



colourfully passionate

A thirst to satisfy customers' taste... that is GAB!

corporate information

Directors

Tan Sri Saw Huat Lye (Chairman)
Theo A F de Rond (Managing Director)
Tan Sri Dato' Alwi Jantan
Chin Yoong Chong
Dato' Jaffar Indot
Low Teng Lum
Quek Peck Leng
David Neill Moore
Charles Henry Ireland
David Heginbottom (Alternate Director to David Neill Moore)
Loy Juat Boey (Alternate Director to Quek Peck Leng)

Secretaries

Saw Bee Lean
Tai Yit Chan

Auditors

KPMG

Share Registrar

Tenaga Koperat Sdn Bhd
20th Floor, Plaza Permata
Jalan Kampar
Off Jalan Tun Razak
50400 Kuala Lumpur
Tel : 03-40416522
Fax : 03-40426352

Solicitors

Skrine

Principal Bankers

CIMB Bank Berhad
(formerly known as Bumiputra - Commerce Bank Berhad)
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Standard Chartered Bank Malaysia Berhad

Registered Office

Sungei Way Brewery
Lot 1135, Batu 9
Jalan Klang Lama
P O Box 144
46710 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-78614688
Fax : 03-78614602

Stock Exchange Listing

Main Board of Bursa Malaysia Securities Berhad

Website

www.gab.com.my

board of directors



TAN SRI SAW HUAT LYE

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

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

Tan Sri Saw Huat Lye, a Malaysian, aged 71, was appointed to the Board on 24 February 1987 and was elected Chairman of the Company on 8 September 1997.

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

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

Besides Guinness Anchor Berhad, Tan Sri Saw also sits on the Board of a number of companies amongst which are Shell Refining Company (Federation of Malaya) Berhad and Edaran Otomobil Nasional Berhad.



THEO A F DE ROND

College of Retail Management

International Marketing and Retail Programme (Insead University, France)

International Finance Programme (Insead University, France)

General Management Programme (Insead University, France)

Executive Director and Member of the Executive Committee and Remuneration Committee

Theo de Rond, a Dutch, aged 52, was appointed to the Board on 1 June 2003.

He began his career with Vrumona BV, a member of the Heineken Group of companies, in 1978 and has worked for the Heineken Group since then, holding senior positions in marketing and sales. He was the Commercial Director of Heineken Nederland and subsequently Corporate Marketing Director of Heineken NV prior to his current appointment.

He is a Member of the Governing Council of Confederation of Malaysian Brewers Berhad. He is also the Vice President of the Malaysian International Chamber of Commerce and Industry (MICCI) as well as a Director of the Malaysian Dutch Business Council (MDBC).

TAN SRI DATO' ALWI JANTAN

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

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

Tan Sri Dato' Alwi Jantan, a Malaysian, aged 71, was appointed to the Board on 24 November 1994.

Tan Sri Alwi commenced employment as a Malayan Civil Service Officer attached to the Federal Establishment Office in 1958. In a career spanning 32 years, he held several senior positions including Director of National Archives, Malaysia (1966-1971) and Director General of National Archives and Library (1971-1972) which he helped establish; Selangor State Secretary (1972-1976); Secretary General, Ministry of Local Government and Federal Territory (1976); Secretary General, Ministry of Health (1977-1981); Deputy Secretary General, Prime Minister's Department (1981-1984); Secretary General, Ministry of Agriculture (1984-1987); and Director General of Public Service, Malaysia from 1987 until his retirement in 1990.

Tan Sri Alwi is currently the Executive Vice-President of Resorts World Berhad. He is also on the Boards of Hiap Teck Venture Berhad, Genting Golf Course Bhd, Awana Vacation Resorts Development Berhad and Genting Highlands Berhad.





CHIN YOONG CHONG

Barrister-At-Law (Middle Temple)

Independent Non-Executive Director and Member of the Audit Committee

Chin Yoong Chong, a Malaysian, aged 73, was appointed to the Board on 20 February 1995. He has been practising as an Advocate and Solicitor from June 1959 and is currently a Senior Partner in Skrine.

He currently serves on the Boards of Rating Agency Malaysia Berhad and Malaysia Land Development Company Berhad.

DATO' JAFFAR INDOT DSNS SMS

International Senior Managers' Programme (Harvard)

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

Dato' Jaffar Indot, a Malaysian, aged 72, has been a Director of the Company since 2 January 1999.

Dato' Jaffar began his career with the Rural Industrial Development Authority (RIDA) in 1953 before joining Shell Malaysia in 1956 and retiring in 1989 after 33 years of service. During this period, he worked for Shell in various capacities locally and overseas in Japan and the United Kingdom in marketing, public affairs, international oil trading and business development. On his return to Malaysia in 1980, he was appointed an Executive Director for Public Affairs. In 1983, he assumed the position of Managing Director Shell Downstream Companies in addition to being an Executive Director for Shell Companies in Malaysia until his retirement in August 1989. He was the Chairman of Shell Timur Sdn Bhd from August 1989 to December 1997.

Dato' Jaffar is also a Director of Shell Refining Company (Federation of Malaya) Berhad (Shell Refining), FSBM Holdings Berhad (FSBM), Cygal Berhad, Melewar Industrial Group Berhad and M3nergy Berhad. He is the Chairman of the Audit Committee of Shell Refining and FSBM and a member of the Audit, Nomination, Remuneration, Risk Management Committees in the other public listed companies.





LOW TENG LUM

FCCA, ACIS, CA (M), MCT, Master of Public Administration (Harvard)

Executive Director and Member of the Audit Committee

Low Teng Lum, a Malaysian, aged 52, was appointed to the Board on 15 August 2001.

He was an Audit Senior with Arthur Young before he joined Guthrie Malaysia as Internal Audit Manager. He subsequently held the post of Group Internal Auditor in Palmco Holdings Berhad and General Corporation Berhad before his appointment as Finance Manager of Southern Steel Berhad. During his 14-year tenure with Southern Steel Berhad, he was successively promoted to General Manager (Commercial), Senior General Manager (Rod Division) and Chief Operating Officer (Steel Business Unit) before taking up his current position in Guinness Anchor Berhad.

He is a Member of the Governing Council of Confederation of Malaysian Brewers Berhad.

QUEK PECK LENG

Bachelor of Arts (University of Singapore)

Graduate Diploma in Personnel Management (Singapore Institute of Management)

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

Quek Peck Leng, a Singaporean, aged 51, was appointed to the Board on 15 November 2002.

He began his career with Asia Pacific Breweries (S) Pte Ltd in 1990 as the Human Resource Manager and was promoted to Group Human Resource Manager a year later. He was appointed General Manager (Group Human Resource) in 1994 and subsequently as Director (Group Human Resource) in 1998. He was promoted to Regional Director/ Director (Group Corporate Services) in 2002 and was appointed to his current position as Regional Director (SEA/ Oceania) in April 2005.





DAVID NEILL MOORE

LLB, Dip LP (Edinburgh University)

LLM, M Phil (Cambridge University)

Solicitor, Member of the Law Societies of Scotland, England & Wales, and NSW, Australia.

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

David Neill Moore, a British, aged 36, was appointed to the Board on 10 November 2005.

He began his career as a commercial lawyer in the UK, based in Edinburgh, specialising in mergers and acquisitions and venture capital transactions, as well as inward investment for a range of Asian companies. In 2000, he relocated to Sydney, Australia to join a corporate law firm.

He joined Diageo in Australia in 2001 and was involved in a wide range of transactions in the industry, including restructuring of the Guinness businesses in Australia, China, Indonesia, Japan and New Zealand. As Regional Counsel, Asia, he was involved in the development of Diageo's partnerships, joint ventures and distribution relationships throughout the region.

He is currently a Member of Diageo Asia Regional Executive as Managing Director, Asia Beer.

CHARLES HENRY IRELAND

Executive Development Programme (Warwick Business School)

Executive Director

Charles Henry Ireland, a British, aged 41, joined Guinness Anchor Berhad on 8 May 2006 as General Manager, Marketing and was appointed to the Board on 26 May 2006.

Charles started his career in 1985 as a financial consultant at Young, Claridge and Richmond Ltd, United Kingdom. In 1987, he joined the Nestle Rowntree Grocery Division. He was appointed National Account Manager of Nestle Petfood Division in 1990 and later became National Account Manager of Nestle Food Division and served in various capacities within the Group until 1997. In 1997, he was appointed Account Director - On Trade of Guinness GB and went on to become its Customer Marketing Director in 1999 before his promotion to Global Consumer Director of Diageo Ready to Drink Brands in 2001. Prior to his appointment as General Manager, Marketing of GAB, Charles was General Manager of Diageo Philippines from 2003 and was given additional responsibility as Commercial Director Asia in 2005.



DAVID HEGINBOTTOM

(Alternate Director to David Neill Moore)

Chartered Accountant (Institute of Chartered Accountants in England and Wales)

Master of Arts (Oxford University)

Alternate Non-Independent and Non-Executive Director

David Heginbottom, a British, aged 35, was appointed as the Alternate Director to David Neill Moore on 10 November 2005, having previously held the position of Alternate Director to John Irving since 10 May 2005.

He began his career with KPMG in the UK and later joined Diageo Plc in 1996. He spent four years working in Financial Controller roles in the European Burger King division, before moving through a number of senior finance roles in Diageo Corporate Headquarters and subsequently Diageo Ireland. He was appointed as Finance Director for Diageo Australasia in 2004 and promoted to Finance Director for Diageo Asia in 2005.

LOY JUAT BOEY

(Alternate Director to Quek Peck Leng)

Bachelor of Accountancy (Hons) (The University of Singapore)

Alternate Non-Independent and Non-Executive Director

Loy Juat Boey, a Singaporean, aged 49, was appointed as the Alternate Director to Quek Peck Leng on 1 March 2006.

She began her career as an Audit Assistant in Ernst & Whinney in 1979 and moved on as an Accountant at Puvaria Packaging Industries Pte Ltd in 1981. She subsequently joined Fraser & Neave (S) Pte Ltd in January 1987 as Management Accountant and was transferred to Malayan Breweries (S) Pte Ltd in 1988. From 1988 to June 2003, she assumed various positions within Asia Pacific Breweries (Singapore) Pte Ltd and the head office of Asia Pacific Breweries Limited. In July 2003, Juat Boey was deployed to Shanghai Asia Pacific Breweries Ltd as Assistant General Manager (Business Development). Then in April 2004, she was seconded as Finance Director to Heineken – APB (China) Management Services Company. Since 1 March 2006, she has been appointed as Director (Group Finance) of Asia Pacific Breweries Limited.



management executives

1. THEO A F DE ROND
2. RENUKA INDRARAJAH
3. SUJITHA RAJARATNAM
4. LOW TENG LUM
5. MICHAEL CHIN
6. CHARLES HENRY IRELAND
7. PETER G VOGTLANDER





THEO A F DE ROND
Managing Director



LOW TENG LUM
Finance Director



CHARLES HENRY IRELAND
General Manager, Marketing

MICHAEL CHIN

Bachelor of Marketing and Management
(University of Oregon)

General Manager, Sales

Michael Chin, a Malaysian, aged 37, rejoined Guinness Anchor Berhad 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)

Manager, Technical

Peter G Vogtlander, a Dutch, aged 41, joined Guinness Anchor Berhad 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.

RENUKA INDRARAJAH

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

Head of Legal Affairs

Renuka Indrarajah, a Malaysian, aged 39, joined Guinness Anchor Berhad in February 2002.

Renuka Indrarajah 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 South East Asia legal department, which entailed having all legal matters pertaining to the South East Asia region, Japan, China, Australia and India under her purview.

SUJITHA RAJARATNAM

LLB (Hons), University of London

Head of Human Resources

Sujitha Rajaratnam, a Malaysian, aged 39, joined Guinness Anchor Berhad in February 2004.

Sujitha started her career in Human Resources with the Hong Leong Group. During her seven-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 Guinness Anchor Berhad, handling Industrial Relations and Employee Relations.



colourfully determined

A solid commitment to deliver... that is GAB!

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 2006.

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 41 to 50 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 2006, four 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	4 out of 4 meetings
Theo A F de Rond	4 out of 4 meetings
Tan Sri Dato' Alwi Jantan	4 out of 4 meetings
Chin Yoong Chong	4 out of 4 meetings
Dato' Jaffar Indot	4 out of 4 meetings
Low Teng Lum	4 out of 4 meetings
Quek Peck Leng	4 out of 4 meetings
David Neill Moore	2 out of 2 meetings
<i>(Appointed on 10 November 2005)</i>	<i>held since his appointment</i>
Charles Henry Ireland	1 out of 1 meeting
<i>(Appointed on 26 May 2006)</i>	<i>held since his appointment</i>
John Irving	2 out of 2 meetings
<i>(Resigned on 9 November 2005)</i>	<i>held from 1 July 2005 to the date of his resignation</i>
Khoo Gaik Bee	2 out of 2 meetings
<i>(Resigned on 9 January 2006)</i>	<i>held from 1 July 2005 to the date of her resignation</i>

Board Balance

The Board currently has nine Members of whom three 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 two-thirds of the Board Members being Non-Executive and two-thirds of the Non-Executive 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)
- Quek Peck Leng (Non-Independent Non-Executive Director)
- David Neill Moore (Non-Independent Non-Executive Director) (Appointed on 10 November 2005)

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 2006, one meeting was held and the details of attendance of the Members of the Nomination Committee are as follows:

Name of Member	No of Nomination Committee meeting attended
Tan Sri Saw Huat Lye	1 out of 1 meeting
Tan Sri Dato' Alwi Jantan	1 out of 1 meeting
Dato' Jaffar Indot	1 out of 1 meeting
Quek Peck Leng	1 out of 1 meeting
David Neill Moore (<i>Appointed on 10 November 2005</i>)	Note 1
John Irving (<i>Resigned on 9 November 2005</i>)	1 out of 1 meeting

Note 1 : No meetings were held from the date of his appointment to 30 June 2006

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 over the age of 70 years 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 Malaysia Securities Berhad (Bursa Securities), save for the newly appointed Directors, Mr Charles Henry Ireland and Ms Loy Juat Boey who have just completed the MAP in September 2006.

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 2006, an in-house training programme which covered the following topics had been organised for the Directors of the Company:

- Directors' duties to exercise skill and care – The emerging standard
- General Meetings of public listed companies and the practical aspects
- Overview of the new Financial Reporting Standards
- Putting the soul back into business – The role of Corporate Social Responsibility
- Implementation and preparation for Goods and Services Tax
- 2004 – 2005 Performance review of the Company and outlook for 2006
- Outlook for the Malaysian and regional economies over the next three years

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)
- Theo A F de Rond (Non-Independent Executive Director)
- Dato' Jaffar Indot (Independent Non-Executive Director)
- Quek Peck Leng (Non-Independent Non-Executive Director)
- David Neill Moore (Non-Independent Non-Executive Director) (Appointed on 10 November 2005)

Meetings of the Remuneration Committee are held as and when required, and at least once a year. During the financial year ended 30 June 2006, two meetings were held and the details of attendance of the Members of the Remuneration Committee are as follows:

Name of Member	No of Remuneration Committee meetings attended
Tan Sri Saw Huat Lye	2 out of 2 meetings
Theo A F de Rond	2 out of 2 meetings
Dato' Jaffar Indot	2 out of 2 meetings
Quek Peck Leng	2 out of 2 meetings
David Neill Moore (<i>Appointed on 10 November 2005</i>)	Note 1
John Irving (<i>Resigned on 9 November 2005</i>)	2 out of 2 meetings

Note 1 : No meetings were held from the date of his appointment to 30 June 2006

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 2005 and 2006 are as follows:

Remuneration	2006		2005	
	Executive Directors RM'000	Non-Executive Directors RM'000	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	-	260	-	340
Benefits in kind*	409	-	435	-
Salary & Other emoluments**	2,902	-	2,594	-
Total	3,311	260	3,029	340

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 2006 which fall within the required disclosure bands are as follows:

Range of Remuneration	Number of	
	Executive Directors	Non-Executive Directors
0 to RM50,000	-	6
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	1	1
RM150,001 to RM400,000	-	-
RM400,001 to RM450,000	1	-
RM450,001 to RM750,000	-	-
RM750,001 to RM800,000	1	-
RM800,001 to RM1,950,000	-	-
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 the majority being Non-Executive Directors comprises the following Members:

- Tan Sri Saw Huat Lye (Chairman, Independent Non-Executive Director)
- Theo A F de Rond (Non-Independent Executive Director)
- Quek Peck Leng (Non-Independent Non-Executive Director)
- David Neill Moore (Non-Independent Non-Executive Director) (Appointed on 10 November 2005)

During the financial year ended 30 June 2006, four EXCO meetings were held and the details of attendance of the Members of the EXCO are as follows:

Name of Member	No of EXCO meetings attended
Tan Sri Saw Huat Lye	4 out of 4 meetings
Theo A F de Rond	4 out of 4 meetings
Quek Peck Leng	4 out of 4 meetings
David Neill Moore <i>(Appointed on 10 November 2005)</i>	2 out of 2 meetings <i>held since his appointment</i>
John Irving <i>(Resigned on 9 November 2005)</i>	2 out of 2 meetings <i>held from 1 July 2005 to the date of his resignation</i>

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 will be 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 will not be 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, one Non-Independent Non-Executive Director 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 65 to 71 of the Annual Report.

The Audit Committee met six times during the financial year ended 30 June 2006. 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 82 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 65 to 71 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 2006, 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 the going concern basis

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

(Appointed on 10 November 2005)

During the financial year ended 30 June 2006, six Audit Committee meetings were held and details of attendance of each Member of the Audit Committee are as follows:

Name of Member	No of Audit Committee meetings attended
Tan Sri Saw Huat Lye	6 out of 6 meetings
Tan Sri Dato' Alwi Jantan	6 out of 6 meetings
Dato' Jaffar Indot	6 out of 6 meetings
Chin Yoong Chong	6 out of 6 meetings
Low Teng Lum	6 out of 6 meetings
David Neill Moore <i>(Appointed on 10 November 2005)</i>	3 out of 3 meetings <i>held since his appointment</i>
John Irving <i>(Resigned on 9 November 2005)</i>	2 out of 3 meetings <i>held from 1 July 2005 to the date of his resignation</i>

The Group's external auditors were present at three 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 as per 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 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

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

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 is 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 was 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 is 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 has 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, and 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 audit 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 2006.

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 categorised into five broad processes as follows:



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

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.



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financial statements

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directors' report

for the year ended 30 June 2006

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 2006.

Principal activities

The Group and the Company are principally engaged in the production, packaging, marketing and distribution of GUINNESS Stout, GUINNESS Draught, Lion Stout, Anchor Ice Beer, Anchor Smooth, Tiger Beer, Heineken Beer, Baron's Strong Brew, Kilkenny Draught, Anglia Shandy and Malta. The principal activities of the subsidiaries are as stated in Note 3 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Net profit for the year	128,197	137,001

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year 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 Malaysian tax at 28%, totalling RM63,078,000, in respect of the year ended 30 June 2005, on 25 November 2005.
- ii) an interim dividend of 13 sen gross per 50 sen stock unit, less Malaysian tax at 28%, totalling RM28,276,000, in respect of the year ended 30 June 2006, on 18 May 2006.

The Directors now recommend payment of a final dividend of 29 sen gross per 50 sen stock unit, less Malaysian tax at 28%, totalling RM63,078,000 payable on 28 November 2006.

Directors of the Company

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

Tan Sri Saw Huat Lye (Chairman)
 Theo A F de Rond (Managing Director)
 Tan Sri Dato' Alwi Jantan
 Chin Yoong Chong
 Dato' Jaffar Indot
 Low Teng Lum
 Quek Peck Leng
 John Irving (Resigned on 9 November 2005)
 David Neill Moore (Appointed on 10 November 2005)
 David Heginbottom (Ceased as Alternate Director to John Irving on 9 November 2005 and appointed as Alternate Director to David Neill Moore on 10 November 2005)
 Khoo Gaik Bee (Resigned on 9 January 2006)
 Tang Swee Seng (Resigned as Alternate Director to Quek Peck Leng on 28 February 2006)
 Loy Juat Boey (Appointed as Alternate Director to Quek Peck Leng on 1 March 2006)
 Charles Henry Ireland (Appointed on 26 May 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 of Guinness Anchor Berhad			
	At 1.7.2005	Bought	Sold	At 30.6.2006
Shareholdings in which a Director has direct interest				
Chin Yoong Chong	150,000	-	-	150,000

None of the other Directors holding office at 30 June 2006 had any interest in the ordinary shares/stock units of the Company and/or its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive a 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 2006

Issue of shares and debentures

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

Options granted over un-issued shares

No options were granted to any person to take up un-issued 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 financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provisions 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's 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 2006 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 in accordance with a resolution of the Directors:



Tan Sri Saw Huat Lye
Director



Theo A F de Rond
Director

Petaling Jaya,
22 August 2006

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 85 to 105 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia 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 2006 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



Theo A F de Rond
Director

Petaling Jaya,
22 August 2006

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 85 to 105 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 abovenamed in Kuala Lumpur on 22 August 2006.



Low Teng Lum

Before me:



Commissioner For Oaths



Tingkat 10 Wisma UOA Damansara
50, Jalan Dungun,
Bukit Damansara,
50490 Kuala Lumpur

report of the auditors

to the members of Guinness Anchor Berhad

We have audited the financial statements set out on pages 85 to 105. 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. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. 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 in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 30 June 2006 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 subsidiaries in respect of which we have not acted as auditors are identified in Note 3 to the financial statements and we have considered their 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



Siew Chin Kiang (Siew Chin Kiang)
Partner
Approval Number: 2012/11/06(J)

Kuala Lumpur,
22 August 2006

balance sheets

as at 30 June 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Property, plant and equipment	2	228,414	225,782	217,710	214,682
Investment in subsidiaries	3	-	-	46,718	46,718
Deferred tax assets	10	3,971	3,566	-	-
		232,385	229,348	264,428	261,400
Current assets					
Inventories	4	39,093	35,982	24,308	24,131
Trade and other receivables	5	128,955	99,634	16,291	13,604
Cash and cash equivalents	6	119,531	131,775	106,072	120,525
Tax recoverable		895	-	482	-
		288,474	267,391	147,153	158,260
Current liabilities					
Trade and other payables	7	122,919	115,369	163,999	199,079
Taxation		735	21,918	-	19,556
		123,654	137,287	163,999	218,635
Net current assets/(liabilities)		164,820	130,104	(16,846)	(60,375)
		397,205	359,452	247,582	201,025
Financed by:					
Capital and reserves					
Share capital	8	151,049	151,049	151,049	151,049
Reserves		213,246	176,403	63,623	17,976
Shareholders' funds		364,295	327,452	214,672	169,025
Long term and deferred liabilities					
Deferred tax liabilities	10	32,910	32,000	32,910	32,000
		397,205	359,452	247,582	201,025

The financial statements were approved and authorised for issue by the Board of Directors on 22 August 2006.

The notes set out on pages 90 to 105 form an integral part of, and should be read in conjunction with these financial statements.

income statements

for the year ended 30 June 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue – sale of goods		976,013	952,113	702,888	631,224
Cost of sales		(585,097)	(576,977)	(627,815)	(562,224)
Gross profit		390,916	375,136	75,073	69,000
Distribution, marketing and selling expenses		(226,316)	(205,628)	(3,274)	(3,423)
Administration expenses		(31,397)	(29,608)	(10,427)	(9,637)
Other operating expenses		(5,425)	(5,594)	(4,847)	(5,594)
Other operating income		12,340	4,557	92,690	3,717
Operating profit	11	140,118	138,863	149,215	54,063
Interest expense		(716)	(999)	(365)	(499)
Interest income		2,809	2,655	2,765	2,605
Profit before taxation		142,211	140,519	151,615	56,169
Tax expense	13	(14,014)	(32,551)	(14,614)	(8,604)
Net profit for the year		128,197	107,968	137,001	47,565
Basic earnings per 50 sen stock unit (sen)	14	42.4	35.7		
Net dividends per 50 sen stock unit (sen)	15	30.2	30.1	30.2	30.1

The notes set out on pages 90 to 105 form an integral part of, and should be read in conjunction with these financial statements.

consolidated statement of changes in equity

for the year ended 30 June 2006

Group	Note	Share capital RM'000	Non-distributable Capital reserve RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 July 2004		151,049	4,619	154,445	310,113
Net gains and losses not recognised in the income statement - foreign exchange translation		-	77	(77)	-
Net profit for the year		-	-	107,968	107,968
Dividends - 2004 final	15	-	-	(62,836)	(62,836)
- 2005 interim	15	-	-	(27,793)	(27,793)
At 30 June 2005		151,049	4,696	171,707	327,452
Net gains and losses not recognised in the income statement - foreign exchange translation		-	103	(103)	-
Net profit for the year		-	-	128,197	128,197
Dividends - 2005 final	15	-	-	(63,078)	(63,078)
- 2006 interim	15	-	-	(28,276)	(28,276)
At 30 June 2006		151,049	4,799	208,447	364,295
		Note 8		Note 9	

The notes set out on pages 90 to 105 form an integral part of, and should be read in conjunction with these financial statements.

statement of changes in equity

for the year ended 30 June 2006

Company	Note	Share capital RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 July 2004		151,049	61,040	212,089
Net profit for the year		-	47,565	47,565
Dividends - 2004 final	15	-	(62,836)	(62,836)
- 2005 interim	15	-	(27,793)	(27,793)
At 30 June 2005		151,049	17,976	169,025
Net profit for the year		-	137,001	137,001
Dividends - 2005 final	15	-	(63,078)	(63,078)
- 2006 interim	15	-	(28,276)	(28,276)
At 30 June 2006		151,049	63,623	214,672
		Note 8	Note 9	

The notes set out on pages 90 to 105 form an integral part of, and should be read in conjunction with these financial statements.

cash flow statements

for the year ended 30 June 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cash flows from operating activities					
Profit before taxation		142,211	140,519	151,615	56,169
Adjustments for:					
Depreciation		26,620	28,831	24,062	26,011
Dividend income		-	-	(85,464)	-
Interest expense		716	999	365	499
Interest income		(2,809)	(2,655)	(2,765)	(2,605)
Net (gains)/loss on disposal of property, plant and equipment		(2,329)	(405)	(382)	235
Operating profit before working capital changes		164,409	167,289	87,431	80,309
(Increase)/Decrease in working capital:					
Inventories		(3,111)	8,690	(177)	969
Trade and other receivables		(29,321)	2,100	(2,687)	1,701
Trade and other payables		7,550	(11,543)	(35,080)	55,376
Cash generated from operations		139,527	166,536	49,487	138,355
Income taxes paid		(35,587)	(36,674)	(33,742)	(14,139)
Interest paid		(716)	(999)	(365)	(499)
Net cash generated from operating activities		103,224	128,863	15,380	123,717
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		2,721	986	731	293
Purchase of property, plant and equipment		(29,644)	(25,109)	(27,439)	(21,907)
Interest received		2,809	2,655	2,765	2,605
Dividend received		-	-	85,464	-
Net cash (used in)/generated from investing activities		(24,114)	(21,468)	61,521	(19,009)
Cash flows from financing activity					
Dividends paid		(91,354)	(90,629)	(91,354)	(90,629)
Net cash used in financing activity		(91,354)	(90,629)	(91,354)	(90,629)
Net (decrease)/increase in cash and cash equivalents		(12,244)	16,766	(14,453)	14,079
Cash and cash equivalents at beginning of year		131,775	115,009	120,525	106,446
Cash and cash equivalents at end of year	6	119,531	131,775	106,072	120,525

The notes set out on pages 90 to 105 form an integral part of, and should be read in conjunction with these financial statements.

notes to the financial statements

for the year ended 30 June 2006

1. Summary of significant accounting policies

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared under the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed off during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or negative goodwill as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Property, plant and equipment

Freehold land and capital work-in-progress are stated at cost. All other property, plant and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses.

(d) Depreciation

Freehold land and capital work-in-progress are not amortised. Leasehold land is amortised in equal instalments over the period of the respective leases which range from 61 to 95 years. The straight line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates:

Buildings	2%
Plant and equipment	5% to 7.5%
Movable plant	10% to 25%

(e) Investment

Investment in subsidiaries is stated at cost or valuation, less impairment loss where applicable.

(f) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

1. Summary of significant accounting policies (cont'd)

(g) Employee benefits

i) *Short term employee benefits*

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

ii) *Defined contribution plans*

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

(h) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

(i) Liabilities

Trade and other payables are stated at cost.

(j) 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.

(k) 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 change in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

notes to the financial statements

for the year ended 30 June 2006

1. Summary of significant accounting policies (cont'd)

(l) Impairment

The carrying amounts of assets, other than inventories, deferred tax assets and financial assets (other than investment in subsidiaries), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it 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. The reversal is recognised in the income statement.

(m) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax 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 expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised on the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(n) Foreign currency

i) *Foreign currency transactions*

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

1. Summary of significant accounting policies (cont'd)ii) *Financial statements of overseas subsidiaries*

The balance sheets of overseas subsidiaries are translated at closing rates. Exchange differences arising on the retranslation at closing rates of the opening balance sheets of overseas subsidiaries are taken to reserves.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of overseas subsidiaries are mainly as follows:

1USD	RM3.73	(2005 : RM3.80)
1GBP	RM6.77	(2005 : RM6.93)
1SGD	RM2.33	(2005 : RM2.28)
1EUR	RM4.68	(2005 : RM4.64)

(o) Derivative financial instruments

The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge its exposure to foreign exchange risks arising from operational activities.

Derivative financial instruments used for hedging purposes are accounted for on an equivalent basis to 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.

Derivatives that do not qualify for hedge accounting are accounted for as trading instruments and marked to market at balance sheet date. Any profit or loss is recognised in the income statement.

(p) Revenuei) *Goods sold*

Revenue from sales of goods is measured at the fair value of the consideration receivable and is recognised in the income statement upon delivery and invoicing to the customer.

ii) *Interest income*

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

notes to the financial statements

for the year ended 30 June 2006

2. Property, plant and equipment

Group	Freehold land RM'000	Long term leasehold land and buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
Cost/Valuation						
At 1 July 2005	4,037	87,394	271,598	124,534	5,135	492,698
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	90,743	288,320	125,037	2,224	510,361
Representing items at:						
Cost	4,037	38,851	288,320	125,037	2,224	458,469
Valuation (1984)	-	51,892	-	-	-	51,892
At 30 June 2006	4,037	90,743	288,320	125,037	2,224	510,361
Accumulated depreciation						
At 1 July 2005	-	32,628	141,573	92,715	-	266,916
Depreciation charge for the year	-	1,996	15,168	9,456	-	26,620
Disposals	-	-	(3,795)	(7,794)	-	(11,589)
At 30 June 2006	-	34,624	152,946	94,377	-	281,947
Net book value						
At 30 June 2006	4,037	56,119	135,374	30,660	2,224	228,414
At 30 June 2005	4,037	54,766	130,025	31,819	5,135	225,782
For the year ended						
30 June 2005						
Depreciation charge	-	1,982	16,181	10,668	-	28,831

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

Company	Long term leasehold land and buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
Cost/Valuation					
At 1 July 2005	85,316	271,598	104,958	5,135	467,007
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	88,540	288,320	108,892	2,224	487,976
Representing items at:					
Cost	36,648	288,320	108,892	2,224	436,084
Valuation (1984)	51,892	-	-	-	51,892
At 30 June 2006	88,540	288,320	108,892	2,224	487,976
Accumulated depreciation					
At 1 July 2005	30,865	141,572	79,888	-	252,325
Depreciation charge for the year	1,839	15,169	7,054	-	24,062
Disposals	-	(3,795)	(2,326)	-	(6,121)
At 30 June 2006	32,704	152,946	84,616	-	270,266
Net book value					
At 30 June 2006	55,836	135,374	24,276	2,224	217,710
At 30 June 2005	54,451	130,026	25,070	5,135	214,682
For the year ended 30 June 2005					
Depreciation charge	1,770	16,181	8,060	-	26,011

The Directors revalued the Company's long term leasehold land and 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 land and buildings been carried at historical cost less accumulated depreciation, the carrying amount that would have been included in the financial statements at the end of the year would be as follows:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Long term leasehold land and buildings	41,351	39,680	41,067	39,365

notes to the financial statements

for the year ended 30 June 2006

3. Investment in subsidiaries

	Company	
	2006 RM'000	2005 RM'000
Unquoted shares		
- at cost	32,474	32,474
- at Directors' valuation	14,244	14,244
	46,718	46,718

The following are the wholly-owned subsidiaries of the Group:

Name of Company	Principal Activities	Country of incorporation
Guinness Anchor Marketing Sendirian Berhad	Marketing and promotion of GUINNESS Stout, GUINNESS Draught, Lion Stout, Anchor Ice Beer, Anchor Smooth, Tiger Beer, Heineken Beer, Baron's Strong Brew, Kilkenny Draught, Anglia Shandy and Malta in Malaysia	Malaysia
Ramaha Corporation (M) Sdn Bhd	Property holding and land development	Malaysia
Guinness Singapore Pte Limited # and its subsidiary:	Dormant	Republic of Singapore
Guinness (B) Sendirian Berhad *	Dormant	Negara Brunei Darussalam
Malayan Breweries (Malaya) Sdn Berhad and its subsidiary:	Dormant	Malaysia
Malayan Breweries Marketing Sdn Bhd	Dormant	Malaysia
Guinness Sabah Sendirian Berhad	Dormant	Malaysia
Guinness Sarawak Sendirian Berhad	Dormant	Malaysia

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.

4. Inventories

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At cost				
Raw materials	4,928	6,246	4,928	6,246
Work-in-progress	5,806	3,939	5,806	3,939
Finished goods	20,882	19,454	6,269	7,833
Packaging materials	3,294	2,539	3,294	2,539
Engineering stores and spares	4,183	3,804	4,011	3,574
	39,093	35,982	24,308	24,131

5. Trade and other receivables

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade receivables	139,850	113,734	7,135	5,365
Less: Allowance for doubtful debts	(17,400)	(20,455)	-	-
	122,450	93,279	7,135	5,365
Ultimate holding company	-	66	-	66
Subsidiaries	-	-	4,043	4,043
Other receivables, deposits and prepayments	6,505	6,289	5,113	4,130
	128,955	99,634	16,291	13,604

Included in other receivables, deposits and prepayments are staff loans with amounts falling due after more than one year of RM2,591,000 (2005 – RM2,911,000) and RM1,917,000 (2005 – RM2,129,000) for the Group and Company, respectively.

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

6. Cash and cash equivalents

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Deposits placed with licensed banks	102,172	113,466	102,172	113,466
Cash and bank balances	17,359	18,309	3,900	7,059
	119,531	131,775	106,072	120,525

notes to the financial statements

for the year ended 30 June 2006

7. Trade and other payables

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade payables	62,075	65,574	27,741	36,938
Other payables and accruals	60,564	49,795	25,257	23,028
Ultimate holding company	280	-	280	-
Subsidiaries	-	-	110,721	139,113
	122,919	115,369	163,999	199,079

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

8. Share capital

	Group and Company	
	2006 RM'000	2005 RM'000
Authorised 400,000,000 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

9. Reserves

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 retained profits as at 30 June 2006 if paid out as dividends.

10. Deferred tax

The amounts, determined after appropriate offsetting, are as follows:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Deferred tax liabilities	32,910	32,000	32,910	32,000
Deferred tax assets	(3,971)	(3,566)	-	-
	28,939	28,434	32,910	32,000

10. Deferred tax (cont'd)

Deferred tax liabilities and assets are offset above where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

The recognised deferred tax assets and liabilities (before offsetting) are as follows:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Property, plant and equipment				
- capital allowances	34,169	34,210	34,169	34,210
- revaluation	4,135	4,224	4,135	4,224
- items expensed	(3,971)	(3,566)	-	-
Accruals	(5,394)	(6,434)	(5,394)	(6,434)
	28,939	28,434	32,910	32,000

11. Operating profit

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Operating profit is arrived at after crediting:				
Gains on disposal of property, plant and equipment	2,329	640	382	-
Gross dividend from unquoted subsidiary	-	-	85,464	-
Realised gain on foreign exchange	31	-	16	-
Reversal of allowance for doubtful debts	2,890	-	-	-

notes to the financial statements

for the year ended 30 June 2006

11. Operating profit (cont'd)

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
and after charging:				
Allowance for doubtful debts	-	1,600	-	-
Auditors' remuneration	105	105	70	70
Directors' emoluments				
Remuneration*	3,338	2,832	3,149	2,832
Defined contributions	162	197	162	197
Fees	266	346	260	340
Depreciation	26,620	28,831	24,062	26,011
Hire of equipment	339	353	337	350
Legal fees paid to firm in which a Director is a member	90	148	87	117
Loss on disposal of property, plant and equipment	-	235	-	235
Realised loss on foreign exchange	-	135	-	135
Rental expense on land and buildings	2,071	1,888	826	692
Unrealised loss on foreign exchange	245	180	245	180

*The estimated monetary value of Directors' benefits in kind included above is RM450,000 (2005 – RM435,000) and RM409,000 (2005 – RM435,000) for the Group and Company, respectively.

12. Employee information

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Staff costs	52,184	47,185	28,134	26,367

The number of employees of the Group and of the Company (including Executive Directors) at the end of the year was 507 (2005 - 516) and 228 (2005 - 230) respectively.

Staff costs include contributions to Employee's Provident Fund of RM6,813,000 (2005 – RM5,988,000) and RM3,879,000 (2005 – RM3,144,000) for the Group and Company respectively.

13. Tax expense

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Current tax expense					
Malaysian - current year		35,489	36,723	37,903	12,276
- prior year	(i)	(21,980)	(1,091)	(24,199)	(362)
Deferred tax expense		13,509	35,632	13,704	11,914
Origination and reversal of temporary differences		2,087	1,200	1,725	1,589
Overprovision in prior years		(1,582)	(4,281)	(815)	(4,899)
		14,014	32,551	14,614	8,604
Reconciliation of tax expense					
Profit before taxation		142,211	140,519	151,615	56,169
Income tax using Malaysian tax rates		39,819	39,345	42,452	15,727
Non-deductible expenses		968	1,120	387	680
Tax incentives		(3,211)	(2,542)	(3,211)	(2,542)
		37,576	37,923	39,628	13,865
Overprovision in prior years					
- current tax		(21,980)	(1,091)	(24,199)	(362)
- deferred tax		(1,582)	(4,281)	(815)	(4,899)
Tax expense		14,014	32,551	14,614	8,604

Note

(i) This is in respect of overprovision in prior years

14. Earnings per 50 sen stock unit

The calculation of basic earnings per 50 sen stock unit is based on the Group's profit after taxation of RM128,197,000 (2005 - RM107,968,000) and the number of stock units in issue at the end of the year of 302,098,000 (2005 - 302,098,000).

notes to the financial statements

for the year ended 30 June 2006

15. Dividends

	Group and Company	
	2006 RM'000	2005 RM'000
Dividends per 50 sen stock unit:		
Paid:		
Interim dividend of 13 sen gross, less Malaysian tax at 28% (2005 - 12 sen gross, comprising of 7 sen gross less Singapore tax at 20% and 5 sen gross less Malaysian tax at 28%)	28,276	27,793
Proposed:		
Final dividend of 29 sen gross, less Malaysian tax at 28% (2005 - 29 sen gross, less Malaysian tax at 28%)	63,078	63,078
	91,354	90,871

The proposed final dividend of 29 sen gross less Malaysian tax at 28%, totalling RM63,078,000 has not been accounted for in the financial statements.

The net dividends per 50 sen stock unit as disclosed in the Income Statement takes into account the total interim and proposed final dividends for the relevant financial years.

16. Segmental information

The Group operates solely in the brewing industry involving production, packaging, marketing and distribution of its products, principally in Malaysia. Approximately 2% (2005 - 2%) of the total sales are exports, mainly to South East Asian countries based on location of customers.

17. Commitments

	Group and Company	
	2006 RM'000	2005 RM'000
Capital commitments not provided for in the financial statements:		
Property, plant and equipment		
Authorised but not contracted for	6,126	7,627
Authorised and contracted for	1,905	2,618
	8,031	10,245

18. 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.

19. Related parties

Identity of related parties

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

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

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

Related party transactions

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

	Diageo Plc and its related corporations RM'000	F&N and its related corporations APBL Group RM'000	Other F&N companies RM'000	Heineken and its related corporations RM'000
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	-	-
2005				
Purchase of goods	19,043	53	13,707	537
Sale of products	8,908	-	96	5,635
Royalties payable	4,601	4,421	-	1,069
Marketing and technical services payable	2,600	-	-	1,286
Marketing fees receivable	-	14,253	-	-

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

20. 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 set 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 1(o).

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.

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 and Sterling Pound.

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 is RM19,000 (2005 – deferred/unrecognised loss RM68,000) 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 the effective interest rates at the balance sheet date and the periods in which the assets reprice or mature, whichever is earlier.

20. Financial instruments (cont'd)

Group and Company	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000
2006			
Financial assets			
Deposits placed with licensed banks	3.2	102,172	102,172
2005			
Financial assets			
Deposits placed with licensed banks	2.7	113,466	113,466

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	2006 Contracted amount RM'000	2006 Fair value RM'000	2005 Contracted amount RM'000	2005 Fair value RM'000
Forward foreign exchange contracts	7,777	7,796	4,109	4,041

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

21. Corporate information

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Sungei Way Brewery, Lot 1135, Batu 9, Jalan Klang Lama, P O Box 144, 46710 Petaling Jaya, Selangor Darul Ehsan.

analysis of stockholdings

as at 18 September 2006

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	543	4.69	4,251	0.00
100 – 1,000	4,002	34.60	3,412,548	1.13
1,001 – 10,000	5,492	47.48	22,336,174	7.39
10,001 – 100,000	1,392	12.04	39,698,889	13.14
100,001 – 15,104,899	136	1.18	82,576,238	27.34
15,104,900 and above	1	0.01	154,069,900	51.00
TOTAL	11,566	100.00	302,098,000	100.00

Substantial Stockholders as per Register of Substantial Stockholders

Name of Stockholder	Direct		Indirect	
	No of stock units	%	No of stock units	%
1. GAPL Pte Ltd	154,069,900	51.00	-	-

Direstors' Interest as at 18 September 2006

Name of Stockholder	Direct		Indirect	
	No of stock units	%	No of stock units	%
Tan Sri Saw Huat Lye	-	-	-	-
Theo A F de Rond	-	-	-	-
Tan Sri Dato' Alwi Jantan	-	-	-	-
Dato' Jaffar Indot	-	-	-	-
Chin Yoong Chong	150,000	0.05	-	-
Quek Peck Leng	-	-	-	-
David Neill Moore	-	-	-	-
Low Teng Lum	-	-	-	-
David Heginbottom (Alternate Director to David Neill Moore)	-	-	-	-
Loy Juat Boey (Alternate Director to Quek Peck Leng)	-	-	-	-
Charles Henry Ireland	-	-	-	-

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)	4,250,300	1.41
4. Cartaban Nominees (Asing) Sdn Bhd - State Street London Fund XCP2 for Aberdeen Asian Income Fund Limited	3,700,000	1.22
5. Asia Life (M) Berhad As beneficial owner (PF)	2,476,100	0.82
6. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (Non Par 1)	2,335,620	0.77
7. Tai Tak Estates Sdn Bhd	2,156,000	0.71
8. Amsec Nominees (Asing) Sdn Bhd - Fraser 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. Pertubuhan Keselamatan Sosial	1,894,000	0.63
11. Chinchoo Investment Sdn Berhad	1,865,000	0.62
12. Cartaban Nominees (Asing) Sdn Bhd - State Street Australia Fund ATB1 for Platinum Asia Fund	1,829,000	0.61
13. Citigroup Nominees (Tempatan) Sdn Bhd - ING Insurance Berhad (INV-IL PAR)	1,722,100	0.57
14. HSBC Nominees (Asing) Sdn Bhd - Exempt An for JPMorgan Chase Bank, National Association (Norges Bank)	1,680,000	0.56
15. Cimsec Nominees (Asing) Sdn Bhd - Exempt An for CIMB-GK Securities Pte Ltd (Retail Clients)	1,495,730	0.50
16. Ho Sim Guan	1,330,000	0.44
17. AMMB Nominees (Tempatan) Sdn Bhd - Amtrustee Berhad For HLG Dividend Fund (HLGDF)	1,324,700	0.44
18. Gan Teng Siew Realty Sdn Berhad	1,277,000	0.42

analysis of stockholdings

as at 18 September 2006

30 Largest Stockholders (cont'd)

	No of stock units	%
19. Citigroup Nominees (Asing) Sdn Bhd - Exempt An for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)	1,252,800	0.41
20. Key Development Sdn Berhad	1,250,000	0.41
21. HSBC Nominees (Asing) Sdn Bhd - BBH and CO Boston for Unidynamicfunds: Asia	1,200,000	0.40
22. Chan Emily	1,052,000	0.35
23. Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small CAP Series	1,041,700	0.34
24. Cimsec Nominees (Tempatan) Sdn Bhd - Exempt An for CIMB-GK Securities Pte Ltd (Retail Clients)	1,032,700	0.34
25. Citigroup Nominees (Asing) Sdn Bhd - CB Spore GW for Bukit Sembawang Estates Limited (OCB33879-000MIS)	980,000	0.32
26. HSBC Nominees (Asing) Sdn Bhd - HSBC-FS for Aberdeen Malaysia Equity Fund	970,000	0.32
27. Cartaban Nominees (Asing) Sdn Bhd - Investors Bank and Trust Company for IShares, Inc.	937,500	0.31
28. Mrs Chan Lam Choon Nee Mun Swee Heong	896,400	0.30
29. Manulife Insurance (Malaysia) Berhad	816,300	0.27
30. Goonchen Investment Trust Sdn Berhad	791,500	0.26
	209,914,360	69.48

SHARE BUYBACK

There was no share buyback effected during the financial year ended 30 June 2006.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities issued by the Company during the financial year ended 30 June 2006.

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

During the financial year ended 30 June 2006, 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 2006.

NON-AUDIT FEES

The amount of non-audit fees paid to external auditors by the Group for the financial year amounted to RM260,000.

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 2006 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 2006.

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 2006 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	40	55,520	30 Sept 1984*
120, Air Keroh Industrial Estate 75710 Melaka	1.07	Office building & store	13 Jan 2080	24	544	30 Sept 1984*
Lot 123, Semambu Industrial Site 25350 Kuantan, Pahang	0.52	Office building & store	5 Mar 2046	24	439	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
					60,540	

* The revaluation of properties was carried out primarily for the purpose of issuing bonus issue in 1984.

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Forty-Second Annual General Meeting of Guinness Anchor Berhad (the Company) will be held at the Grand Ballroom, Concorde Hotel Shah Alam, 3 Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan, on Tuesday, 7 November 2006 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 2006 together with the Directors' and Auditors' Reports thereon.
Ordinary Resolution 1
2. To declare a final dividend of 29 sen gross per 50 sen stock unit less Malaysian income tax at 28% for the financial year ended 30 June 2006.
Ordinary Resolution 2
3. To approve the payment of Directors' Fees of RM260,000 for the financial year ended 30 June 2006.
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 the following Directors who retire pursuant to Article 96 of the Company's Articles of Association:

(a) David Neill Moore	Ordinary Resolution 5
(b) Charles Henry Ireland	Ordinary Resolution 6
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 7
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 8
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 9
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 10
10. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.
Ordinary Resolution 11

As Special Business

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

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND NEW MANDATE FOR ADDITIONAL 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 Parts A and B of Paragraph 2.1.2 of the Circular to Shareholders dated 16 October 2006 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 12

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Subject to the approval of Stockholders, a final dividend of 29 sen gross per 50 sen stock unit less Malaysian income tax at 28% for the financial year ended 30 June 2006 will be paid on 28 November 2006 to Stockholders registered at the close of business on 8 November 2006.

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 6 November 2006 in respect of shares which are exempted from mandatory deposit;
- (b) Shares transferred into the Depositor's securities account before 4.00 pm on 8 November 2006 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
 16 October 2006

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 26 October 2006 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 12**

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

Ordinary Resolution 12, 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.

statement accompanying the notice of forty-second annual general meeting

1. Directors who are standing for re-election or re-appointment at the Forty-Second 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

David Neill Moore
Charles Henry Ireland

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

Four Board Meetings were held during the financial year ended 30 June 2006. Details of attendance of the Directors are set out in the Statement on Corporate Governance appearing on page 55 of the Annual Report.

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

The Forty-Second Annual General Meeting of Guinness Anchor Berhad will be held at the Grand Ballroom, Concorde Hotel Shah Alam, 3 Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 7 November 2006 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-Second Annual General Meeting of the Company to be held at the Grand Ballroom, Concorde Hotel Shah Alam, 3 Jalan Tengku Ampuan Zabedah C9C, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 7 November 2006 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.]

ORDINARY RESOLUTIONS	FOR	AGAINST
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3		
RESOLUTION 4		
RESOLUTION 5		
RESOLUTION 6		
RESOLUTION 7		
RESOLUTION 8		
RESOLUTION 9		
RESOLUTION 10		
RESOLUTION 11		
RESOLUTION 12		

Signed this day of 2006

.....
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 26 October 2006 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

fold here