

Notes to the Financial Statements

For the Year Ended 30 June 2005

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.

notes to the financial statements

for the year ended 30 June 2005

1. Summary of significant accounting policies (continued)

(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) Investments

Investments in subsidiaries are 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.

(g) Employee benefits

i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which 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.

notes to the financial statements

for the year ended 30 June 2005

1. Summary of significant accounting policies (continued)

(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 2005

1. Summary of significant accounting policies (continued)

(l) Impairment

The carrying amounts of assets, other than inventories 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 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.

notes to the financial statements

for the year ended 30 June 2005

1. Summary of significant accounting policies (continued)

(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.

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	RM3.80	(2004 : RM3.80)
1GBP	RM6.93	(2004 : RM6.94)
1SGD	RM2.28	(2004 : RM2.24)
1EUR	RM4.64	(2004 : 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.

notes to the financial statements

for the year ended 30 June 2005

1. Summary of significant accounting policies (continued)

(p) Revenue

i) 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.

2. Property, plant and equipment

Group	Freehold land	Long term leasehold land and buildings	Plant and machinery	Movable plant	Capital work-in- progress	Total
Cost/Valuation	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2004	4,037	85,106	245,472	115,554	22,633	472,802
Additions	-	94	182	3,751	21,082	25,109
Disposals	-	-	(2,338)	(2,875)	-	(5,213)
Transfers	-	2,194	28,282	8,104	(38,580)	-
At 30 June 2005	4,037	87,394	271,598	124,534	5,135	492,698

notes to the financial statements

for the year ended 30 June 2005

2. Property, plant and equipment (continued)

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
Representing items at:						
Cost	4,037	35,502	271,598	124,534	5,135	440,806
Valuation (1984)	-	51,892	-	-	-	51,892
At 30 June 2005	4,037	87,394	271,598	124,534	5,135	492,698
Depreciation						
At 1 July 2004	-	30,646	127,371	84,700	-	242,717
Depreciation charge for the year	-	1,982	16,181	10,668	-	28,831
Disposals	-	-	(1,979)	(2,653)	-	(4,632)
At 30 June 2005	-	32,628	141,573	92,715	-	266,916
Net book value						
At 30 June 2005	4,037	54,766	130,025	31,819	5,135	225,782
At 30 June 2004	4,037	54,460	118,101	30,854	22,633	230,085
For the year ended						
30 June 2004						
Depreciation charge	-	1,938	12,902	9,246	-	24,086

notes to the financial statements

for the year ended 30 June 2005

2. Property, plant and equipment (continued)

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
At 1 July 2004	83,039	245,471	97,648	22,633	448,791
Additions	83	182	560	21,082	21,907
Disposals	-	(2,337)	(1,354)	-	(3,691)
Transfers	2,194	28,282	8,104	(38,580)	-
At 30 June 2005	85,316	271,598	104,958	5,135	467,007

Representing items at:

Cost	33,424	271,598	104,958	5,135	415,115
Valuation (1984)	51,892	-	-	-	51,892
At 30 June 2005	85,316	271,598	104,958	5,135	467,007

Depreciation

At 1 July 2004	29,095	127,370	73,012	-	229,477
Depreciation charge for the year	1,770	16,181	8,060	-	26,011
Disposals	-	(1,979)	(1,184)	-	(3,163)
At 30 June 2005	30,865	141,572	79,888	-	252,325

notes to the financial statements

for the year ended 30 June 2005

2. Property, plant and equipment (continued)

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
Net book value					
At 30 June 2005	54,451	130,026	25,070	5,135	214,682
At 30 June 2004	53,944	118,101	24,636	22,633	219,314
For the year ended 30 June 2004					
Depreciation charge	1,766	12,902	6,462	-	21,130

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	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Long term leasehold land and buildings	39,680	39,056	39,365	38,540

notes to the financial statements

for the year ended 30 June 2005

3. Investment in subsidiaries

	Company	
	2005 RM'000	2004 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

notes to the financial statements

for the year ended 30 June 2005

3. Investment in subsidiaries (continued)

Name of Company	Principal Activities	Country of incorporation
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	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
At cost				
Raw materials	6,246	7,080	6,246	7,080
Work-in-progress	3,939	3,355	3,939	3,355
Finished goods	19,454	26,305	7,833	7,109
Packaging materials	2,539	4,329	2,539	4,329
Engineering stores and spares	3,804	3,603	3,574	3,227
	35,982	44,672	24,131	25,100

notes to the financial statements

for the year ended 30 June 2005

5. Trade and other receivables

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade receivables	113,734	115,537	5,365	7,302
Less: Allowance for doubtful debts	(20,455)	(19,918)	-	(75)
	93,279	95,619	5,365	7,227
Ultimate holding company	66	-	66	-
Subsidiaries	-	-	4,043	4,043
Other receivables, deposits and prepayments	6,289	6,115	4,130	4,035
	99,634	101,734	13,604	15,305

Included in other receivables, deposits and prepayments are staff loans with amounts falling due after more than one year of RM2,911,000 (2004 - RM2,909,000) and RM2,129,000 (2004 - RM2,090,000) 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	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Deposits placed with licensed banks	113,466	104,290	113,466	104,290
Cash and bank balances	18,309	10,719	7,059	2,156
	131,775	115,009	120,525	106,446

notes to the financial statements

for the year ended 30 June 2005

7. Trade and other payables

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade payables	65,574	75,703	36,938	49,128
Other payables and accruals	49,795	51,094	23,028	22,096
Ultimate holding company	-	115	-	115
Subsidiaries	-	-	139,113	72,364
	115,369	126,912	199,079	143,703

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

8. Share capital

	Company	
	2005 RM'000	2004 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 2005 if paid out as dividends.

notes to the financial statements

for the year ended 30 June 2005

10. Deferred tax

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Deferred tax liabilities	32,000	35,310	32,000	35,310
Deferred tax assets	(3,566)	(3,795)	-	-
	28,434	31,515	32,000	35,310

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 relates to the same taxation authority.

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Property, plant and equipment				
- capital allowances	34,210	33,970	34,210	33,970
- revaluation	4,224	4,313	4,224	4,313
- items expensed	(3,566)	(3,795)	-	-
Accruals	(6,434)	(2,973)	(6,434)	(2,973)
	28,434	31,515	32,000	35,310

notes to the financial statements

for the year ended 30 June 2005

11. Operating profit

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Operating profit is arrived at after crediting:				
Gains on disposal of property, plant and equipment	640	1,016	-	-
Realised gain on foreign exchange	-	327	-	347
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and after charging:				
Auditors' remuneration	105	105	70	70
Directors' emoluments				
Remuneration*	2,832	2,570	2,832	2,570
Defined contributions	197	191	197	191
Fees	346	180	340	180
Depreciation	28,831	24,086	26,011	21,130
Hire of equipment	353	406	350	383
Legal fees paid to firm in which a Director is a member	148	653	117	522
Loss on disposal of property, plant and equipment	235	2,460	235	2,460
Realised loss on foreign exchange	135	-	135	-
Rental expense on land and buildings	1,888	2,236	692	633
Unrealised loss on foreign exchange	180	199	180	199

* The estimated monetary value of Directors' benefits-in-kind included above is RM435,000 (2004 - RM477,000) and RM435,000 (2004 - RM477,000) for the Group and Company, respectively.

notes to the financial statements

for the year ended 30 June 2005

12. Employee information

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Staff costs	47,185	44,896	26,367	23,133

The number of employees of the Group and of the Company (including Executive Directors) at the end of the year was 516 (2004 - 533) and 230 (2004 - 249) respectively.

Staff costs include contributions to Employee's Provident Fund of RM5,988,000 (2004 - RM5,558,000) and RM3,144,000 (2004 - RM2,745,000) for the Group and Company respectively.

13. Tax expense

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current tax expense				
Malaysian - current	36,723	36,000	12,276	16,000
- prior year	(1,091)	(2,938)	(362)	(2,587)
	35,632	33,062	11,914	13,413
Deferred tax expense				
Origination and reversal of temporary differences	1,200	(2,227)	1,589	(932)
Overprovision in prior years	(4,281)	-	(4,899)	-
	32,551	30,835	8,604	12,481

notes to the financial statements

for the year ended 30 June 2005

13. Tax expense (continued)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Reconciliation of tax expense				
Profit before taxation	140,519	129,254	56,169	63,110
Income tax using Malaysian tax rates	39,345	36,191	15,727	17,671
Non-deductible expenses	1,120	318	680	133
Tax incentives	(2,542)	(2,736)	(2,542)	(2,736)
	37,923	33,773	13,865	15,068
Overprovision in prior years				
- current	(1,091)	(2,938)	(362)	(2,587)
- deferred	(4,281)	-	(4,899)	-
Tax expense	32,551	30,835	8,604	12,481

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 RM107,968,000 (2004 - RM98,419,000) and the number of stock units in issue at the end of the year of 302,098,000 (2004 - 302,098,000).

notes to the financial statements

for the year ended 30 June 2005

15. Dividends

	Group and Company	
	2005	2004
	RM'000	RM'000
Dividends per 50 sen stock unit:		
Paid:		
Interim dividend of 12 sen gross, comprising of 7 sen gross less Singapore tax at 20% and 5 sen gross less Malaysian tax at 28% (2004 - 12 sen gross, less Singapore tax at 20%)	27,793	29,001
Proposed:		
Final dividend of 29 sen gross, less Malaysian tax at 28% (2004 - 12 sen gross, less Singapore tax at 20%)	63,078	29,001
Special final dividend of Nil gross (2004 - 14 sen gross, less Singapore tax at 20%)	-	33,835
	63,078	62,836
	90,871	91,837

For the purpose of paying the interim dividend of 7 sen gross and 2004 final dividend of 12 sen gross and special final dividend of 14 sen gross, less Singapore tax at 20%, the Company has declared itself to be a resident of Singapore under paragraph 3 Article VII of the Income Tax (Singapore-Malaysia) (Avoidance of Double Tax Agreement) Order, 1973. The interim and final and special final dividends are franked out of the Company's Singapore Section 44 tax credit account.

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 ordinary share as disclosed in the income statement takes into account the total interim and proposed final and special final dividends for the relevant financial years.

notes to the financial statements

for the year ended 30 June 2005

16. Segmental information

The Group operates solely in the brewery industry involving production, packaging, marketing and distribution of its products, principally in Malaysia. Approximately 2% (2004 - 2%) of the total sales are exports, mainly to South East Asian countries based on location of customers.

17. Commitments

	Group and Company	
	2005 RM'000	2004 RM'000
Capital commitments not provided for in the financial statements:		
Property, plant and equipment		
Authorised but not contracted for	7,627	11,121
Authorised and contracted for	2,618	2,571
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	10,245	13,692
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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.

This 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 is yet to be fixed.

notes to the financial statements

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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 BV (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:

2005	Diageo Plc and its related corporations	F&N and its related corporations		Heineken and its related corporations
	RM'000	APB Group RM'000	Other F&N companies RM'000	RM'000
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	-	-

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for the year ended 30 June 2005

19. Related parties (continued)

Related party transactions (continued)

2004	Diageo Plc and its related corporations	F&N and its related corporations		Heineken and its related corporations
	RM'000	APB Group RM'000	Other F&N companies RM'000	RM'000
Purchase of goods	13,998	6,665	18,667	2,021
Sale of products	8,332	-	463	5,979
Royalties payable	4,598	4,418	-	1,079
Marketing and technical services payable	2,578	-	-	2,672
Marketing fees receivable	-	12,730	-	-

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 sets out their overall business strategies, their tolerance to risk and their general risk management philosophy and have established processes to monitor and control the hedging of transactions in a timely and accurate manner.

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

The accounting policies in relation to derivative financial instruments are set out in note 1(o).

notes to the financial statements

for the year ended 30 June 2005

20. Financial instruments (continued)

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going 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 loss associated with anticipated future transactions is RM68,000 (2004 - deferred/unrecognised gain RM135,000) 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 operation 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.

notes to the financial statements

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20. Financial instruments (continued)

Liquidity risk (continued)

Group and Company	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000
2005				
Financial assets				
Deposits placed with licensed banks	2.7	113,466	113,466	-
2004				
Financial assets				
Deposits placed with licensed banks	2.7	104,290	104,290	-

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.

notes to the financial statements

for the year ended 30 June 2005

20. Financial instruments (continued)

Unrecognised financial instruments (continued)

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

	2005 Contracted amount RM'000	2005 Fair value RM'000	2004 Contracted amount RM'000	2004 Fair value RM'000
Group and Company				
Forward foreign exchange contracts	4,109	4,041	6,305	6,305

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.