintained its position as the leading premium choice of shandy in the country.

Fantastic 4 Anglia

300 movie-goers were treated to the premiere of The Fantastic 4: Rise of the Silver Surfer combined with VIP treatment, delectable finger food and free flowing ice cool Anglia. They also had the chance to pose with the 'Silver Surfer' for a photo opportunity and win fantastic prizes such as iPod Nanos, Fantastic 4 t-shirts and Anglia six-packs.

MALTA

Wholesome Malta

Malta, the premium quality, non-alcoholic malt drink has transformed its packaging to reflect a more vibrant and contemporary appearance whilst maintaining its wholesome content.

It complements the overall brand portfolio and caters to consumers who lead an active and healthy lifestyle.

The natural goodness of malt and the high content of Vitamins B1, B3 and B6 needed for release of energy makes Malta the perfect choice for those seeking energy to maintain a fast-paced lifestyle.

The brand's positioning in the market was enhanced with the launch of a new look, in line with a new thematic campaign, *Do More*. The refreshed look, coupled with consumer promotions to publicise the campaign, placed Malta as an energising beverage to be consumed at any time of the day.



PROFIT MARGIN





Clear Market Leadership + Large Profit Pool = No 1



Corporate Governance

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

1. BOARD OF DIRECTORS

The Board

An effective Board leads and controls the Group, and has established terms of reference to assist it in the discharge of this responsibility. All Directors are from diverse professional backgrounds with a wide range of business and financial experience relevant to lead a fast moving consumer products company and, as such, are able to bring independent judgement on issues of strategy, performance, resources and standards of conduct. A brief description of the background of each Director is set out on pages 32 to 36 of the Annual Report.

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

The Board meets at least four times a year, with additional meetings convened when necessary. During the financial year ended 30 June 2007, five (5) Board meetings were held and the details of attendance of the Directors are as follows:-

Name of Director	No of Board Meetings attended
Tan Sri Saw Huat Lye	5 out of 5 meetings
Charles Henry Ireland	5 out of 5 meetings
Tan Sri Dato' Alwi Jantan	4 out of 5 meetings
Chin Yoong Chong	5 out of 5 meetings
Dato' Jaffar Indot	5 out of 5 meetings
Low Teng Lum	5 out of 5 meetings
David Neill Moore	5 out of 5 meetings
Dr Leslie Buckley (Appointed on 4 January 2007)	2 out of 2 meetings held since his appointment
Theo A F De Rond (Resigned on 1 May 2007)	4 out of 4 meetings held from 1 July 2006 to the date of his resignation
Quek Peck Leng (Resigned on 19 December 2006)	3 out of 3 meetings held from 1 July 2006 to the date of his resignation

Board Balance

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

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

Supply of Information

The agenda together with Management reports are circulated on a timely manner prior to Board meetings to enable the Directors to review and consider matters to be deliberated at the Board meetings. The Management reports include, among others, the following details:

- major operational and financial issues
- product and service quality measures
- monthly performance report of the Group
- environmental performance
- significant developments on human resources
- market share and market responses to the Group's strategies
- minutes of meetings of the Management Team
- minutes of meetings of the Board Committees
- circular resolutions passed

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

All Directors have access to the advice and services of the Company Secretaries.

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

Nomination Committee

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

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

- Tan Sri Saw Huat Lye (Chairman, Independent Non-Executive Director)
- Tan Sri Dato' Alwi Jantan (Senior Independent Non-Executive Director)
- Dato' Jaffar Indot (Independent Non-Executive Director)
- David Neill Moore (Non-Independent Non-Executive Director)
- Dr Leslie Buckley (Non-Independent Non-Executive Director) (Appointed on 4 January 2007)

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

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

Meetings of the Nomination Committee are held as and when required, and at least once a year. During the financial year ended 30 June 2007, two (2) meetings were held and the details of attendance of the Members of the Nomination Committee are as follows:-

Name of Members	No of Nomination Committee meetings attended
Tan Sri Saw Huat Lye	2 out of 2 meetings
Tan Sri Dato' Alwi Jantan	2 out of 2 meetings
Dato' Jaffar Indot	2 out of 2 meetings
David Neill Moore	2 out of 2 meetings
Dr Leslie Buckley (Appointed on 4 January 2007)	1 out of 1 meeting held since his appointment
Quek Peck Leng (Resigned on 19 December 2006)	1 out of 1 meeting held from 1 July 2006 to the date of his resignation

Re-election of Directors

In accordance with the Company's Articles of Association (Articles), all new Directors who are appointed by the Board are subject to re-election by Shareholders at the next Annual General Meeting after their appointment. The Articles also provide that at least one-third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting provided always that all Directors, including the Managing Director, shall retire from office at least once every three years but shall be eligible for re-election.

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

Directors' Training

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

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

Pursuant to the amended Listing Requirements in relation to CEP which took effect from 1 January 2005, the Board will assume the onus of determining or overseeing the training needs of the Directors. During the financial year ended 30 June 2007, an in-house training programme which covered the following topics was organised for the Directors of the Company:-

- Business Intelligence within Corporate Governance and Directors' Duties and Responsibilities
- Innovation – The Antidote to Commoditisation
- The Age of Commoditisation
- Prevention of Corporate Frauds

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

2. DIRECTORS' REMUNERATION

Level and Make-up of Remuneration

The Group has adopted the objective as recommended by the Code to determine the remuneration of the Directors so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. The component parts of their remuneration are structured so as to link rewards

to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

Procedure

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

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

- Tan Sri Saw Huat Lye (Chairman, Independent Non-Executive Director)
- Charles Henry Ireland (Non-Independent Executive Director) (Appointed on 1 May 2007)
- Dato' Jaffar Indot (Independent Non-Executive Director)
- David Neill Moore (Non-Independent Non-Executive Director)
- Dr Leslie Buckley (Non-Independent Non-Executive Director) (Appointed on 4 January 2007)

Meetings of the Remuneration Committee are held as and when required, and at least once a year. During the financial year ended 30 June 2007, three (3) meetings were held and the details of attendance of the Members of the Remuneration Committee are as follows:-

Name of Members	No of Remuneration Committee meetings attended
Tan Sri Saw Huat Lye	3 out of 3 meetings
Charles Henry Ireland (Appointed on 1 May 2007)	1 out of 1 meeting held since his appointment
Dato' Jaffar Indot	3 out of 3 meetings
David Neill Moore	3 out of 3 meetings
Dr Leslie Buckley (Appointed on 4 January 2007)	1 out of 1 meeting held since his appointment
Theo A F De Rond (Resigned on 1 May 2007)	2 out of 2 meetings held from 1 July 2006 to the date of his resignation
Quek Peck Leng (Resigned on 19 December 2006)	2 out of 2 meetings held from 1 July 2006 to the date of his resignation

Remuneration Package

The remuneration package for Directors is as follows:

(a) Basic Salary

The Remuneration Committee recommends to the Board the basic salary (which is inclusive of statutory employer contributions to the Employees Provident Fund) for the Executive Directors after taking into account the performance of the Executive Directors, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies.

(b) Fees

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

(c) Bonus Scheme

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

(d) Benefits in Kind

Other customary benefits (such as car and medical) are made available to Executive Directors as appropriate.

(e) Contribution to Employees Provident Fund

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

(f) Notice Period

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

Directors' Remuneration

The details of the remuneration paid to Directors (including Directors who had resigned during the financial year) for the financial years ended 30 June 2006 and 2007 are as follows:

Remuneration	2007		2006	
	Executive Directors RM'000	Non-Executive Directors RM'000	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	-	259	-	260
Benefits in kind*	891	-	409	-
Salary & Other emoluments**	3,187	-	2,902	-
Total	4,078	259	3,311	260

Notes:

* Benefits in kind include rental payments, motor vehicle, club membership and personal expenses.

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

The number of Directors of the Company whose total remuneration including benefits-in-kind for the financial year ended 30 June 2007 which fall within the required disclosure bands are as follows:-

Range of Remuneration	No of Directors
Non – Executive Directors	
0 to RM50,000	6
RM100,001 to RM150,000	1
Executive Directors	
RM800,001 to RM850,000	1
RM1,250,001 to RM1,300,000	1
RM1,950,001 to RM2,000,000	1

3. EXECUTIVE COMMITTEE (EXCO)

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

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

- Tan Sri Saw Huat Lye (Chairman, Independent Non-Executive Director)
- Charles Henry Ireland (Non-Independent Executive Director) (Appointed on 1 May 2007)
- David Neill Moore (Non-Independent Non-Executive Director)
- Dr Leslie Buckley (Non-Independent Non-Executive Director) (Appointed on 4 January 2007)

During the financial year ended 30 June 2007, four (4) EXCO meetings were held and the details of attendance of the Members of the EXCO are as follows:-

Name of Members	No of EXCO meetings attended
Tan Sri Saw Huat Lye	4 out of 4 meetings
Charles Henry Ireland (Appointed on 1 May 2007)	1 out of 1 meeting held since his appointment
David Neill Moore	4 out of 4 meetings
Dr Leslie Buckley (Appointed on 4 January 2007)	2 out of 2 meetings held since his appointment
Theo A F De Rond (Resigned on 1 May 2007)	3 out of 3 meetings held from 1 July 2006 to the date of his resignation
Quek Peck Leng (Resigned on 19 December 2006)	2 out of 2 meetings held from 1 July 2006 to the date of his resignation

4. SHAREHOLDERS

Dialogue between the Company and Investors

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 Managing Director and Finance Director hold discussions with analysts and Shareholders periodically. Presentations are made or road shows undertaken, as appropriate, to explain the Group's strategy, performance and major developments. However, any information that may be regarded as undisclosed material information about the Group is not given to any single shareholder or shareholder group.

Annual General Meeting

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

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

5. ACCOUNTABILITY AND AUDIT

Audit Committee

The Audit Committee of the Board comprises four Independent Non-Executive Directors, two Non-Independent Non-Executive Directors and one Executive Director. The composition and the primary responsibilities of the Audit Committee are set out in the Report of the Audit Committee on pages 74 to 79 of the Annual Report.

The Audit Committee met five (5) times during the financial year ended 30 June 2007. The activities carried out by the Audit Committee during this period are set out in the said Report of the Audit Committee.

Financial Reporting

In presenting the quarterly and annual financial statements to Shareholders and investors, the Board aims to present a clear, balanced and understandable assessment of the Group's position and prospects. This also applies to other price-sensitive reports and reports to regulators. The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 90 of the Financial Statements section of the Annual Report.

Internal Control

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

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

Relationship with External Auditors

The role of the Audit Committee in relation to the external auditors is stated on pages 74 to 79 of the Annual Report.

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

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

The Directors are satisfied that in preparing the financial statements for the financial year ended 30 June 2007, the Group has :

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

Audit Committee Report

The Audit Committee comprises the following Members:-

Tan Sri Saw Huat Lye (Chairman)
Independent Non-Executive Director

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

Dato' Jaffar Indot
Independent Non-Executive Director

Chin Yoong Chong
Independent Non-Executive Director

Low Teng Lum
Executive Director

David Neill Moore
Non-Independent Non-Executive Director

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

During the financial year ended 30 June 2007, five (5) Audit Committee meetings were held and details of attendance of each Member of the Audit Committee are as follows:-

Name of Members	No of Audit Committee meetings attended
Tan Sri Saw Huat Lye	5 out of 5 meetings
Tan Sri Dato' Alwi Jantan	5 out of 5 meetings
Dato' Jaffar Indot	5 out of 5 meetings
Chin Yoong Chong	5 out of 5 meetings
Low Teng Lum	5 out of 5 meetings
David Neill Moore	5 out of 5 meetings
Dr Leslie Buckley (<i>Appointed on 1 October 2007</i>)	N/A

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

Summary of Activities

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

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

Internal Audit:

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

External Audit:

- Review of external audit scope and audit plans based on the external auditors' presentation of audit strategy and plan
- Review of external audit results, audit reports, Management letter and response from Management
- Review of external audit fees

Other activities:

- Review of related party transactions and circular on renewal of Shareholders' mandate for recurrent related party transactions
- Review of dividend payments
- Review of compliance with the Malaysian Code on Corporate Governance
- Review of business risks
- Review of crisis risks management

Audit Committee Report

Internal Audit Function

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

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

TERMS OF REFERENCE

A. Membership

The Audit Committee comprises at least three Directors, the majority of whom are independent. The Chairman of the Group is the Chairman of the Audit Committee as he is an Independent Non-Executive Director.

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

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

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

B. Meetings and Minutes

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

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

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

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

C. Authority

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

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

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

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

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

D. Duties

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

Specifically:

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

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

Statement of Internal Control

Board Responsibility

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

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

Risk Management Framework

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

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

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

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

Control Assurance and Risk Management

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

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

Other Key Elements of Internal Control

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

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

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

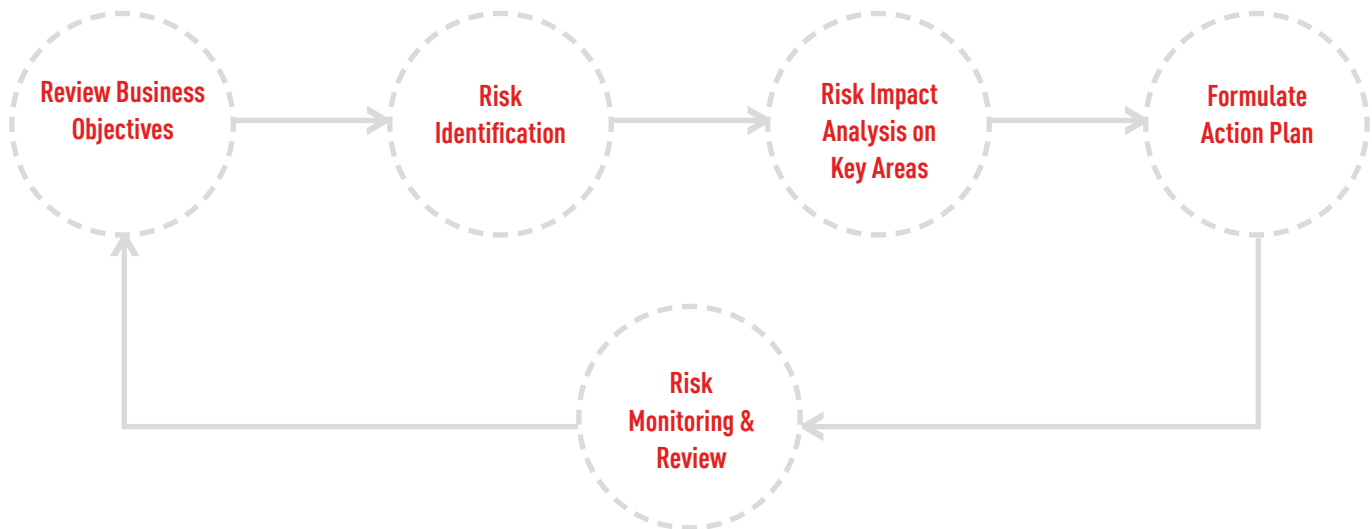
Risk Management

The Group has in place an on-going process in identifying, evaluating and managing the risks faced by the Group in pursuing its business objectives and strategies throughout the financial year ended 30 June 2007.

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

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

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



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

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

Promotion of Risk Awareness

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



Great
People



+
World's Best
Brands



+
Top
Performance
=
Tiger
GAB, The Icon
in Business



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Directors' Report

for the year ended 30 June 2007

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 30 June 2007.

Principal activities

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

Results

	Group RM'000	Company RM'000
Profit for the year	112,561	46,378

Reserves and provisions

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

Dividends

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

- i) a final dividend of 29 sen gross per 50 sen stock unit, less tax at 28%, totalling RM63,078,000, in respect of the year ended 30 June 2006, on 28 November 2006.
- ii) an interim dividend of 13 sen gross per 50 sen stock unit, less tax at 27%, totalling RM28,669,000, in respect of the year ended 30 June 2007, on 18 May 2007.

The Directors now recommend the declaration of a final dividend of 32 sen gross per 50 sen stock unit, less tax at 27%, totalling RM70,570,000 payable on 14 December 2007.

Directors of the Company

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

Tan Sri Saw Huat Lye (Chairman)

Charles Henry Ireland (Redesignated as Managing Director on 1 May 2007)

Tan Sri Dato' Alwi Jantan

Chin Yoong Chong

Dato' Jaffar Indot

Low Teng Lum

David Neill Moore

David Heginbottom (Alternate Director to David Neill Moore)

Dr Leslie Buckley (Appointed on 4 January 2007)

Loy Juat Boey (Ceased as Alternate Director to Quek Peck Leng on 19 December 2006, appointed as Alternate Director to Dr. Leslie Buckley on 4 January 2007 and resigned as Alternate Director to Dr Leslie Buckley on 26 March 2007)

Theo A F De Rond (Resigned as Managing Director on 1 May 2007)

Quek Peck Leng (Resigned on 19 December 2006)

Directors' interests

The holdings and deemed holdings in the ordinary shares/stock units of the Company and/or its related corporations of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Stock units of 50 sen each			At 30.6.2007
	At 1.7.2006	Bought	Sold	
Shareholdings in which a Director has direct interest				
Chin Yoong Chong	150,000	-	70,000	80,000

None of the other Directors holding office at 30 June 2007 had any interest in the ordinary shares/stock units of the Company and of its related corporations during the financial year.

Directors' benefits

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

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

Directors' Report

for the year ended 30 June 2007

Issue of shares

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

Options granted over unissued shares

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

Ultimate holding company

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

Other statutory information

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

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

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

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

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

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

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 30 June 2007 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

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

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



Tan Sri Saw Huat Lye
Director



Charles Henry Ireland
Director

Petaling Jaya,
28 August 2007

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 93 to 123 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2007 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:



Tan Sri Saw Huat Lye
Director



Charles Henry Ireland
Director

Petaling Jaya,
28 August 2007

Statutory Declaration

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

I, Low Teng Lum, the Director primarily responsible for the financial management of Guinness Anchor Berhad, do solemnly and sincerely declare that the financial statements set out on pages 93 to 123 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 28 August 2007.



Low Teng Lum

Before me:



Commissioner for Oaths



Unit No 50-S-1, Tkt 10
Wisma UOA Damansara
50 Jalan Dungan
Damansara Heights
50490 Kuala Lumpur

Report of The Auditors

to the members of Guinness Anchor Berhad

We have audited the financial statements set out on pages 93 to 123. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

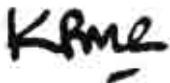
In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company as at 30 June 2007 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiary in respect of which we have not acted as auditors are identified in Note 6 to the financial statements and we have considered its financial statements and the auditors' reports thereon. We have also considered the unaudited financial statements of Guinness Singapore Pte Limited.

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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.



KPMG
Firm Number: AF 0758
Chartered Accountants

Kuala Lumpur,
28 August 2007



Siew Chin Kiang & Seow Chin Kiang
Partner
Approval Number: 2012/11/08(J)

Balance Sheets

as at 30 June 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
			Restated		Restated
Assets					
Non-current assets					
Property, plant and equipment	3	205,093	213,789	193,550	203,085
Intangible assets	4	3,148	-	3,148	-
Prepaid lease payments	5	14,369	14,625	14,369	14,625
Investments in subsidiaries	6	-	-	46,718	46,718
Deferred tax assets	7	2,809	3,971	-	-
Receivables	8	2,271	2,591	1,416	1,917
		227,690	234,976	259,201	266,345
Current assets					
Inventories	9	39,939	39,093	31,519	24,308
Receivables, deposits and prepayments	8	139,826	126,364	15,978	14,374
Current tax assets		-	895	-	482
Cash and cash equivalents	10	154,605	119,531	149,708	106,072
		334,370	285,883	197,205	145,236
Total assets		562,060	520,859	456,406	411,581
Equity					
Share capital	12	151,049	151,049	151,049	151,049
Reserves		4,695	4,799	-	-
Retained earnings		229,365	208,447	18,254	63,623
Total equity attributable to shareholders of the Company		385,109	364,295	169,303	214,672
Liabilities					
Current liabilities					
Payables and accruals	11	140,247	122,919	254,385	163,999
Current tax liabilities		5,381	735	1,395	-
		145,628	123,654	255,780	163,999
Non-current liabilities					
Deferred tax liabilities	7	31,323	32,910	31,323	32,910
Total liabilities		176,951	156,564	287,103	196,909
Total equity and liabilities		562,060	520,859	456,406	411,581

The notes on pages 98 to 123 are an integral part of these financial statements.

Income Statements

for the year ended 30 June 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
			Restated		Restated
Revenue		1,072,112	976,013	780,828	702,888
Cost of sales		(759,160)	(688,441)	(708,175)	(627,815)
Gross profit		312,952	287,572	72,653	75,073
Other income		7,276	12,340	4,400	92,690
Distribution, marketing and selling expenses		(132,936)	(122,972)	(3,738)	(3,274)
Administrative expenses		(32,779)	(31,397)	(11,145)	(10,427)
Other expenses		(4,834)	(5,425)	(4,566)	(4,847)
Results from operating activities	13	149,679	140,118	57,604	149,215
Interest income		3,161	2,809	3,129	2,765
Interest expense		(681)	(716)	(347)	(365)
Profit before tax		152,159	142,211	60,386	151,615
Tax expense	14	(39,598)	(14,014)	(14,008)	(14,614)
Profit for the year		112,561	128,197	46,378	137,001
Attributable to:					
Shareholders of the Company		112,561	128,197	46,378	137,001
Basic/Diluted earnings per 50 sen stock unit (sen)	15	37.3	42.4		

The notes on pages 98 to 123 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2007

Group	Note	<i>Non-distributable</i>		<i>Distributable</i>	Total equity RM'000
		Share capital RM'000	Capital reserve RM'000	Retained earnings RM'000	
At 1 July 2005		151,049	4,696	171,707	327,452
Net gains recognised directly in equity					
- Foreign exchange translation differences		-	103	(103)	-
Total recognised income and expense for the year					
- Profit for the year		-	-	128,197	128,197
Dividends paid	16	-	-	(91,354)	(91,354)
At 30 June 2006		151,049	4,799	208,447	364,295
Net gains recognised directly in equity					
- Foreign exchange translation differences		-	(104)	104	-
Total recognised income and expense for the year					
- Profit for the year		-	-	112,561	112,561
Dividends paid	16	-	-	(91,747)	(91,747)
At 30 June 2007		151,049	4,695	229,365	385,109

The notes on pages 98 to 123 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2007

Company	Note	Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 July 2005		151,049	17,976	169,025
Profit for the year		-	137,001	137,001
Dividends paid	16	-	(91,354)	(91,354)
At 30 June 2006		151,049	63,623	214,672
Profit for the year		-	46,378	46,378
Dividends paid	16	-	(91,747)	(91,747)
At 30 June 2007		151,049	18,254	169,303

The notes on pages 98 to 123 are an integral part of these financial statements.

Cash Flow Statements

for the year ended 30 June 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
			Restated		Restated
Cash flows from operating activities					
Profit before tax		152,159	142,211	60,386	151,615
Adjustments for:					
Amortisation of intangible assets		1,967	-	1,967	-
Amortisation of prepaid lease payments		256	256	256	256
Depreciation of property, plant and equipment		25,879	26,364	23,470	23,806
Dividend income		-	-	-	(85,464)
Gain on disposal of property, plant and equipment		(763)	(2,329)	(238)	(382)
Interest expense		681	716	347	365
Interest income		(3,161)	(2,809)	(3,129)	(2,765)
Operating profit before changes in working capital		177,018	164,409	83,059	87,431
Inventories		(846)	(3,111)	(7,211)	(177)
Receivables, deposits and prepayments		(13,142)	(29,321)	(1,103)	(2,687)
Payables and accruals		17,328	7,550	90,386	(35,080)
Cash generated from operations		180,358	139,527	165,131	49,487
Tax paid		(34,482)	(35,587)	(13,718)	(33,742)
Interest paid		(681)	(716)	(347)	(365)
Net cash from operating activities		145,195	103,224	151,066	15,380
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(22,422)	(29,644)	(19,171)	(27,439)
Dividends received		-	-	-	85,464
Interest received		3,161	2,809	3,129	2,765
Proceeds from disposal of property, plant and equipment		887	2,721	359	731
Net cash (used in)/ from investing activities		(18,374)	(24,114)	(15,683)	61,521
Cash flow from financing activity					
Dividends paid to shareholders of the Company	16	(91,747)	(91,354)	(91,747)	(91,354)
Net cash used in financing activity		(91,747)	(91,354)	(91,747)	(91,354)
Net increase/(decrease) in cash and cash equivalents		35,074	(12,244)	43,636	(14,453)
Cash and cash equivalents at 1 July	10	119,531	131,775	106,072	120,525
Cash and cash equivalents at 30 June	10	154,605	119,531	149,708	106,072

The notes on pages 98 to 123 are an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2007

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

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

The consolidated financial statements as at and for the financial year ended 30 June 2007 comprise the Company and its subsidiaries (together referred to as the Group).

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

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

1. Basis of preparation

(a) Statement of compliance

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

The MASB has issued the following Financial Reporting Standards (FRSs) and Interpretations that are effective for annual periods beginning after 1 January 2006, and that have not been applied in preparing these financial statements:

FRSs / Interpretations	Effective date
FRS 124, <i>Related Party Disclosures</i>	1 October 2006
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	To be announced
Amendment to FRS 119 ₂₀₀₄ , <i>Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures</i>	1 January 2007
FRS 6, <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2007
Amendment to FRS 121, <i>The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation</i>	1 July 2007
IC Interpretation 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 July 2007
IC Interpretation 2, <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 July 2007
IC Interpretation 5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 July 2007
IC Interpretation 6, <i>Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment</i>	1 July 2007
IC Interpretation 7, <i>Applying the Restatement Approach under FRS 129₂₀₀₄ Financial Reporting in Hyperinflationary Economies</i>	1 July 2007
IC Interpretation 8, <i>Scope of FRS 2, Share-based Payment</i>	1 July 2007
FRS 107, <i>Cash Flow Statements</i>	1 July 2007
FRS 111, <i>Construction Contracts</i>	1 July 2007

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

FRSs / Interpretations	Effective date
FRS 112, <i>Income Taxes</i>	1 July 2007
FRS 118, <i>Revenue</i>	1 July 2007
FRS 119, <i>Employee Benefits</i>	1 July 2007
FRS 120, <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 July 2007
FRS 126, <i>Accounting and Reporting by Retirement Benefit Plans</i>	1 July 2007
FRS 129, <i>Financial Reporting in Hyperinflationary Economies</i>	1 July 2007
FRS 134, <i>Interim Financial Reporting</i>	1 July 2007
FRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 July 2007

In this set of financial statements, the Group and the Company have chosen to early adopt FRS 117, *Leases* which is effective for annual periods beginning on or after 1 October 2006.

The Group and the Company plan to apply FRS 124 initially for the annual period beginning 1 July 2007 and to apply the rest of the above-mentioned FRSs (except for the Amendment to FRS 119₂₀₀₄, FRS 6, FRS 111, FRS 120, FRS 126, FRS 129, IC Interpretation 1, IC Interpretation 2, IC Interpretation 5, IC Interpretation 6 and IC Interpretation 7 as explained below and FRS 139 which its effective date has yet to be announced) and Interpretations for the annual period beginning 1 July 2008.

The impact of applying FRS 124 and FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemptions given in the respective standards.

Amendment to FRS 119₂₀₀₄, FRS 6, FRS 111, FRS 120, FRS 126, FRS 129, IC Interpretation 1, IC Interpretation 2, IC Interpretation 5, IC Interpretation 6 and IC Interpretation 7 are not applicable to the Group and the Company. Hence, no further disclosure is warranted.

The initial application of the other standards and interpretations are not expected to have any material impact on the financial statements of the Group and the Company.

The effects of adopting the new / revised FRSs in 2007 are set out in Notes 4, 5 and 23.

The financial statements were approved by the Board of Directors on 28 August 2007.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

Notes to the Financial Statements

for the year ended 30 June 2007

1. Basis of preparation (cont'd)

(d) Use of estimates and judgements

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

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

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

(ii) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

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

2. Significant accounting policies (cont'd)

(i) Foreign currency transactions (cont'd)

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

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

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

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

(c) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2007

2. Significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

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

The depreciable amount is determined after deducting the residual value.

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

(e) Leased assets (Leasehold land)

The Group had previously classified a lease of land as finance lease and had recognised the amount of prepaid lease payments as property within its property, plant and equipment. On early adoption of FRS 117, *Leases*, the Group treats such a lease as an operating lease, with the unamortised carrying amount classified as prepaid lease payments in accordance with the transitional provisions in FRS 117.67A.

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

Revalued leasehold land

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

2. Significant accounting policies (cont'd)

(f) Intangible assets

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

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

(g) Inventories

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

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

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

(h) Receivables

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

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

Receivables are not held for the purpose of trading.

(i) Cash and cash equivalents

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

(j) Impairment of assets

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

Notes to the Financial Statements

for the year ended 30 June 2007

2. Significant accounting policies (cont'd)

(j) Impairment of assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

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.

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

(k) Borrowings

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

(l) Employee benefits

(i) Short term employee benefits

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

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

The Group's contribution to the Employees Provident Fund are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Termination benefits

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

2. Significant accounting policies (cont'd)

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Contingent liabilities

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

(n) Payables

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

(o) Revenue

(i) Goods sold

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

(ii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(iii) Dividend income

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

(p) Lease payments

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

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for the year ended 30 June 2007

2. Significant accounting policies (cont'd)

(q) Interest income and borrowing costs

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

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

(r) Tax expense

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

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

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

Deferred tax liability is recognised for all taxable temporary differences.

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

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(s) Earnings per share

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

(t) Segment reporting

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

3. Property, plant and equipment

Group		Freehold land RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in- progress RM'000	Total RM'000
Cost/Valuation	Note						
At 1 July 2005		4,037	67,203	271,598	124,534	5,135	472,507
Additions		-	125	392	2,275	26,852	29,644
Disposals		-	-	(4,014)	(7,967)	-	(11,981)
Transfers		-	3,224	20,344	6,195	(29,763)	-
At 30 June 2006		4,037	70,552	288,320	125,037	2,224	490,170
Additions		-	134	329	4,397	17,562	22,422
Disposals		-	(108)	-	(8,020)	-	(8,128)
Transfers		-	1,339	2,860	10,362	(14,561)	-
Transfer to Intangible assets upon adoption of FRS 138	4	-	-	-	(21,030)	-	(21,030)
At 30 June 2007		4,037	71,917	291,509	110,746	5,225	483,434
Representing items at:							
Cost		4,037	40,324	291,509	110,746	5,225	451,841
Valuation (1984)		-	31,593	-	-	-	31,593
At 30 June 2007		4,037	71,917	291,509	110,746	5,225	483,434

Accumulated depreciation

At 1 July 2005		-	27,318	141,573	92,715	-	261,606
Depreciation charge for the year		-	1,740	15,168	9,456	-	26,364
Disposals		-	-	(3,795)	(7,794)	-	(11,589)
At 30 June 2006		-	29,058	152,946	94,377	-	276,381
Depreciation charge for the year		-	1,891	15,557	8,431	-	25,879
Disposals		-	(80)	-	(7,924)	-	(8,004)
Transfer to Intangible assets upon adoption of FRS 138	4	-	-	-	(15,915)	-	(15,915)
At 30 June 2007		-	30,869	168,503	78,969	-	278,341

Carrying amounts

At 1 July 2005		4,037	39,885	130,025	31,819	5,135	210,901
At 30 June 2006		4,037	41,494	135,374	30,660	2,224	213,789
At 30 June 2007		4,037	41,048	123,006	31,777	5,225	205,093

Notes to the Financial Statements

for the year ended 30 June 2007

3. Property, plant and equipment (cont'd)

Company		Leasehold buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in- progress RM'000	Total RM'000
Cost	Note					
At 1 July 2005		65,125	271,598	104,958	5,135	446,816
Additions		-	392	195	26,852	27,439
Disposals		-	(4,014)	(2,456)	-	(6,470)
Transfers		3,224	20,344	6,195	(29,763)	-
At 30 June 2006		68,349	288,320	108,892	2,224	467,785
Additions		20	329	1,260	17,562	19,171
Disposals		(108)	-	(6,219)	-	(6,327)
Transfers		1,339	2,860	10,362	(14,561)	-
Transfer to Intangible assets upon adoption of FRS 138	4	-	-	(21,030)	-	(21,030)
At 30 June 2007		69,600	291,509	93,265	5,225	459,599
Representing items at:						
Cost		38,007	291,509	93,265	5,225	428,006
Valuation (1984)		31,593	-	-	-	31,593
At 30 June 2007		69,600	291,509	93,265	5,225	459,599

Accumulated depreciation

At 1 July 2005		25,555	141,572	79,888	-	247,015
Depreciation charge for the year		1,583	15,169	7,054	-	23,806
Disposals		-	(3,795)	(2,326)	-	(6,121)
At 30 June 2006		27,138	152,946	84,616	-	264,700
Depreciation charge for the year		1,733	15,557	6,180	-	23,470
Disposals		(80)	-	(6,126)	-	(6,206)
Transfer to Intangible assets upon adoption of FRS 138	4	-	-	(15,915)	-	(15,915)
At 30 June 2007		28,791	168,503	68,755	-	266,049

Carrying amounts

At 1 July 2005		39,570	130,026	25,070	5,135	199,801
At 30 June 2006		41,211	135,374	24,276	2,224	203,085
At 30 June 2007		40,809	123,006	24,510	5,225	193,550

3. Property, plant and equipment (cont'd)

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

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Long term leasehold buildings	40,668	41,045	40,428	40,761

4. Intangible assets

Group and Company	Note	Computer software RM'000
Cost		
At 1 July 2005		-
At 30 June 2006		-
Transfer from property, plant and equipment	3	21,030
Write off		(12,636)
At 30 June 2007		8,394
Amortisation		
At 1 July 2005		-
At 30 June 2006		-
Transfer from property, plant and equipment	3	15,915
Amortisation for the year	13	1,967
Write off		(12,636)
At 30 June 2007		5,246
Carrying amounts		
At 1 July 2005		-
At 30 June 2006		-
At 30 June 2007		3,148

Notes to the Financial Statements

for the year ended 30 June 2007

5. Prepaid lease payments

Group and Company	Note	Leasehold land		Total RM'000
		Unexpired period less than 50 years RM'000	Unexpired period more than 50 years RM'000	
Cost/Valuation				
At 1 July 2005		-	-	-
Effect of adopting FRS 117	23	12,795	7,396	20,191
At 1 July 2005, restated / 30 June 2006/ 30 June 2007		12,795	7,396	20,191
Amortisation				
At 1 July 2005		-	-	-
Effect of adopting FRS 117	23	3,359	1,951	5,310
At 1 July 2005, restated		3,359	1,951	5,310
Amortisation for the year	13	162	94	256
At 30 June 2006		3,521	2,045	5,566
Amortisation for the year	13	162	94	256
At 30 June 2007		3,683	2,139	5,822
Carrying amounts				
At 1 July 2005, restated		9,436	5,445	14,881
At 30 June 2006		9,274	5,351	14,625
At 30 June 2007		9,112	5,257	14,369

6. Investment in subsidiaries

	Company	
	2007 RM'000	2006 RM'000
Unquoted shares		
- at cost	32,474	32,474
- at Directors' valuation	14,244	14,244
	46,718	46,718

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2007 %	2006 %
Guinness Anchor Marketing Sdn Bhd	Malaysia	Marketing and promotion of GUINNESS Stout, GUINNESS Draught, Anchor Smooth, Anchor Strong Beer, Tiger Beer, Heineken Beer, Kilkenny Draught, Anglia Shandy and Malta in Malaysia	100	100
Ramaha Corporation (M) Sdn Bhd	Malaysia	Property holding and land development	100	100
Guinness Singapore Pte Limited# and its subsidiary:	Singapore	Dormant	100	100
Guinness (B) Sdn Bhd*	Negara Brunei Darussalam	Dormant	100	100
Malayan Breweries (Malaya) Sdn Bhd and its subsidiary:	Malaysia	Dormant	100	100
Malayan Breweries Marketing Sdn Bhd	Malaysia	Dormant	100	100
Guinness Sabah Sdn Bhd	Malaysia	Dormant	100	100
Guinness Sarawak Sdn Bhd	Malaysia	Dormant	100	100

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2007

7. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Property, plant and equipment	2,809	3,971	(35,208)	(38,304)	(32,399)	(34,333)
Other items	3,885	5,394	-	-	3,885	5,394
Tax assets/(liabilities)	6,694	9,365	(35,208)	(38,304)	(28,514)	(28,939)
Set off of tax	(3,885)	(5,394)	3,885	5,394	-	-
Net tax assets/(liabilities)	2,809	3,971	(31,323)	(32,910)	(28,514)	(28,939)
Company						
Property, plant and equipment	-	-	(35,208)	(38,304)	(35,208)	(38,304)
Other items	3,885	5,394	-	-	3,885	5,394
Tax assets/(liabilities)	3,885	5,394	(35,208)	(38,304)	(31,323)	(32,910)

Movement in temporary differences during the year

Group	Recognised in income statement		Recognised in income statement		At 30.6.2007 RM'000
	At 1.7.2005 RM'000	(Note 14) RM'000	At 30.6.2006 RM'000	(Note 14) RM'000	
Property, plant and equipment	34,868	(535)	34,333	(1,934)	32,399
Other items	(6,434)	1,040	(5,394)	1,509	(3,885)
	28,434	505	28,939	(425)	28,514
Company					
Property, plant and equipment	38,434	(130)	38,304	(3,096)	35,208
Other items	(6,434)	1,040	(5,394)	1,509	(3,885)
	32,000	910	32,910	(1,587)	31,323

8. Receivables, deposits and prepayments

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Non-current					
Other receivables	a	2,271	2,591	1,416	1,917
Current					
Trade					
Trade receivables		150,987	139,850	10,089	7,135
Less: Allowance for doubtful debts		(14,814)	(17,400)	-	-
		136,173	122,450	10,089	7,135
Non-trade					
Amount due from subsidiaries	b	-	-	4,043	4,043
Other receivables	a	2,449	2,322	1,219	2,227
Deposits		850	932	273	309
Prepayments		354	660	354	660
		3,653	3,914	5,889	7,239
		139,826	126,364	15,978	14,374

Note a

Included in other receivables of the Group and the Company are staff loans of RM2,934,000 (2006 - RM3,254,000) and RM1,873,000 (2006 - RM2,393,000) of which RM2,271,000 (2006 - RM2,591,000) and RM1,416,000 (2006 - RM1,917,000) are repayable after the next 12 months respectively.

Note b

The amounts due from subsidiaries are interest free and have no fixed terms of repayment. The balances arose out of inter-company sales and other current account transactions.

9. Inventories

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At cost				
Raw materials	12,810	4,928	12,810	4,928
Work-in-progress	4,876	5,806	4,876	5,806
Finished goods	14,369	20,882	6,083	6,269
Packaging materials	4,167	3,294	4,167	3,294
Engineering stores and spares	3,717	4,183	3,583	4,011
	39,939	39,093	31,519	24,308

Notes to the Financial Statements

for the year ended 30 June 2007

10. Cash and cash equivalents

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Deposits placed with licensed banks	142,572	102,172	142,572	102,172
Cash and bank balances	12,033	17,359	7,136	3,900
	154,605	119,531	149,708	106,072

11. Payables and accruals

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade				
Trade payables	75,759	62,075	36,690	27,741
Non-trade				
Amount due to ultimate holding company	-	280	-	280
Amount due to subsidiaries	-	-	192,065	110,721
Other payables	1,573	1,570	1,229	1,272
Accrued expenses	62,915	58,994	24,401	23,985
	64,488	60,844	217,695	136,258
	140,247	122,919	254,385	163,999

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

12. Equity

	Group and Company	
	2007 RM'000	2006 RM'000
Share capital		
Authorised:		
400,000,000 ordinary shares of 50 sen each	200,000	200,000
Issued and fully paid:		
302,098,000 stock units of 50 sen each	151,049	151,049

Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its distributable reserves at 30 June 2007 if paid out as dividends.

13. Operating profit

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
		Restated		Restated
Operating profit is arrived at after charging:				
Amortisation of intangible assets	1,967	-	1,967	-
Amortisation of prepaid lease payments	256	256	256	256
Auditors' remuneration				
- Statutory audit	110	105	70	70
- Other services	202	256	181	229
Directors' emoluments				
- Remuneration*	3,980	3,338	3,969	3,149
- Defined contributions	109	162	109	162
- Fees	265	266	259	260
Depreciation of property, plant and equipment	25,879	26,364	23,470	23,806
Hire of equipment	384	339	356	337
Legal fees paid to firm in which a Director is a member	31	90	12	87
Personnel expenses (including directors)				
- Contribution to defined contribution plan	6,629	6,813	3,256	3,879
- Wages, salaries and others	45,422	45,371	23,930	24,255
Realised loss on foreign exchange	34	-	34	-
Rental expense on land and buildings	2,145	2,071	863	826
Unrealised loss on foreign exchange	-	245	-	245

Notes to the Financial Statements

for the year ended 30 June 2007

13. Operating profit (cont'd)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
		Restated		Restated
and after crediting:				
Gains on disposal of property, plant and equipment	763	2,329	238	382
Gross dividend from unquoted subsidiary	-	-	-	85,464
Realised gain on foreign exchange	33	31	-	16
Reversal of allowance for doubtful debts	2,586	2,890	-	-

* The estimated monetary value of Directors' benefits-in-kind included above is RM902,000 (2006 - RM450,000) and RM891,000 (2006 - RM409,000) for the Group and Company, respectively.

14. Tax expense

Recognised in the income statements

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current tax expense				
Malaysian - current year	41,158	35,489	15,850	37,903
- prior year	(1,135)	(21,980)	(255)	(24,199)
Total current tax recognised in the income statements	40,023	13,509	15,595	13,704
Deferred tax expense				
Origination and reversal of temporary differences	450	2,087	155	1,725
Overprovision in prior years	(875)	(1,582)	(1,742)	(815)
Total deferred tax recognised in the income statements	(425)	505	(1,587)	910
Total tax expense	39,598	14,014	14,008	14,614

14. Tax expense (cont'd)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Reconciliation of tax expense				
Profit for the year	112,561	128,197	46,378	137,001
Total tax expense	39,598	14,014	14,008	14,614
Profit excluding tax	152,159	142,211	60,386	151,615
Tax calculated using Malaysian tax rates of 27% (2006: 28%)	41,083	39,819	16,304	42,452
Non-deductible expenses	998	968	174	387
Tax incentives	(473)	(3,211)	(473)	(3,211)
Overprovision in prior years	(2,010)	(23,562)	(1,997)	(25,014)
Tax expense	39,598	14,014	14,008	14,614

15. Earnings per ordinary share

Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 30 June 2007 was based on the profit attributable to ordinary shareholders of RM112,561,000 (2006 - RM128,197,000) and a weighted average number of ordinary shares outstanding during the year of 302,098,000 (2006 - 302,098,000).

Weighted average number of ordinary shares

	2007 '000	2006 '000
Issued ordinary shares at beginning of the year	302,098	302,098
Basic earnings per ordinary share (sen)	37.3	42.4

Diluted earnings per share

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

Notes to the Financial Statements

for the year ended 30 June 2007

16. Dividends

Dividends recognised in the current year by the Company are:

	Net per share Sen	Total amount RM'000	Date of payment
2007			
Interim 2007 ordinary	9.49	28,669	18 May 2007
Final 2006 ordinary	20.88	63,078	28 November 2006
Total amount		91,747	
2006			
Interim 2006 ordinary	9.36	28,276	18 May 2006
Final 2005 ordinary	20.88	63,078	28 November 2005
Total amount		91,354	

The Directors now recommend the declaration of a final dividend of 32 sen gross per 50 sen stock unit, less tax at 27%, totalling RM70,570,000 payable on 14 December 2007.

17. Segmental information

The Group operates solely in the brewing industry involving production, packaging, marketing and distribution of its products, principally in Malaysia. Approximately 2% (2006 - 2%) of the total sales are exports, mainly to South East Asian countries based on location of customers.

18. Financial instruments

Financial risk management objectives and policies

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

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

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

Credit risk

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

18. Financial instruments (cont'd)

Credit risk (cont'd)

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Foreign currency risk

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

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

The deferred/unrecognised gain associated with anticipated future transactions are RM82,000 (2006 – deferred/unrecognised gain RM19,000) and the expected timing of recognition as income or expense is over the next six months (where necessary, the forward exchange contracts are rolled over at maturity at market rates).

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

Liquidity risk

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

Effective interest rates

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

Group and Company	Average effective interest rate per annum %	Total RM'000	Within 1 year RM'000
2007			
Financial assets			
Deposits placed with licensed banks	3.2	142,572	142,572
2006			
Financial assets			
Deposits placed with licensed banks	3.2	102,172	102,172

Notes to the Financial Statements

for the year ended 30 June 2007

18. Financial instruments (cont'd)

Fair value

Recognised financial instruments

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

Unrecognised financial instruments

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

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

Group and Company	2007 Contracted amount RM'000	2007 Fair value RM'000	2006 Contracted amount RM'000	2006 Fair value RM'000
Forward foreign exchange contracts	4,526	4,608	7,777	7,796

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

19. Operating leases

Leases as lessee

Operating lease rentals are payable as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Less than one year	1,657	1,552	390	554
Between one and five years	1,344	646	437	16
	3,001	2,198	827	570

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

20. Capital and other commitments

	Group and Company	
	2007 RM'000	2006 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Authorised but not contracted for	5,529	6,126
Authorised and contracted for	1,929	1,905
	7,458	8,031

21. Material litigation

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

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

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

22. Related parties

Identity of related parties

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2007

22. Related parties (cont'd)

Related party transactions

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

	Diageo Plc and its related corporations	F&N and its related corporations		Heineken and its related corporations
	RM'000	APBL Group RM'000	Other F&N companies RM'000	RM'000
2007				
Purchase of goods	17,458	59	16,718	890
Sale of products	10,260	-	57	9,361
Royalties payable	4,617	5,011	-	1,508
Marketing and technical services payable	2,590	-	-	127
Marketing fees receivable	-	5,320	-	5,807
2006				
Purchase of goods	17,084	175	15,359	450
Sale of products	10,205	-	71	6,620
Royalties payable	4,537	4,377	-	1,016
Marketing and technical services payable	2,559	-	-	678
Marketing fees receivable	-	5,314	-	-

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

23. Comparative figures

Certain comparative figures have been reclassified as a result of changes in accounting policies as stated in Note 2 and to conform with the presentation requirements of FRS 101.

	Group		Company	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
2006				
Balance sheets				
Non-current assets				
Property, plant and equipment	213,789	228,414	203,085	217,710
Prepaid lease payments	14,625	-	14,625	-
Receivables	2,591	-	1,917	-
Current assets				
Receivables, deposits and prepayments	126,364	128,955	14,374	16,291
Income statements				
Amortisation of prepaid lease payment	256	-	256	-
Depreciation of property, plant and equipment	26,364	26,620	23,806	24,062
Cost of sales	(688,441)	(585,097)	-	-
Distribution, marketing and selling expenses	(122,972)	(226,316)	-	-

Leasehold land amounting to RM14,625,000 in 2006 was reclassified from property, plant and equipment to prepaid lease payments to comply with the requirements of FRS 117, *Leases* and the other reclassifications are made to conform with current year presentation.

Analysis of Stockholdings

as at 28 September 2007

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	554	4.87	4,404	0.00
100 – 1,000	3,977	34.95	3,313,913	1.10
1,001 – 10,000	5,368	47.18	21,859,915	7.23
10,001 – 100,000	1,339	11.77	39,021,764	12.92
100,001 – 15,104,899	139	1.22	83,828,104	27.75
15,104,900 and above	1	0.01	154,069,900	51.00
TOTAL	11,378	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	-	-

DIRECTORS' INTEREST

Name of Director	Direct		Indirect	
	No of stock units	%	No of stock units	%
Tan Sri Saw Huat Lye	-	-	-	-
Charles Henry Ireland	-	-	-	-
Tan Sri Dato' Alwi Jantan	-	-	-	-
Chin Yoong Chong	80,000	0.03	-	-
Dato' Jaffar Indot	-	-	-	-
Low Teng Lum	-	-	-	-
David Neill Moore	-	-	-	-
Dr Leslie Buckley	-	-	-	-
David Heginbottom (Alternate Director to David Neill Moore)	-	-	-	-

Analysis of Stockholdings

as at 28 September 2007

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 - Exempt An for BNP Paribas Securities Services (Convert in USD)	4,886,500	1.62
4. Cartaban Nominees (Asing) Sdn Bhd - State Street London Fund XCP2 for Aberdeen Asian Income Fund Limited	3,700,000	1.23
5. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (Non Par 1)	2,335,620	0.77
6. TM Asia Life Malaysia Bhd - As Beneficial Owner (PF)	2,300,000	0.76
7. Tai Tak Estates Sdn Bhd	2,156,000	0.71
8. Amsec Nominees (Asing) Sdn Bhd - AmFraser Securities Pte Ltd for Yeo Realty & Investments Pte Ltd (19013)	2,070,530	0.69
9. Cartaban Nominees (Asing) Sdn Bhd - State Street London Fund XCB9 for Aberdeen Asian Smaller Companies Investment Trust PLC	2,000,000	0.66
10. Cartaban Nominees (Asing) Sdn Bhd - State Street Australia Fund ATB1 for Platinum Asia Fund	1,920,700	0.64
11. Chinchoo Investment Sdn Berhad	1,865,000	0.62
12. HSBC Nominees (Asing) Sdn Bhd - Exempt An for JPMorgan Chase Bank, National Association (Norges Bank)	1,680,000	0.56
13. Citigroup Nominees (Tempatan) Sdn Bhd - ING Insurance Berhad (INV-IL PAR)	1,607,900	0.53
14. HSBC Nominees (Asing) Sdn Bhd - BBH and Co. Boston for Vanguard Emerging Markets Stock Indexfund	1,588,900	0.53
15. Cartaban Nominees (Asing) Sdn Bhd - Investors Bank and Trust Company for iShares, Inc.	1,335,600	0.44

Analysis of Stockholdings

as at 28 September 2007

30 Largest Stockholders (cont'd)	No of stock units	%
16. Ho Sim Guan	1,330,000	0.44
17. Cimsec Nominees (Asing) Sdn Bhd - Exempt An for CIMB-GK Securities Pte Ltd (Retail Clients)	1,280,430	0.42
18. Gan Teng Siew Realty Sdn Berhad	1,277,000	0.42
19. Citigroup Nominees (Asing) Sdn Bhd - Exempt An for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)	1,251,800	0.41
20. Key Development Sdn Berhad	1,250,000	0.41
21. HSBC Nominees (Asing) Sdn Bhd - HSBC-FS for Aberdeen Malaysia Equity Fund	1,220,000	0.40
22. HSBC Nominees (Asing) Sdn Bhd - BBH and Co. Boston for Unidynamicfonds: Asia	1,200,000	0.40
23. Kam Loong Mining Sdn Bhd	1,150,000	0.38
24. Chan Emily	1,052,000	0.35
25. Cimsec Nominees (Tempatan) Sdn Bhd - Exempt An for CIMB-GK Securities Pte Ltd (Retail Clients)	1,049,700	0.35
26. Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	1,041,700	0.35
27. HLG Nominee (Asing) Sdn Bhd - Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	989,160	0.33
28. Citigroup Nominees (Asing) Sdn Bhd - CB Spore GW for Bukit Sembawang Estates Limited (OCB33879-000MIS)	980,000	0.32
29. Pertubuhan Keselamatan Sosial	915,800	0.30
30. Mrs Chan Lam Choon Nee Mun Swee Heong	896,400	0.30
	210,618,120	69.72

Other Information

SHARE BUYBACK

There was no share buyback effected during the financial year ended 30 June 2007.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities issued by the Company during the financial year ended 30 June 2007.

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

During the financial year ended 30 June 2007, the Company did not sponsor any ADR/GDR programme.

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 2007.

NON-AUDIT FEES

The amount of non-audit fees paid to external auditors by the Group for the financial year ended 30 June 2007 amounted to RM202,000.

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving the interest of Directors and major Shareholders, either still subsisting at the end of the financial year ended 30 June 2007 or entered into since the end of the previous financial year.

PROFIT GUARANTEE

There were no profit guarantees given by the Company and its subsidiaries during the financial year ended 30 June 2007.

CONFLICT OF INTEREST

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

REVALUATION POLICY

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

Properties Owned by The Group

Address/Location	Land area (acres)	Existing use	Lease expiry date	Approximate age of building (years)	Net Book Value At 30 June 2007 RM'000	Date of Acquisition / Revaluation *
Lot 1135, Batu 9, Jalan Kelang Lama 46710 Petaling Jaya, Selangor	20.84	Office building & factory	23 Sept 2063	41	57,802	30 Sept 1984*
120, Air Keroh Industrial Estate 75710 Melaka	1.07	Office building & store	13 Jan 2080	25	539	30 Sept 1984*
Lot 123, Semambu Industrial Site 25350 Kuantan, Pahang	0.52	Office building & store	5 Mar 2046	25	430	30 Sept 1984*
Lot 1136, Batu 9, Jalan Kelang Lama 46710 Petaling Jaya, Selangor	2.88	Storage	Freehold	Not applicable	4,037	31 Dec 1991
					62,808	

* 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 Forty-Third Annual General Meeting of Guinness Anchor Berhad (the Company) will be held at Lagoon 2, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan, on Thursday, 29 November 2007 at 11.00 am for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2007 together with the Directors' and Auditors' Reports thereon.
Ordinary Resolution 1
2. To declare a final dividend of 32 sen gross per 50 sen stock unit less Malaysian income tax at 27% for the financial year ended 30 June 2007.
Ordinary Resolution 2
3. To approve the payment of Directors' Fees of RM258,790 for the financial year ended 30 June 2007.
Ordinary Resolution 3
4. To re-elect Low Teng Lum who retires as a Director pursuant to Article 89 of the Company's Articles of Association.
Ordinary Resolution 4
5. To re-elect Dr Leslie Buckley who retires as a Director pursuant to Article 96 of the Company's Articles of Association.
Ordinary Resolution 5
6. To re-appoint Tan Sri Saw Huat Lye who retires pursuant to Section 129 of the Companies Act, 1965 as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.
Ordinary Resolution 6
7. To re-appoint Tan Sri Dato' Alwi Jantan who retires pursuant to Section 129 of the Companies Act, 1965 as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.
Ordinary Resolution 7
8. To re-appoint Dato' Jaffar Indot who retires pursuant to Section 129 of the Companies Act, 1965 as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.
Ordinary Resolution 8
9. To re-appoint Chin Yoong Chong who retires pursuant to Section 129 of the Companies Act, 1965 as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.
Ordinary Resolution 9
10. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.
Ordinary Resolution 10

Notice of Annual General Meeting

As Special Business

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

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

"**THAT**, pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), the Company and/or its subsidiaries (the Group) be and are hereby authorised to enter into any of the recurrent transactions of a revenue or trading nature as set out in 2.1.2 of the Circular to Shareholders dated 7 November 2007 with the related parties mentioned therein which are necessary for the Group's day-to-day operations, subject further to the following:-

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

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

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

whichever is earlier;

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

Ordinary Resolution 11

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

"**THAT** the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as set out in Appendix I of the Circular to Shareholders dated 7 November 2007 be and are hereby approved."

Special Resolution 1

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Subject to the approval of Stockholders, a final dividend of 32 sen gross per 50 sen stock unit less Malaysian income tax at 27% for the financial year ended 30 June 2007 will be paid on 14 December 2007 to Stockholders registered at the close of business on 30 November 2007.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT (cont'd)

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 28 November 2007 in respect of shares which are exempted from mandatory deposit;
- (b) Shares transferred into the Depositor's securities account before 4.00 pm on 30 November 2007 in respect of ordinary transfers;
- (c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

SAW BEE LEAN (MAICSA 0793472)
TAI YIT CHAN (MAICSA 7009143)
Company Secretaries

Petaling Jaya
7 November 2007

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 15 November 2007 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the meeting.
2. Any Member entitled to attend and vote at the meeting may only appoint **one (1) proxy** to attend and vote in his stead. A proxy may but need not be a Member of the Company. A Form of Proxy is enclosed for Members to appoint a proxy if they are unable to attend the meeting. In the case of a corporation, the Form of Proxy must be executed under the corporation's Common Seal or under the hand of an officer or attorney duly authorised.
3. To be valid, the **original** Form of Proxy must be lodged at the Share Registrar's Office, 20th Floor, Plaza Permata, Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Ordinary Resolution 11

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

Ordinary Resolution 11, if passed, will allow the Group to enter into the recurrent related party transactions in the ordinary course of business and the necessity to convene separate general meetings from time to time to seek Shareholders' approval as and when such recurrent related party transactions occur, would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group. The Shareholders' mandate is subject to renewal on an annual basis.

2. Special Resolution 1

Proposed Amendments to the Articles of Association of the Company

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

Statement Accompanying the Notice of 43rd Annual General Meeting

1. Directors who are standing for re-election or re-appointment at the Forty-Third Annual General Meeting

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

Low Teng Lum

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

Dr Leslie Buckley

Pursuant to Section 129 of the Companies Act, 1965

Tan Sri Saw Huat Lye

Tan Sri Dato' Alwi Jantan

Dato' Jaffar Indot

Chin Yoong Chong

2. Details of attendance of Directors at Board Meetings

Five (5) Board Meetings were held during the financial year ended 30 June 2007. Details of attendance of the Directors are set out in the Statement on Corporate Governance appearing on page 64 of the Annual Report.

3. Place, date and time of the Forty-Third Annual General Meeting

The Forty-Third Annual General Meeting of Guinness Anchor Berhad will be held at Lagoon 2, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Thursday, 29 November 2007 at 11.00 am.

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 Forty-Third Annual General Meeting of the Company to be held at Lagoon 2, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Thursday, 29 November 2007 at 11.00 am 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 on the Resolutions. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy will vote or abstain from voting on the Resolutions as he or she thinks fit.]

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

Signed this day of 2007

.....
 Signature of Member or Common Seal

* **Only original Forms are valid. Photocopies are not acceptable.** Any changes on the proxy form must be counter-signed 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 15 November 2007 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the meeting.
2. Any Member entitled to attend and vote at the meeting may only appoint **one (1) proxy** to attend and vote in his stead. A proxy may but need not be a Member of the Company. The Form of Proxy is for Members to appoint a proxy if they are unable to attend the meeting. In the case of a corporation, the Form of Proxy must be executed under the corporation's Common Seal or under the hand of an officer or attorney duly authorised.
3. The **original** Form of Proxy must be lodged at the Share Registrar's Office, 20th Floor, Plaza Permata, Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

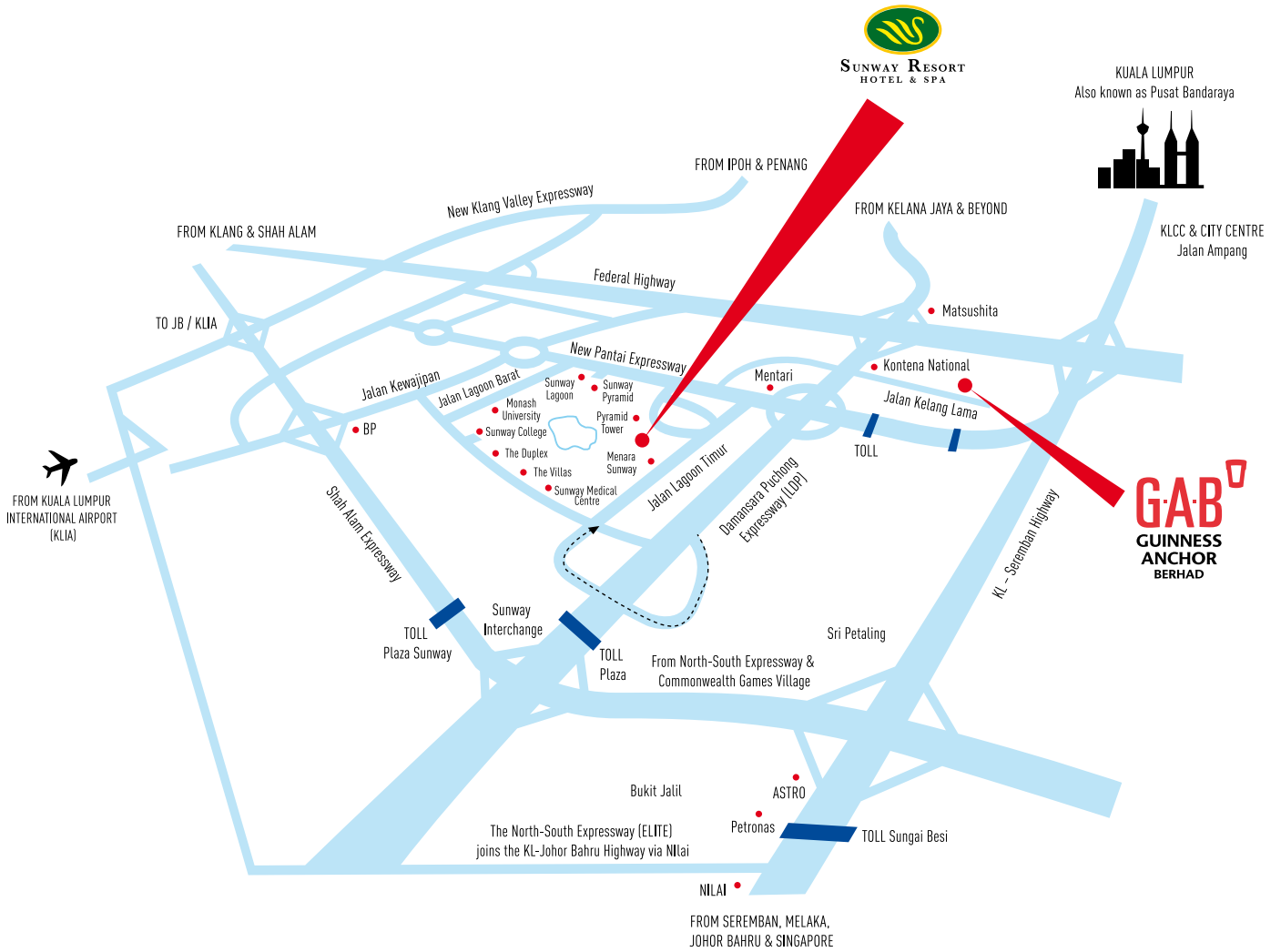
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Affix
Stamp
Here

Company Secretary
Guinness Anchor Berhad
c/o Tenaga Koperat Sdn Bhd
20th Floor, Plaza Permata
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur
Malaysia

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Route to Sunway Resort Hotel & Spa





Caring Outlook + Responsible Conduct = Exemplary CSR Commitment

Sustainability Report

Message from the Managing Director **137**

Economic Sustainability **138**

Environmental Sustainability **141**

Social Sustainability **146**

MESSAGE FROM THE MANAGING DIRECTOR

GAB has fully embraced Corporate Social Responsibility (CSR) and it has now become a fully integrated part of how we operate. We believe that it is our duty as a business to contribute towards sustainable social and economic development. We are sensitive to the needs of our various stakeholders in operating our business in order to enrich the community in which we operate.

In the year under review, GAB continued to make good progress in numerous CSR programmes as outlined in the following economic, environmental and social sustainability sections of this report. Our vision to become an icon in business for delivering exceptional growth in people, brands and performance is reflected in our commitment towards sustainability.

In terms of people, we invested substantially in training and development to ensure that our people are given the opportunity to grow to their full potential in their roles. Our brands play a significant part in contributing towards the community. Our Tiger Sin Chew Chinese Education Charity Concerts raised RM7.5 million while our GUINNESS Torch Fund has raised more than RM6 million to-date to benefit Chinese education in the country.

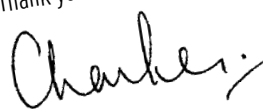
Our Total Productive Management programme initiatives have significantly improved our operations by reducing our water and electricity consumption while improving our fuel consumption. We also improved efficiency by producing more in less time, further reducing energy usage.

GAB is now connected to the national natural gas pipeline and this has greatly reduced our dependence on fuel oil while reducing our emission of carbon dioxide into the atmosphere.

In the coming years, we will continue to improve our reporting methods to make GAB more transparent to all our stakeholders without compromising confidential information that could benefit our competitors. Our ultimate goal is to achieve 100 per cent transparency in reporting for each financial year.

CSR is a core part of GAB's business. We will continue to invest in and improve on our CSR implementation in the coming years.

Thank you.



Charles Henry Ireland
Managing Director



Economic Sustainability



1.0 Economic Policy and Governance

GAB's Management reports to our Board of Directors, which currently has eight members of which two are Executive Directors. Four out of the remaining six Non-Executive Directors, including the Chairman, are independent.

Regular meetings are held between Management and the Board of Directors during which operational performance and related matters are discussed. Each year, Management prepares a three-year strategic and operational plan, where targets are defined in terms of key performance indicators (KPIs) such as Earnings Before Interest and Tax (EBIT), market share and brand volume.

These KPIs are tracked closely throughout the financial year. GAB operates in a highly competitive and challenging environment where we are faced with various business operational risks, which include competition, fiscal policies as well as legislative risks. These risks are reviewed and evaluated on a regular basis when formulating our strategic plans.

2.0 Key Figures

Please refer to pages 86 to 123 for GAB's Financial Statements for the financial year ended 30 June 2007.

3.0 Dialogue with Stakeholders

GAB aims to publish its financial and non-financial information in a timely and consistent manner through various media such as press releases, regular briefings and via its website at www.gab.com.my.

The information we provide to shareholders includes important facts and figures relating to our operations. Analyst briefings are held shortly after the publication of our interim and full-year results. One-on-one briefings are also held on an ad-hoc basis, upon request.

At each Annual General Meeting (AGM), the Board presents a report on the performance of the Company and holds a question and answer session to give shareholders the opportunity to seek clarification and share their thoughts and opinions with the Board.

A press conference, hosted by the Chairman, Managing Director and Finance Director, is also held immediately after each AGM to respond to media questions.

4.0 Risk Management

GAB's risk management process is managed by a Risk and Control Workgroup (RCW) headed by the Finance Director. Members of this group comprise cross-functional Senior Managers.

The RCW identifies the key risks faced by the Group and adopts a pro-active approach in managing these business risks.

Economic Sustainability

4.1 Reputational Risk

The good reputation of our brands and products is crucial to the success of the Company. Production and logistics are subject to rigorous quality standards and monitoring procedures to ensure that we constantly and consistently deliver products of the highest quality.

GAB remains the first and only brewery in the country to have received the ISO9001:2000 and the Ministry of Health's Hazard Analysis Critical Control Point (HACCP) certifications, two internationally recognised standards.

In our continuing efforts to be a responsible corporate citizen, we have in place a Code of Marketing Practice to ensure that we market and promote our brands in a responsible manner. We also have in place a Code of Conduct, which outlines the manner our employees go about their day-to-day activities.

4.2 Currency and Interest Risks

We have a Treasury Risk Committee comprising representatives from Finance, Technical, Purchasing and Sales Departments. This committee, which meets once every quarter, reviews risks of cash flows, foreign currency exposure and interest rates.

The Company engages in an Exchange Rate hedging programme to minimise our exposure to exchange rate fluctuations.

4.3 Fiscal Policy Risk

The malt liquor market (MLM) is subject to sales and excise duty taxes. Currently, Malaysia has the second highest taxes on beer in the world, which has resulted in high beer and stout prices. This has adversely affected consumption levels and caused the market to decline.

GAB, through the Confederation of Malaysian Brewers Bhd (CMBB), continues to have regular dialogues with the relevant Government agencies to highlight the issues faced by the industry in this area. We will also continue to communicate with the relevant authorities through the various trade organisations.

5.0 Summary

GAB closely monitors and tracks financial and economic indicators that may have an impact on its business. It also maintains close contact with its shareholders as well as analysts and media to gauge feedback on the Company and its performance. This ensures that, in the event of any economic pressure that may impact its business, appropriate measures are employed to overcome it and safeguard GAB against such an impact. This keeps GAB alert to perform at an optimum level at all times.

Environmental Sustainability



Environmental Sustainability

1.0 Environmental Policy & Governance

1.1 Policy Statement

GAB has a safety, health and environment (SHE) policy which is shared with its employees. This policy adopted by GAB affirms that the Company and its people adopt the safest and healthiest conditions in compliance with relevant statutory and Company requirements in all its production and non-production activities.

This encompasses the maintenance of plant equipment, the provision of training, the provision of adequate facilities and welfare arrangements as well as the development of safety awareness programmes. These procedures and processes are monitored, reviewed and audited regularly for continuous improvement.

GAB has also established a safety and environment pillar under Total Productive Management (TPM) to further improve safety and environment matters in all its operations.

1.2 Organisation

The said policy was developed by the SHE Committee, in which the Technical and HR Departments as well as the GAB in-house Union Committee are represented. This Committee, which is chaired by the Supply Chain Director, meets periodically to review issues resulting from SHE audits and to agree on preventive measures.

1.3 Targets

GAB employs TPM, a system that assists the Company in identifying and preventing loss through wastage in order to reduce production costs.

Under TPM, working groups are formed to address specific problem areas where targets are set and incorporated into a plan, which sets out the actions needed to achieve them. Once these targets have been met, the group will be closed.

TPM gets people on the shop floor to be responsible for their respective work areas, be appropriately trained and respond faster in repairing and getting machinery and equipment up and running.

1.4 Monitoring

Internal Audits on the TPM groups are conducted regularly throughout the year to monitor their progress. In addition, safety and hygiene audits are also carried out regularly to ensure that the safest and healthiest work conditions are maintained.

2.0 Energy

2.1 Thermal Energy

GAB uses heat for brewing, cleaning bottles and pasteurising. In the past, heat was mostly generated from medium fuel oil. In 2006, GAB undertook the initiative to convert its energy source from fuel oil to natural gas and is now connected to the national natural gas pipeline.

The immediate effect of using natural gas is the reduced emission of carbon dioxide (CO₂) into the atmosphere, in keeping with global CO₂ emission reduction initiatives. A bonus is the substantial cost savings to GAB as natural gas is cheaper than fuel oil.

Besides natural gas, renewable gas, mainly biogas, is used to generate some of the heat required. Biogas is obtained from the anaerobic treatment of wastewater at the effluent treatment plant.

Thermal Energy Generation in 2006/07

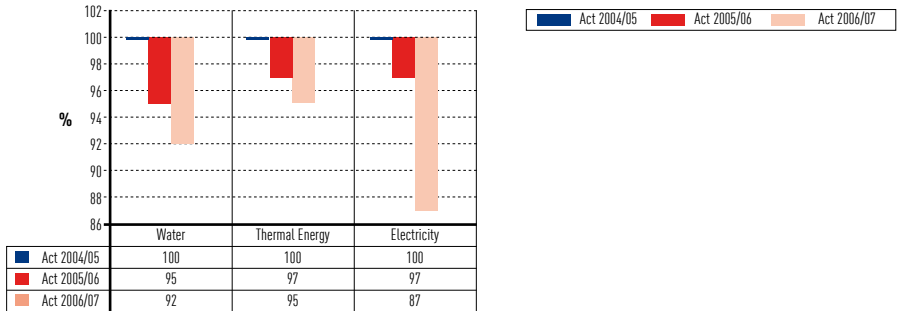


2.2 Electricity

Electricity is mainly used for refrigeration, water treatment, driving compressors and other machinery, liquefying carbon dioxide, lighting and office equipment.

Overall, electricity specific consumption in the brewery was reduced by 3.85% compared to year 2005/06 mainly due to the contribution of TPM teams focusing on electricity reduction.

Utility Performance Index



Environmental Sustainability

2.3 Climate

The use of non-renewable fuel generates CO_2 , NO_x and SO_x , which can cause climate changes. GAB has taken a proactive step to migrate from fuel oil to natural gas, which has reduced its emission of CO_2 into the atmosphere.

3.0 Water

3.1 Water Consumption

Water is the main raw material in our products. It is also used for cleaning process tanks, packaging, production equipment and utility installation. Improved efficiency during the brewing process and the setting up of a TPM group focusing on water have successfully reduced GAB's water consumption by an additional 2.8%, compared with the previous year.

3.2 Wastewater

GAB's wastewater is treated at its wastewater treatment plant to ensure that harmful substances are not discharged from its brewery. There are two ways of biological treatment used at the wastewater treatment plant.

The first is through anaerobic treatment where biochemical reactions take place in the absence of oxygen. The organic carbon is converted to CO_2 and CH_4 and biomass.

The second is through aerobic treatment where oxygen is associated in biological reactions. The organic carbon is converted to CO_2 and biomass.



4.0 Packaging

The packaging forms used by our products are glass bottles, kegs and cans. With glass bottles, the crown cork and label form part of the primary packaging. Secondary packaging includes cardboard and plastic film for transportation. All our packaging meets the highest quality standard and complies with statutory guidelines while meeting ISO 9001:2000 and HACCP requirements.

All our bottling, kegging and canning production lines registered more than 10% improvement in efficiency, mainly because of TPM. This has led to increased productivity.

The use of known or expected carcinogenic, or otherwise harmful substances, such as solvents and pigments are prohibited. The coatings and inks used for packaging materials such as labels and cans are free of heavy metals. The printing inks for labels intended for use on returnable bottles is free of copper to prevent waste water treatment plant problems. We do not use any form of PVC in our crown corks liners.

Kegs and glass bottles are returnable. After use, they are sent back to the brewery where they are cleaned and reused. Rejected cans, bottles, crown corks and labels during production are separated and sold to assigned contractors for recycling. Broken kegs are sold as scrap metal.

5.0 Bi-products and waste

Brewing creates a number of bi-products, namely spent grain and yeast. Spent grain is sold as animal feed while the spent yeast is treated in the wastewater treatment plant.

Non-recycled waste such as activated sludge and solid waste, removed from wastewater by settling or filtration, is sent to the landfill.

6.0 Summary

GAB is fully aware that its business impacts the environment. It has implemented various measures to minimise this impact. Among these measures are concerted efforts to reduce energy and water consumption and converting from fuel gas to natural gas to reduce the emission of CO₂ into the atmosphere. GAB realises that there is still room for improvement and will continue to work relentlessly towards environmental sustainability.

Social Sustainability



Reporting Basis

The information presented in this report refers to our financial year ended 30 June 2007, except for the Safety Report, which is for the 2006 calendar year.

1.0 Social Responsibility Policy

GAB acknowledges that in its business today, it has an important social responsibility to its stakeholders. Corporate Social Responsibility (CSR) is a form of self-governance, which ensures that GAB operates as a business which is aware of the impact it makes to the environment, society and community in which it operates. GAB has in place policies and procedures, which ensure that it runs its business in a socially responsible manner.

2.0 Code of Operations

2.1 Advertising and Marketing

GAB only advertises and promotes its products responsibly and to consumers of legal drinking age.

It has in place a Code of Marketing Practice that lists out the rules on how GAB communicates to consumers in a responsible manner. This initiative by GAB self-regulates its communication, in order to be responsible to its consumers and other stakeholders.

2.2 Code of Conduct

GAB has a clear and comprehensive Code of Conduct which is shared with all employees.

This is an extension of GAB's Code of Corporate Governance and it outlines the best practices with regard to the Company and its subsidiaries. It outlines the way in which our employees go about their day-to-day business.

Our objective for formulating this Code is so that decisions and judgements made by employees comply with the highest ethical standards. It is to ensure that GAB behaves as a responsible corporate citizen and to assure our stakeholders of the Company's ethical business conduct.

Social Sustainability

2.3 Malaysian International Chamber of Commerce and Industry (MICCI) Ethics Charter

GAB is one of seven companies in the pioneer batch to officially adopt the Ethics Charter, launched by the MICCI at its 33rd annual general meeting on 23 May 2006.

The Ethics Charter is a standard guide for MICCI member companies when conducting business. A draft code was first developed by studying the codes of conduct and key business ethical values of the MICCI and its member companies and the Charter was finally completed in April 2004.

The Charter calls for MICCI members to pursue their corporate and business interests with VIGOUR, the acronym for the following business values: Value Creation, Integrity, Governance, Obligation, Understanding and Responsibility.

3.0 Employee Training and Welfare

At GAB, its people are crucial to its success and its human resource strategy seeks to continually develop and harness each individual's potential.

As at 30 June 2007, the Company had in total 493 employees.

3.1 Training

Training is an on-going process at GAB to ensure that its people are able and capable in all that they do, whether handling customers or distributors, sales and marketing, knowing the technical aspects of the business or even increasing safety, health and environmental awareness.

During the financial year ended 30 June 2007, GAB took measures to improve its training programmes in order to help further increase its people's effectiveness at work and make more efficient use of its resources.

3.2 ViVA

Our Vision and Values (ViVA) sets out the basic principles of GAB's corporate and marketing philosophy. During the financial year ended 30 June 2007, GAB had set itself a new vision while setting deliverable missions for each department within GAB for the next five years.

3.3 Sexual Harassment Policy

At GAB, employees are protected against such abuse by having specific policies and procedures in place to provide protection for employees.

There is a complaints procedure designed specifically for complaints related to sexual harassment, supported by specific procedures, which ensure that these complaints are dealt with promptly and in a transparent manner.

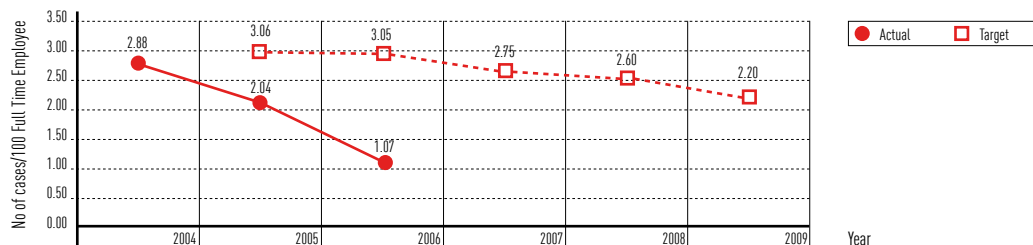
4.0 Safety

GAB gives high priority to raising awareness, providing training and changing behaviour to reduce work-related accidents and incidents. Protective equipment is provided where necessary to all employees and contractors. GAB is working constantly, through monitoring, to achieve better safety performance and reduce the number of work-related accidents. GAB has successfully reduced the number of accidents from four in 2005 to one in 2006.

In the area of industrial safety, frequent safety briefings are held for all contract workers to outline safety procedures. The Fire Brigade conducts annual inspections on the Brewery to check for our readiness in the event of a fire.

With regard to logistics and our safety environment, GAB is in the process of improving traffic and logistical flow of vehicles within its premises to one way for all incoming and outgoing trucks. A separate car park for employees and visitors have been built.

Accident Frequency



5.0 GAB in the community

GAB's community comprises all its stakeholders which consist of its employees, consumers, trade partners, investors, shareholders and the Government. GAB's profitability and sustainability depend on the support of these communities and it aims to enrich the community in which it operates.

GAB's CSR to the community encompasses three main areas namely charitable works, investments in promoting education and environmental conservation. GAB monitors its progress and reports it regularly, publicly and transparently to its stakeholders. Over the past financial year, GAB had continued its initiatives towards such community efforts.

Tiger Sin Chew Chinese Education Charity Concerts (CECC) organised another round of concerts to raise funds for Chinese schools throughout the country. The Tiger Sin Chew CECC now has a strong and dedicated following among the community who have come to realise the financial benefits it brings to Chinese education in the country and staunchly support its initiatives.

Since its inception in 1994, it has successfully raised over RM160 million for the benefit of more than 350 schools. The funds raised from these concerts were used to improve infrastructure, invest in educational facilities, build multi-purpose assembly halls and contribute towards needy students.

The GUINNESS Torch Fund, which was set up in 1996, launched its tenth fund in 2006/2007 and raised RM180,000 during the year. The Torch Fund provides financial assistance to Chinese school students. Since its inception, the fund has raised more than RM6 million to help more than 1,300 students.

6.0 Employees Alcohol Policy

In early 2007, GAB rolled out its Employees Alcohol Policy. The objective of this policy is to encourage responsible drinking and behaviour among GAB employees. It covers areas such as responsible serving of alcohol; preventing inappropriate levels of alcohol consumption; drinking and driving; alcohol dependency and rehabilitation; and discrimination and harassment regarding alcohol abuse.

7.0 Summary

GAB's objectives are to enrich the community in which it operates and to ensure that it runs its business in a socially responsible manner. This is why it has a social responsibility policy to govern its business. Currently, GAB's external social efforts encompass charity and education while internally it employs responsible business behaviour in sales, marketing and distribution for all its brands. GAB will continue to improve its efforts to operate in a socially sustainable manner.

