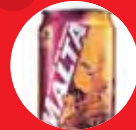
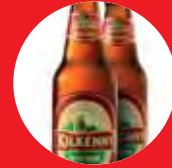


GAB delivered a commendable performance for the financial year ended 30 June 2011, capping an outstanding decade of continued expansion in revenue, profit and market share.



Financial Statements

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Directors' Report

for the year ended 30 June 2011

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 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the production, packaging, marketing and distribution of beverages, primarily alcoholic, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	181,378	186,120

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year under review.

DIVIDENDS

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

- (i) a final dividend of 35 sen per 50 sen stock unit tax exempt, under single tier tax system, totalling RM105,734,300, in respect of the year ended 30 June 2010, on 10 December 2010.
- (ii) an interim dividend of 10 sen per 50 sen stock unit tax exempt, under single tier tax system, totalling RM30,209,800, in respect of the year ended 30 June 2011, on 20 April 2011.

The Directors now recommend the declaration of a final dividend of 44 sen per 50 sen stock unit tax exempt, under single tier tax system, totalling RM132,923,120 payable on 12 December 2011.

DIRECTORS OF THE COMPANY

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

Tan Sri Saw Huat Lye (*Chairman*)

Charles Henry Ireland (*Managing Director*)

Dr Leslie Buckley

Sreesanthan Eliathamby

Martin Giles Manen

Siobhan Mary Hamilton

Dato' Syed Salleh bin Syed Othman (*Appointed on 1 February 2011*)

Edward McShane (*Appointed on 25 July 2011*)

Edmond Neo Kim Soon (*Appointed on 25 July 2011*)

Dato' Jaffar Indot (*Retired on 4 November 2010*)

Low Teng Lum (*Retired on 30 April 2011*)

David Heginbottom (*Alternate Director to Siobhan Mary Hamilton*) (*Resigned on 8 September 2010*)

Anna Olive Magdelene Manz (*Alternate Director to Siobhan Mary Hamilton*) (*Appointed on 8 September 2010 and resigned on 16 March 2011*)

Directors' Report

for the year ended 30 June 2011

DIRECTORS' INTERESTS

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	← Ordinary stock units of 50 sen each →			
	At 1.7.2010	Bought	Sold	At 30.6.2011
Shareholdings in which a Director is deemed to have an interest:				
Tan Sri Saw Huat Lye #	11,000	-	-	11,000

Deemed interest by virtue of stocks held by spouse.

None of the other Directors holding office at 30 June 2011 had any interest in the ordinary shares/stock units of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

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

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

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.

Directors' Report

for the year ended 30 June 2011

OTHER STATUTORY INFORMATION

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

- (i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- (ii) all current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2011 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.

Directors' Report

for the year ended 30 June 2011

AUDITORS

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

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



Tan Sri Saw Huat Lye
Director



Charles Henry Ireland
Director

Petaling Jaya,
4 August 2011

Statements of Financial Position

as at 30 June 2011

	Note	Group			Company		
		30.6.2011 RM'000	30.6.2010 RM'000 restated	1.7.2009 RM'000 restated	30.6.2011 RM'000	30.6.2010 RM'000 restated	1.7.2009 RM'000 restated
Assets							
Property, plant and equipment	3	222,953	227,103	226,110	209,425	214,934	216,008
Intangible assets	4	9,124	10,434	6,529	9,124	10,434	6,529
Prepaid lease payments	5	-	-	-	-	-	-
Investment in subsidiaries	6	-	-	-	14,369	14,369	46,718
Deferred tax assets	7	-	1,412	1,924	-	-	-
Other receivables	8	1,152	728	1,585	785	527	1,169
Total non-current assets		233,229	239,677	236,148	233,703	240,264	270,424
Current assets							
Inventories	9	65,402	75,691	69,453	27,750	33,586	33,709
Receivables, deposits and prepayments	8	205,966	196,135	176,777	16,524	15,907	20,606
Current tax asset		764	1,433	-	764	1,433	-
Cash and cash equivalents	10	179,777	149,626	163,772	167,538	140,209	146,792
Total current assets		451,909	422,885	410,002	212,576	191,135	201,107
Total assets		685,138	662,562	646,150	446,279	431,399	471,531
Equity							
Share capital	11	151,049	151,049	151,049	151,049	151,049	151,049
Reserves		5,113	4,859	5,063	-	-	-
Retained earnings		360,454	315,020	286,189	203,348	153,172	95,275
Total equity attributable to owners of the Company		516,616	470,928	442,301	354,397	304,221	246,324
Liabilities							
Deferred tax liabilities	7	32,592	31,846	31,048	29,975	31,846	31,048
Total non-current liabilities		32,592	31,846	31,048	29,975	31,846	31,048
Trade and other payables, including derivatives	12	132,577	155,064	162,970	61,907	95,332	187,112
Current tax liabilities		3,353	4,724	9,831	-	-	7,047
Total current liabilities		135,930	159,788	172,801	61,907	95,332	194,159
Total liabilities		168,522	191,634	203,849	91,882	127,178	225,207
Total equity and liabilities		685,138	662,562	646,150	446,279	431,399	471,531

The notes on pages 105 to 139 are an integral part of these financial statements.

Statements of Comprehensive Income

for the year ended 30 June 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue		1,488,720	1,358,633	1,023,341	1,006,471
Cost of sales		(1,019,249)	(973,260)	(946,947)	(917,877)
Gross profit		469,471	385,373	76,394	88,594
Other income		17,694	4,565	9,229	20,151
Distribution, marketing and selling expenses		(187,541)	(145,583)	(4,962)	(5,083)
Administrative expenses		(44,195)	(37,308)	(17,514)	(12,951)
Other expenses		(14,831)	(3,715)	(7,486)	(3,606)
Dividend income		–	–	142,440	146,775
Results from operating activities		240,598	203,332	198,101	233,880
Finance income	13	2,714	2,004	2,673	1,968
Finance expense	14	(429)	(345)	(258)	(157)
Net finance income		2,285	1,659	2,415	1,811
Profit before tax	15	242,883	204,991	200,516	235,691
Income tax expense	17	(61,505)	(52,300)	(14,396)	(53,934)
Profit for the year		181,378	152,691	186,120	181,757
Other comprehensive income/(loss), net of tax					
Foreign currency translation differences for foreign operation		254	(204)	–	–
Total comprehensive income for the year		181,632	152,487	186,120	181,757
Profit for the year attributable to:					
Owners of the Company		181,378	152,691	186,120	181,757
Total comprehensive income attributable to:					
Owners of the Company		181,632	152,487	186,120	181,757
Basic/Diluted earnings per ordinary stock unit (sen)	18	60.0	50.5		

The notes on pages 105 to 139 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2011

Group	Note	← Attributable to owners of the Company →			Total equity RM'000
		Non-distributable		Distributable	
		Share capital RM'000	Capital reserve RM'000	Retained earnings RM'000	
At 1 July 2009		151,049	5,063	286,189	442,301
Total comprehensive income for the year		-	(204)	152,691	152,487
Dividends to owners of the Company	19	-	-	(123,860)	(123,860)
At 30 June 2010/1 July 2010		151,049	4,859	315,020	470,928
Total comprehensive income for the year		-	254	181,378	181,632
Dividends to owners of the Company	19	-	-	(135,944)	(135,944)
At 30 June 2011		151,049	5,113	360,454	516,616
		Note 11	Note 11		

Company	Note	← Attributable to owners of the Company →			Total equity RM'000
		Non-distributable		Distributable	
		Share capital RM'000	Retained earnings RM'000	Retained earnings RM'000	
At 1 July 2009			151,049	95,275	246,324
Total comprehensive income for the year			-	181,757	181,757
Dividends to owners of the Company	19		-	(123,860)	(123,860)
At 30 June 2010/1 July 2010			151,049	153,172	304,221
Total comprehensive income for the year			-	186,120	186,120
Dividends to owners of the Company	19		-	(135,944)	(135,944)
At 30 June 2011			151,049	203,348	354,397
			Note 11		

The notes on pages 105 to 139 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 30 June 2011

	Note	Group 2011 RM'000	2010 RM'000 restated	Company 2011 RM'000	2010 RM'000 restated
Cash flows from operating activities					
Profit before tax		242,883	204,991	200,516	235,691
<i>Adjustments for:</i>					
Amortisation of intangible assets	4	2,892	2,395	2,892	2,395
Depreciation of property, plant and equipment		35,408	28,727	32,712	26,410
Dividend income		–	–	(142,440)	(146,775)
Loss/(Gain) on disposal of property, plant and equipment		124	(610)	502	(24)
Interest expense	14	429	345	258	157
Interest income	13	(2,714)	(2,004)	(2,673)	(1,968)
Restructuring of distribution channel expenses		7,000	–	–	–
Unrealised foreign exchange loss/(gain)		171	(779)	822	(773)
Operating profit before changes in working capital		286,193	233,065	92,589	115,113
Changes in working capital:					
Inventories		10,289	(6,238)	5,836	123
Receivables, deposits and prepayments		(10,255)	(18,501)	(875)	5,341
Trade and other payables, including derivatives		(29,404)	(7,331)	(34,247)	(91,007)
Cash generated from operations		256,823	200,995	63,303	29,570
Income tax paid		(60,049)	(57,530)	(15,598)	(61,616)
Interest paid		(429)	(345)	(258)	(157)
Net cash from/(used in) operating activities		196,345	143,120	47,447	(32,203)
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(31,810)	(29,910)	(27,756)	(25,513)
Acquisition of intangible assets		(1,582)	(6,300)	(1,582)	(6,300)
Dividend received		–	–	142,440	146,775
Interest received		2,714	2,004	2,673	1,968
Proceeds from disposal of property, plant and equipment		428	800	51	201
Capital repayment from subsidiaries		–	–	–	32,349
Net cash (used in)/from investing activities		(30,250)	(33,406)	115,826	149,480

The notes on pages 105 to 139 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 30 June 2011

	Note	2011 RM'000	Group 2010 RM'000 restated	2011 RM'000	Company 2010 RM'000 restated
Cash flows from financing activities					
Dividends paid to owners of the Company	19	(135,944)	(123,860)	(135,944)	(123,860)
Net cash used in financing activities		(135,944)	(123,860)	(135,944)	(123,860)
Net increase/(decrease) in cash and cash equivalents		30,151	(14,146)	27,329	(6,583)
Cash and cash equivalents at 1 July		149,626	163,772	140,209	146,792
Cash and cash equivalents at 30 June	10	179,777	149,626	167,538	140,209

Cash and cash equivalents

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

	Note	2011 RM'000	Group 2010 RM'000	2011 RM'000	Company 2010 RM'000
Deposits placed with licensed banks	10	161,217	135,247	161,217	135,247
Cash and bank balances	10	18,560	14,379	6,321	4,962
		179,777	149,626	167,538	140,209

Notes to the Financial Statements

for the year ended 30 June 2011

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

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

The consolidated financial statements as at and for the financial year ended 30 June 2011 comprise the Company and its subsidiaries (together referred to as the Group).

The Company is principally engaged in the production, packaging, marketing and distribution of beverages, primarily alcoholic, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

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

The financial statements were authorised for issue by the Board of Directors on 4 August 2011.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
 - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
 - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements To FRSs (2010)

Notes to the Financial Statements

for the year ended 30 June 2011

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

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

- FRS 124, *Related Party Disclosures (revised)*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 July 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2011, 1 July 2011 and 1 January 2012, except for Amendments to FRS 2, IC Interpretation 15, IC Interpretation 18, IC Interpretation 19 and Amendments to IC Interpretation 14 which are not applicable to the Group or the Company.

The initial application of the above standards, amendments or interpretations, which will be applied prospectively, is not expected to have significant financial impacts to the current and prior periods financial statements of the Group and the Company upon their first adoption.

Following the announcement made by the MASB on 1 August 2008, the Group and the Company's financial statements will be prepared in accordance with International Financial Reporting Standards (IFRS) framework for the financial year ending 30 June 2013. The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group and the Company.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 12 – cost of restructuring of distribution channels.

Notes to the Financial Statements

for the year ended 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, other than as disclosed in Note 2(e) - Leased assets.

(a) Basis of consolidation

(i) Subsidiaries

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

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any impairment losses.

(ii) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of a financial instrument designated as a hedge of currency risk, which is recognised in other comprehensive income.

Notes to the Financial Statements

for the year ended 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency (cont'd)

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

The assets and liabilities of operations denominated in functional currencies other than RM are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the capital reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the capital reserve is transferred to profit or loss as part of profit or loss on disposal.

When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains or losses arising from such a monetary item are considered to form part of the net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the capital reserve.

(c) Financial instruments

(i) Initial recognition and measurement

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

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

(b) *Loans and receivables*

Loans and receivables category comprises trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

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

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment. (see Note 2(i)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

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

The Group has trade and other payables as non-derivative financial liabilities.

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

(iii) **Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

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

Notes to the Financial Statements

for the year ended 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Capital work-in-progress is not depreciated until the assets are ready for their intended use.

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

- leasehold land 61 – 95 years
- buildings 50 years
- plant and machinery 13 – 20 years
- movable plant 4 – 10 years

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

Notes to the Financial Statements

for the year ended 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

In previous year, leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

The Group has adopted the amendment made to FRS 117, Lease on 1 July 2010 in relation to the classification of leasehold land to property, plant and equipment. Leasehold land which in substance is a finance lease has been reclassified and measured as such retrospectively.

The leasehold land payments are amortised evenly over the respective lease term of the land which ranges from 61 to 95 years. The amortisation of leasehold land payments is recognised as an expense in profit or loss.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Revalued leasehold land

The Group had previously revalued its leasehold land in 1984 and has retained the unamortised revalued amount as the surrogate carrying amount of leasehold land in accordance with the transitional provisions in FRS 117.67A.

(f) Intangible assets

(i) Computer softwares

Computer softwares that are acquired by the Group, which have finite useful lives, are stated at cost less any accumulated amortisation and any accumulated impairment losses. Capital work-in-progress is not depreciated until the assets are ready for their intended use.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Computer softwares are amortised from the date they are available for use.

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

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

Notes to the Financial Statements

for the year ended 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Inventories

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

The cost of inventories is based on the weighted average cost and includes cost of raw materials, duties where applicable, and other expenses incurred in acquiring the inventories and bringing them to their existing location and condition. For finished goods and work-in-progress, cost also includes direct labour and an appropriate proportion of production overheads based on normal operating capacity. In arriving at net realisable value, due allowance is made for obsolescence, the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits placed with licensed banks. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(i) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment (cont'd)

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Impairment losses are recognised in the profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversal of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(j) Equity instrument

Instruments classified as equity are stated at cost on initial recognition and are not remeasured subsequently.

(k) Employee benefits

(i) Short-term employee benefits

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Employee benefits (cont'd)

(ii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a detailed formal plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as expenses if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) Restructuring of distribution channels

A provision for restructuring of distribution channels is recognised when the Group has approved a detailed formal restructuring plan and the restructuring either has commenced or has been communicated to the affected parties. Future operating costs are not provided for.

(ii) Contingent liabilities

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

(m) Revenue and other income

(i) Goods sold

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

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iii) Interest income

Interest income is recognised as it accrues, using the effective interest method in profit or loss.

(n) Borrowing costs

All borrowing costs are recognised in profit or loss using the effective interest method, in the period in which they are incurred.

Notes to the Financial Statements

for the year ended 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(p) Earnings per share

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

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Notes to the Financial Statements

for the year ended 30 June 2011

3. PROPERTY, PLANT AND EQUIPMENT

Group		Freehold land	Long-term leasehold land	Buildings	Plant and machinery	Movable plant	Capital work-in-progress	Total
Cost	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2009		4,037	–	77,568	306,046	138,368	7,365	533,384
Effect of adopting amendments to FRS 117	5	–	20,191	–	–	–	–	20,191
At 1 July 2009, restated		4,037	20,191	77,568	306,046	138,368	7,365	553,575
Additions		–	–	788	223	4,023	24,876	29,910
Disposals		–	–	(77)	(4,177)	(4,777)	–	(9,031)
Transfers		–	–	2,902	5,173	17,901	(25,976)	–
At 30 June 2010/1 July 2010, restated		4,037	20,191	81,181	307,265	155,515	6,265	574,454
Additions		–	–	46	243	4,610	26,911	31,810
Disposals		–	–	(6)	(3,744)	(2,850)	–	(6,600)
Transfers		–	–	2,059	12,565	18,332	(32,956)	–
At 30 June 2011		4,037	20,191	83,280	316,329	175,607	220	599,664
Representing items at:								
Cost		4,037	510	51,687	316,329	175,607	220	548,390
Valuation (1984)		–	19,681	31,593	–	–	–	51,274
At 30 June 2011		4,037	20,191	83,280	316,329	175,607	220	599,664
Accumulated depreciation								
At 1 July 2009		–	–	33,179	196,757	91,195	–	321,131
Effect of adopting amendments to FRS 117	5	–	6,334	–	–	–	–	6,334
At 1 July 2009, restated		–	6,334	33,179	196,757	91,195	–	327,465
Depreciation charge for the year		–	256	1,938	14,891	11,642	–	28,727
Disposals		–	–	(68)	(4,084)	(4,689)	–	(8,841)
At 30 June 2010/1 July 2010, restated		–	6,590	35,049	207,564	98,148	–	347,351
Depreciation charge for the year		–	256	2,480	14,004	18,668	–	35,408
Disposals		–	–	–	(3,226)	(2,822)	–	(6,048)
At 30 June 2011		–	6,846	37,529	218,342	113,994	–	376,711
Carrying amounts								
At 1 July 2009, restated		4,037	13,857	44,389	109,289	47,173	7,365	226,110
At 30 June 2010/1 July 2010, restated		4,037	13,601	46,132	99,701	57,367	6,265	227,103
At 30 June 2011		4,037	13,345	45,751	97,987	61,613	220	222,953
		Notes 3.1 & 3.2		Note 3.1		Note 3.3		

Notes to the Financial Statements

for the year ended 30 June 2011

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company		Long-term leasehold land	Buildings	Plant and machinery	Movable plant	Capital work-in- progress	Total
Cost	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2009		–	76,609	306,046	122,423	7,365	512,443
Effect of adopting amendments to FRS 117	5	20,191	–	–	–	–	20,191
At 1 July 2009, restated		20,191	76,609	306,046	122,423	7,365	532,634
Additions		–	11	223	403	24,876	25,513
Disposals		–	(12)	(4,177)	(2,573)	–	(6,762)
Transfers		–	2,902	5,173	17,901	(25,976)	–
At 30 June 2010/1 July 2010, restated		20,191	79,510	307,265	138,154	6,265	551,385
Additions		–	40	243	562	26,911	27,756
Disposals		–	(17)	(3,744)	(1,006)	–	(4,767)
Transfers		–	2,059	12,565	18,332	(32,956)	–
At 30 June 2011		20,191	81,592	316,329	156,042	220	574,374
Representing items at:							
Cost		510	49,999	316,329	156,042	220	523,100
Valuation (1984)		19,681	31,593	–	–	–	51,274
At 30 June 2011		20,191	81,592	316,329	156,042	220	574,374
Accumulated depreciation							
At 1 July 2009		–	32,330	196,757	81,205	–	310,292
Effect of adopting amendments to FRS 117	5	6,334	–	–	–	–	6,334
At 1 July 2009, restated		6,334	32,330	196,757	81,205	–	316,626
Depreciation charge for the year		256	1,883	14,891	9,380	–	26,410
Disposals		–	(3)	(4,084)	(2,498)	–	(6,585)
At 30 June 2010/1 July 2010, restated		6,590	34,210	207,564	88,087	–	336,451
Depreciation charge for the year		256	2,239	14,004	16,213	–	32,712
Disposals		–	–	(3,226)	(988)	–	(4,214)
At 30 June 2011		6,846	36,449	218,342	103,312	–	364,949
Carrying amounts							
At 1 July 2009, restated		13,857	44,279	109,289	41,218	7,365	216,008
At 30 June 2010/1 July 2010, restated		13,601	45,300	99,701	50,067	6,265	214,934
At 30 June 2011		13,345	45,143	97,987	52,730	220	209,425
		Notes 3.1 & 3.2	Note 3.1		Note 3.3		

Notes to the Financial Statements

for the year ended 30 June 2011

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Long-term leasehold land	276	282	276	282
Buildings	45,693	46,473	45,085	45,639

- 3.2 The carrying amounts of leasehold land at 1 July 2009 and 30 June 2010 have been restated following the adoption of the amendments to FRS 117, Lease, where leasehold land, in substance is a finance lease, has been reclassified from prepaid lease payments to property, plant and equipment.
- 3.3 During the financial year, the Company has accelerated the depreciation rates for certain cranes due to the impending new cranes design in the next financial year. The change of depreciation rates has resulted in an additional depreciation charge of RM4,900,000 for the financial year ended 30 June 2011.

4. INTANGIBLE ASSETS

	Computer software RM'000	Capital work-in- progress RM'000	Total RM'000
Group and Company			
Cost			
At 1 July 2009	14,808	298	15,106
Additions	150	6,150	6,300
Transfer	4,071	(4,071)	-
At 30 June 2010/1 July 2010	19,029	2,377	21,406
Additions	-	1,582	1,582
Transfer	3,388	(3,388)	-
At 30 June 2011	22,417	571	22,988

Notes to the Financial Statements

for the year ended 30 June 2011

4. INTANGIBLE ASSETS (CONT'D)

	Computer software RM'000	Capital work-in-progress RM'000	Total RM'000
Group and Company			
Amortisation			
At 1 July 2009	8,577	–	8,577
Amortisation for the year	2,395	–	2,395
At 30 June 2010/1 July 2010	10,972	–	10,972
Amortisation for the year	2,892	–	2,892
At 30 June 2011	13,864	–	13,864
Carrying amounts			
At 1 July 2009	6,231	298	6,529
At 30 June 2010/1 July 2010	8,057	2,377	10,434
At 30 June 2011	8,553	571	9,124

5. PREPAID LEASE PAYMENTS (LEASEHOLD LAND)

	Note	2011 RM'000	2010 RM'000
Group and Company			
Cost			
At 1 July		–	20,191
Effect of adopting amendments to FRS 117	3	–	(20,191)
At 1 July/30 June, restated		–	–
Amortisation			
At 1 July		–	6,334
Effect of adopting amendments to FRS 117	3	–	(6,334)
At 1 July/30 June, restated		–	–
Carrying amounts			
At 1 July/30 June, restated		–	–

Notes to the Financial Statements

for the year ended 30 June 2011

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2011 RM'000	2010 RM'000
Unquoted shares		
– at cost	125	125
– at Directors' valuation	14,244	14,244
	14,369	14,369

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2011 %	2010 %
Guinness Anchor Marketing Sdn Bhd ⁺	Malaysia	Marketing and promotion of beverages primarily alcoholic in Malaysia	100	100
Ramaha Corporation (M) Sdn Bhd	Malaysia	Property holding and land development	100	100
Guinness Singapore Pte Limited [#] and its subsidiary:	Singapore	Dormant	100	100
Guinness (B) Sendirian Berhad [*]	Negara Brunei Darussalam	Dormant	–	100
Malayan Breweries (Malaya) Sdn Bhd and its subsidiary:	Malaysia	Dormant	100	100
Malayan Breweries Marketing Sdn Bhd	Malaysia	Dormant	100	100
Guinness Sabah Sdn Bhd	Malaysia	Dormant	100	100
Guinness Sarawak Sdn Bhd [^]	Malaysia	Dormant	–	100

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

^{*} Overseas incorporated subsidiary audited by a member firm of KPMG International. Deemed dissolved with effect from 23 March 2011.

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

[^] Officially struck off from the register of companies of Companies Commission of Malaysia on 13 May 2011.

Notes to the Financial Statements

for the year ended 30 June 2011

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

- a) On 27 October 2010, the Company announced that Guinness (B) Sendirian Berhad, a wholly-owned subsidiary of Guinness Singapore Pte Limited which in turn is a wholly-owned subsidiary of Guinness Anchor Berhad, was placed under Member's Voluntary Liquidation pursuant to Section 154(1)(b) of the Companies Act, Cap 39 in Brunei Darussalam.

The Liquidator of Guinness (B) Sendirian Berhad had convened the Final Meeting on 22 December 2010 to conclude the Member's Voluntary Liquidation of Guinness (B) Sendirian Berhad. A Notice relating to the Final Meeting was lodged on 25 January 2011 with the Registrar of Companies of Brunei Darussalam and Guinness (B) Sendirian Berhad was deemed dissolved with effect from 23 March 2011.

- b) In the previous financial year, Guinness Sarawak Sdn Bhd and Malayan Breweries (Malaya) Sdn Bhd undertook share capital reduction and repayment exercises pursuant to the High Court order obtained on 16 December 2009 and 6 January 2010 respectively. As a result, there were capital repayments from both subsidiaries amounting to RM32,349,000 in previous financial year.

On 11 February 2011, Guinness Sarawak Sdn Bhd, Malayan Breweries (Malaya) Sdn Bhd and Malayan Breweries Marketing Sdn Bhd had applied to the Companies Commission of Malaysia ("CCM") to have their names struck off from the register of companies of CCM pursuant to Section 308 of the Companies Act, 1965.

On 27 May 2011, Guinness Sarawak Sdn Bhd received a notice of striking off pursuant to Section 308(2) of the Companies Act, 1965 from CCM that it has been struck off from the register of companies of CCM.

The application to strike off of Malayan Breweries (Malaya) Sdn Bhd and Malayan Breweries Marketing Sdn Bhd are pending approval from CCM.

The liquidation / striking off of the above dormant subsidiaries do not have any material impact on the net assets and earnings per share of the Group for the financial year ended 30 June 2011.

Notes to the Financial Statements

for the year ended 30 June 2011

7. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Group						
Property, plant and equipment	1,053	1,412	(31,938)	(33,079)	(30,885)	(31,667)
Other items	3,713	1,233	(5,420)	–	(1,707)	1,233
Tax assets/(liabilities)	4,766	2,645	(37,358)	(33,079)	(32,592)	(30,434)
Set off of tax	(4,766)	(1,233)	4,766	1,233	–	–
Net tax assets/(liabilities)	–	1,412	(32,592)	(31,846)	(32,592)	(30,434)
Company						
Property, plant and equipment	–	–	(31,938)	(33,079)	(31,938)	(33,079)
Other items	1,963	1,233	–	–	1,963	1,233
Net tax assets/(liabilities)	1,963	1,233	(31,938)	(33,079)	(29,975)	(31,846)

Movement in temporary differences during the year

	At 1.7.2009 RM'000	Recognised in profit or loss (Note 17) RM'000	At 30.6.2010 RM'000	Recognised in profit or loss (Note 17) RM'000	At 30.6.2011 RM'000
	Group				
Property, plant and equipment	(31,734)	67	(31,667)	782	(30,885)
Other items	2,610	(1,377)	1,233	(2,940)	(1,707)
	(29,124)	(1,310)	(30,434)	(2,158)	(32,592)
Company					
Property, plant and equipment	(33,658)	579	(33,079)	1,141	(31,938)
Other items	2,610	(1,377)	1,233	730	1,963
	(31,048)	(798)	(31,846)	1,871	(29,975)

Notes to the Financial Statements

for the year ended 30 June 2011

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-current					
Other receivables	8.1	1,152	728	785	527
Current					
Trade					
Trade receivables		186,476	195,256	7,658	8,860
Less : Impairment losses		(8,303)	(11,449)	-	-
		178,173	183,807	7,658	8,860
Non-trade					
Other receivables	8.1	2,729	2,359	2,468	1,748
Amount due from a subsidiary	8.2	-	-	4,043	4,043
Deposits		3,015	1,172	1,985	541
Prepayments	8.3	22,049	8,797	370	715
		27,793	12,328	8,866	7,047
		205,966	196,135	16,524	15,907

8.1 Other receivables

Staff loans of the Group and of the Company amounting to RM1,619,000 (2010: RM1,220,000) and RM1,098,000 (2010: RM846,000) of which RM1,152,000 (2010: RM728,000) and RM785,000 (2010: RM527,000) are repayable after the next 12 months respectively.

8.2 Amount due from a subsidiary

The amount due from subsidiary is unsecured, interest free and repayable on demand.

8.3 Prepayments

Promotional activities prepayments of RM21,679,000 (2010: 6,955,000) are upfront payments made to the Group's distributional channels to carry out promotional activities over the period specified in the contract. The amount is amortised to the profit or loss on a straight-line basis over the period stipulated in the contract.

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for the year ended 30 June 2011

9. INVENTORIES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Raw materials	7,654	7,906	7,654	7,906
Work-in-progress	4,121	5,246	4,121	5,246
Finished goods	45,122	53,342	7,624	11,361
Packaging materials	4,196	5,072	4,196	5,072
Engineering stores and spares	4,309	4,125	4,155	4,001
	65,402	75,691	27,750	33,586

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits placed with licensed banks	161,217	135,247	161,217	135,247
Cash and bank balances	18,560	14,379	6,321	4,962
	179,777	149,626	167,538	140,209

11. CAPITAL AND RESERVES

11.1 Share capital

	Group		Company	
	Amount 2011 RM'000	Number of shares 2011 '000	Amount 2010 RM'000	Number of shares 2010 '000
Authorised:				
Shares of RM0.50 each	200,000	400,000	200,000	400,000
Issued and fully paid:				
Ordinary stock units of RM0.50 each	151,049	302,098	151,049	302,098

11.2 Capital reserve

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

Notes to the Financial Statements

for the year ended 30 June 2011

12. TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade					
Trade payables	12.1	42,617	84,665	20,291	42,302
Non-trade					
Amount due to subsidiaries	12.2	–	–	17,718	32,940
Other payables		6,007	3,979	5,424	3,487
Accrued expenses	12.3	83,933	66,420	18,454	16,603
Financial liabilities at fair value through profit or loss		20	–	20	–
		89,960	70,399	41,616	53,030
		132,577	155,064	61,907	95,332

12.1 Trade payables

During the financial year, the Group paid RM18,000,000 (2010: nil) (of which RM5,000,000 (2010: nil) was paid by the Company) in respect of the costs accrued for the security markings imposed by the Royal Malaysian Customs for the period from May 2006 to December 2008. Although the requirements for the security markings were abolished with effect from 1 January 2009, payment had not been made until an agreement on the pricing was reached in August 2010.

12.2 Amount due to subsidiaries

The amount due to subsidiaries is unsecured, interest free and repayable on demand.

12.3 Accrued expenses

Included in accrued expenses of the Group are cost of restructuring of distribution channels of RM7,000,000 (2010: nil).

13. FINANCE INCOME

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest income received from deposits placed with licensed banks	2,687	1,972	2,653	1,943
Interest income received from staff loan	27	32	20	25
Recognised in profit or loss	2,714	2,004	2,673	1,968

14. FINANCE COSTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest expenses of financial liabilities that are not at fair value through profit or loss:				
– unsecured banker's acceptance	258	157	258	157
– customers' security deposits	171	188	–	–
Recognised in profit or loss	429	345	258	157

Notes to the Financial Statements

for the year ended 30 June 2011

15. PROFIT BEFORE TAX

	Group		Company	
	2011 RM'000	2010 RM'000 restated	2011 RM'000	2010 RM'000 restated
Profit before tax is arrived at after charging:				
Amortisation of intangible assets	2,892	2,395	2,892	2,395
Auditors' remuneration				
– Statutory audit				
KPMG	150	115	94	70
– Other services				
KPMG	37	15	27	10
Affiliates of KPMG	87	55	66	35
Depreciation of property, plant and equipment	35,408	28,727	32,712	26,410
Hire of equipment	720	714	546	510
Legal fees paid to a firm in which a Director is a member	20	274	13	272
Loss on disposal of property, plant and equipment	124	–	502	–
Personnel expenses (including key management personnel):				
– Contributions to defined contribution plans	9,337	8,110	3,690	3,665
– Wages, salaries and others	62,553	48,214	26,211	20,016
Restructuring of distribution channels expenses	7,000	–	–	–
Realised loss on foreign exchange	653	646	650	646
Rental expense on buildings	3,036	2,579	742	405
Unrealised loss on foreign exchange	171	–	822	–
and after crediting:				
Dividend income from unquoted subsidiaries	–	–	142,440	146,775
Gain from subsidiaries' capital reduction and repayment exercises	–	–	–	16,403
Gain on disposal of property, plant and equipment	–	610	–	24
Realised gain on foreign exchange	–	36	–	–
Reversal of impairment loss on trade receivables	322	509	–	–
Costs over-accrued in respect of security markings	11,823	–	5,190	–
Unrealised gain on foreign exchange	–	779	–	773

Notes to the Financial Statements

for the year ended 30 June 2011

16. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors				
– Fees	354	365	348	359
– Remuneration	1,945	2,309	1,945	2,309
– Defined contribution plans	128	132	128	132
– Meeting attendance allowance	78	81	78	81
Other short-term benefits (including estimated monetary value of benefit-in-kind)	492	511	492	511
	2,997	3,398	2,991	3,392
Other key management personnel: Short-term employee benefits	2,824	3,573	1,604	2,163
	5,821	6,971	4,595	5,555

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

17. INCOME TAX EXPENSE*Recognised in the profit or loss*

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current tax expense				
Malaysian – current year	60,061	51,372	16,890	53,409
– prior year	(714)	(382)	(623)	(273)
Total current tax recognised in the profit or loss	59,347	50,990	16,267	53,136
Deferred tax expense				
Origination and reversal of temporary differences	1,937	1,009	(1,940)	678
Underprovision in prior years	221	301	69	120
Total deferred tax recognised in the profit or loss	2,158	1,310	(1,871)	798
Total income tax expense	61,505	52,300	14,396	53,934

Notes to the Financial Statements

for the year ended 30 June 2011

17. INCOME TAX EXPENSE (CONT'D)

Recognised in the profit or loss (cont'd)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Reconciliation of tax expense				
Profit for the year	181,378	152,691	186,120	181,757
Total income tax expense	61,505	52,300	14,396	53,934
Profit excluding tax	242,883	204,991	200,516	235,691
Income tax calculated using Malaysian tax rates of 25% (2010: 25%)	60,721	51,248	50,129	58,923
Non-deductible expenses	2,121	1,185	1,275	458
Tax incentives	(844)	(52)	(844)	(52)
Tax exempt dividend	-	-	(35,610)	(1,141)
Tax exempt income – capital gain	-	-	-	(4,101)
Overprovision in prior years	(493)	(81)	(554)	(153)
Income tax expense	61,505	52,300	14,396	53,934

18. EARNINGS PER ORDINARY STOCK UNIT

Group

Basic earnings per ordinary stock unit

The calculation of basic earnings per ordinary stock unit at 30 June 2011 was based on the profit attributable to ordinary shareholders of RM181,378,000 (2010: RM152,691,000) and a weighted average number of ordinary stock unit outstanding during the year of 302,098,000 (2010: 302,098,000).

Weighted average number of ordinary stock unit

	2011 '000	2010 '000
Issued ordinary stock unit at beginning of the year	302,098	302,098
Basic earnings per ordinary stock unit (sen)	60.0	50.5

Diluted earnings per ordinary stock unit

There were no diluted earnings per ordinary stock unit for the Group as at 30 June 2011 and 2010.

Notes to the Financial Statements

for the year ended 30 June 2011

19. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen per stock unit	Total amount RM'000	Date of payment
2011			
Interim 2011 ordinary	10.00	30,210	20 April 2011
Final 2010 ordinary	35.00	105,734	10 December 2010
Total amount		135,944	
2010			
Interim 2010 ordinary	10.00	30,210	6 May 2010
Final 2009 ordinary	31.00	93,650	22 December 2009
Total amount		123,860	

After the reporting period, the Directors recommend the declaration of a net final dividend of 44 sen per 50 sen stock unit, tax exempt under the single tier tax system, totalling RM132,923,120. The dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

20. OPERATING SEGMENTS

The Group's business is focused only in malt liquor brewing including production, packaging, marketing and distribution of its products, principally in Malaysia. Approximately 1% (2010: 2%) of the total sales is exported, mainly to Southeast Asian countries. As such, only one reportable segment analysis is prepared. The Group's Managing Director (the chief operating decision maker) reviews internal management reports at least on a monthly basis.

Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

Segment assets, liabilities and capital expenditure

Segment assets, liabilities and capital expenditures information are included in the internal management reports that are reviewed by the Group's Managing Director.

	2011 RM'000	2010 RM'000
Segment Balance Sheet		
Total Assets	685,138	662,562
Total Liabilities	168,522	191,634
Total Equity	516,616	470,928
	685,138	662,562

No reconciliation is performed for Segment Balance Sheet as there is no difference.

	2011	2010
Segment profit	243,137	204,787
<i>Included in the measure of segment profit are:</i>		
Revenue from external customers	1,422,474	1,307,002
Cost of sales	(974,333)	(927,330)
Depreciation	38,300	30,309

Not included in the measure of segment profit but provided to Managing Director

Interest income	2,285	1,659
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Notes to the Financial Statements

for the year ended 30 June 2011

20. OPERATING SEGMENTS (CONT'D)

Reconciliation of reportable segment revenue, profit or loss

	2011 RM'000	2010 RM'000
Profit or loss		
Segment profit	243,137	204,787
Foreign operation translation	(254)	204
Consolidated profit before tax	242,883	204,991
	2011 RM'000	2010 RM'000
Revenue		
Revenue from external customers	1,422,474	1,307,002
Sales tax	45,230	43,740
Dealer incentives	(7,501)	(4,798)
Discretionary marketing spend – non-gratis turnover relates	28,517	12,689
Consolidated revenue	1,488,720	1,358,633
	2011 RM'000	2010 RM'000
Cost of sales		
Cost of sales	(974,333)	(927,330)
Delivery costs	56,507	47,001
Sales tax	(45,230)	(43,740)
Production fixed overhead - brewing	(29,537)	(28,448)
Production fixed overhead - packing	(26,656)	(20,743)
Consolidated cost of sales	(1,019,249)	(973,260)
	2011 RM'000	2010 RM'000
Interest income		
Interest income	2,714	2,004
Interest expense	(429)	(345)
Consolidated interest income	2,285	1,659

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

Notes to the Financial Statements

for the year ended 30 June 2011

21. FINANCIAL INSTRUMENTS

Certain comparative figures have not been presented for 30 June 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

21.1 Categories of financial instruments

- a) Loan and receivable (L&R);
- b) Other financial liabilities measured at amortised cost (OL);
- c) Fair value through profit or loss (FVTPL).

	Carrying amount RM'000	L&R/ (OL) RM'000	FVTPL RM'000
2011			
Financial assets			
Group			
Trade and other receivables	182,054	182,054	-
Deposits	3,015	3,015	-
Cash and cash equivalents	179,777	179,777	-
	364,846	364,846	-
Company			
Trade and other receivables	14,954	14,954	-
Deposits	1,985	1,985	-
Cash and cash equivalents	167,538	167,538	-
	184,477	184,477	-
Financial liabilities			
Group			
Trade and other payables, including derivatives	132,577	132,557	20
Company			
Trade and other payables, including derivatives	61,907	61,887	20

Notes to the Financial Statements

for the year ended 30 June 2011

21. FINANCIAL INSTRUMENTS (CONT'D)

21.2 Net gains and losses arising from financial instruments

	Group 2011 RM'000	Company 2011 RM'000
Net gains/(losses) arising on:		
Loans and receivables	(16,959)	(17,322)
Financial liabilities measured at amortisation cost	18,742	18,265
Fair value through profits or loss	(20)	(20)
	1,763	923

21.3 Financial risk management objectives and policies

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

- Credit risk
- Liquidity risk
- Market risk

21.3.1 Credit risk

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

Risk management objectives, policies and processes for managing the risk

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

(a) Receivables

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, there were no significant concentrations of credit risk. The maximum exposure to credit risk from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

Notes to the Financial Statements

for the year ended 30 June 2011

21. FINANCIAL INSTRUMENTS (CONT'D)

21.3 Financial risk management objectives and policies (cont'd)

21.3.1 Credit risk (cont'd)

(a) Receivables (cont'd)

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

	Group	
	2011 RM'000	2010 RM'000
Malaysia	175,348	178,500
Asia	2,825	5,307
	178,173	183,807

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

	Gross RM'000	Individual Impairment RM'000	Net RM'000
Group			
2011			
Not past due	168,572	-	168,572
Past due 1 – 30 days	7,709	-	7,709
Past due 31 – 120 days	853	-	853
Past due more than 120 days	9,342	(8,303)	1,039
	186,476	(8,303)	178,173
Group			
2010			
Not past due	180,077	-	180,077
Past due 1 – 30 days	426	-	426
Past due 31 – 120 days	2,258	-	2,258
Past due more than 120 days	12,495	(11,449)	1,046
	195,256	(11,449)	183,807

Notes to the Financial Statements

for the year ended 30 June 2011

21. FINANCIAL INSTRUMENTS (CONT'D)

21.3 Financial risk management objectives and policies (cont'd)

21.3.1 Credit risk (cont'd)

(a) Receivables (cont'd)

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

	2011 RM'000	Group 2010 RM'000
At 1 July	11,449	11,958
Impairment loss reversed	(322)	(509)
Impairment loss written off	(2,824)	-
At 30 June	8,303	11,449

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

During the year, allowance for impairment losses amounting to RM2,824,000 (2010: nil) were written off against trade receivables.

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

Type of collaterals	Carrying amounts RM'000
Bank guarantees	38,795
Cash deposits	6,521
Properties charged	25,361
Quoted shares	927
	71,604

(b) Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to a subsidiary and the results of the subsidiary are monitored regularly.

Exposure to credit risk, credit quality and collateral

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

Advances are only provided to a subsidiary which is wholly-owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiary are not recoverable.

Notes to the Financial Statements

for the year ended 30 June 2011

21. FINANCIAL INSTRUMENTS (CONT'D)

21.3 Financial risk management objectives and policies (cont'd)

21.3.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its trade and other payables.

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

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual cash flows RM'000	Under 1 year RM'000
2011			
Group			
<i>Non-derivative financial liabilities</i>			
Trade and other payables, excluding derivatives	132,557	132,557	132,557
<i>Derivative financial liabilities</i>			
Forward exchange contracts (gross settled):			
Outflow	20	5,205	5,205
Inflow	-	(5,185)	(5,185)
	132,577	132,577	132,577

21.3.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices which will affect the Group's financial position or cash flows.

(a) Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily U.S. Dollar (USD), Great Britain Pound (GBP), Euro Dollar (EURO) and Swiss Franc (CHF).

Risk management objectives, policies and processes for managing the risk

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

Notes to the Financial Statements

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21. FINANCIAL INSTRUMENTS (CONT'D)

21.3 Financial risk management objectives and policies (cont'd)

21.3.3 Market risk (cont'd)

(a) Currency risk (cont'd)

Exposure to foreign currency risk

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

Group	Denominated in			
	USD RM'000	GBP RM'000	EURO RM'000	CHF RM'000
2011				
Trade receivables	2,859	-	-	-
Trade payables	(109)	(3,751)	(195)	(49)
Forward exchange contracts	(20)	-	-	-
Net exposure	2,730	(3,751)	(195)	(49)
2010				
Trade receivables	5,307	-	-	-
Trade payables	(20)	(280)	(3,123)	-
Forward exchange contracts	1,050	96	1,493	-
Net exposure	6,337	(184)	(1,630)	-

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

(b) Interest rate risk

Interest rate risk is the risk of change in cashflows due to changes in interest rates. The Group's and the Company's fixed rate short-term deposits with licensed banks are not exposed to a risk of change in their fair values due to changes in interest rate. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss. Receivables and payables are not significantly exposed to interest rate risk.

(c) Other price risk

Other price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk comprises equity price risk and commodity price risk.

The Group is not exposed to any other price risk.

21.4 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short-term receivables and payables approximately fair values due to the relatively short-term nature of these financial instruments.

Notes to the Financial Statements

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22. OPERATING LEASES**Leases as lessee**

Operating lease rentals are payable as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Less than one year	2,956	2,477	885	1,021
Between one and five years	1,116	2,306	248	942
	4,072	4,783	1,133	1,963

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

23. CAPITAL AND OTHER COMMITMENTS

	Group and Company	
	2011 RM'000	2010 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Authorised but not contracted for	59,387	16,514
Authorised and contracted for within one year	4,477	9,124
	63,864	25,638

24. RELATED PARTIES**Identity of related parties**

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

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

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

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24. RELATED PARTIES (CONT'D)

Related party transactions

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

	Diageo Plc and its related corporations 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
2011				
Purchase of goods	13,096	16	18,235	11,792
Sale of products	13,230	-	-	-
Royalties payable	5,517	18,278	-	3,660
Marketing and technical fees payable	3,016	-	-	61
Marketing fees receivable	-	8,996	-	3,177
Amounts due from	2,542	-	-	-
Amounts due to	3,461	3,041	-	416
2010				
Purchase of goods	13,204	17	23,622	688
Sale of products	15,924	-	-	1,186
Royalties payable	5,049	12,924	-	3,031
Marketing and technical fees payable	2,800	-	-	60
Marketing fees receivable	-	8,872	-	3,707
Amounts due from	4,806	-	-	-
Amounts due to	2,196	1,000	-	861

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

25. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as result from operating activities divided by total equity attributable to owners of the Company. The Board of Directors also monitors the level of dividends to ordinary shareholders.

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

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25. CAPITAL MANAGEMENT (CONT'D)

Pursuant to Bursa Malaysia Practice Note 17/2005, the Group and the Company are required to maintain consolidated shareholders' equity of not less than RM40 million and 25% of the issued and paid-up capital. The Group and Company have complied with this requirement.

26. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES AND COMPARATIVE FIGURES

The Group has adopted the amendments to FRS 117. The Group has reassessed and determined that leasehold land of the Group which in substance is finance lease and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

The reclassification does not affect the basic earning per ordinary share for the current and prior periods.

FRS 117, Leases

Following the adoption of the amendments to FRS 117, certain comparative have been re-presented as follows:

Group	30.6.2010		1.7.2009	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Statements of financial position				
Property, plant and equipment	227,103	213,502	226,110	212,253
Prepaid lease payments	-	13,601	-	13,857
Statements of cash flows				
Depreciation of property, plant and equipment	28,727	28,471		
Amortisation of prepaid lease payments	-	256		
Company				
	30.6.2010		1.7.2009	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Statements of financial position				
Property, plant and equipment	214,934	201,333	216,008	202,151
Prepaid lease payments	-	13,601	-	13,857
Statements of cash flows				
Depreciation of property, plant and equipment	26,410	26,154		
Amortisation of prepaid lease payments	-	256		

Notes to the Financial Statements

for the year ended 30 June 2011

27. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFIT OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profit or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 30 June 2011, into realised and unrealised profits, pursuant to the directive, is as follows:

	2011	
	Group RM'000	Company RM'000
Total retained earnings of the Company and its subsidiaries:		
– realised profits	401,929	240,139
– unrealised losses	(40,632)	(36,792)
	361,297	203,347
Less: consolidation adjustment	(843)	–
Total retained earnings	360,454	203,347

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 100 to 139 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2011 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 27 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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



Tan Sri Saw Huat Lye
Director



Charles Henry Ireland
Director


Petaling Jaya,
4 August 2011

Statutory Declaration

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

I, **Mahendran Kapuppial**, the Officer primarily responsible for the financial management of Guinness Anchor Berhad, do solemnly and sincerely declare that the financial statements set out on pages 100 to 140 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 4 August 2011.



Mahendran Kapuppial

Before me:



Commissioner for Oaths

Independent Auditors' Report

to the members of Guinness Anchor Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Guinness Anchor Berhad, which comprise the statements of financial position as at 30 June 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 100 to 139.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2011 and of their financial performance and cash flows for the financial year then ended.

Independent Auditors' Report

to the members of Guinness Anchor Berhad

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 6 to the financial statements. We have also considered the unaudited financial statements of Guinness Singapore Pte Limited.
- c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 27 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.



KPMG

Firm Number: AF 0758
Chartered Accountants



Chew Beng Hong

Approval Number: 2920/02/12(J)
Chartered Accountant