Guinness Anchor Berhad

(Company No. 5350-X)
(Incorporated in Malaysia)

and its subsidiaries

Financial statements for the year ended 30 June 2015

Guinness Anchor Berhad
(Company No. 5350-X)
(Incorporated in Malaysia)
and its subsidiaries

Directors' report for the year ended 30 June 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2015.

Principal activities

The Company is principally engaged in the production, packaging, marketing and distribution of beverages, primarily alcoholic, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	214,193	187,825

Reserves and provisions

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

Dividends

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

i) a final ordinary dividend of 44.5 sen per 50 sen stock unit under the single tier tax system totalling RM134,433,610 in respect of the financial year ended 30 June 2014 on 31 December 2014; and

ii) an interim ordinary dividend of 20 sen per 50 sen stock unit under the single tier tax system totalling RM60,419,600 in respect of the financial year ended 30 June 2015 on 22 April 2015.

The Directors now recommend the declaration of a final ordinary dividend of 51 sen per 50 sen stock unit under the single tier tax system totalling RM154,069,980 in respect of the financial year ended 30 June 2015 which if approved by the owners of the Company will be payable on 31 December 2015.

Directors of the Company

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

Datuk Seri Saw Choo Boon
Hans Essaadi
Martin Giles Manen
Dato' Syed Salleh bin Syed Othman
Michiel Egeler
Datin Ngiam Pick Ngoh, Linda
Apurvi Haridas Sheth @ Apurvi Sheth Mirpuri
Alvaro Andres Cardenas Munoz
Kenneth Choo Tay Sian

Directors' interests in shares

According to the Register of Directors' Shareholdings, none of the Directors (including the spouses or children of the Directors who themselves are not Directors of the Company) holding office at 30 June 2015 had any interest in the ordinary shares/stock units of the Company or of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company) 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.

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

Issue of shares and debentures

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

Options granted over unissued shares

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

Ultimate holding corporation

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

Other statutory information

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

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

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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.

Other statutory information (continued)

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

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

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

…………………………………………………………
Datuk Seri Saw Choo Boon
Director

…………………………………………………………
Hans Essaadi
Director

Petaling Jaya,
Date: 14 August 2015

Guinness Anchor Berhad
(Company No. 5350-X)
(Incorporated in Malaysia)
and its subsidiaries

Statements of financial position as at 30 June 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Assets					
Property, plant and equipment	3	219,581	220,424	192,717	194,902
Intangible assets	4	33,317	38,790	33,310	38,781
Investments in subsidiaries	5	-	-	14,344	14,344
Other receivables and prepayments	6	27,005	16,615	512	779
Total non-current assets		279,903	275,829	240,883	248,806
Inventories	7	49,049	39,975	22,755	28,710
Current tax assets		15,138	7,003	8,760	6,591
Receivables, deposits and prepayments	6	296,269	317,059	43,999	113,256
Cash and cash equivalents	8	52,294	61,804	51,157	54,499
Total current assets		412,750	425,841	126,671	203,056
Total assets		692,653	701,670	367,554	451,862
Equity					
Share capital	9	151,049	151,049	151,049	151,049
Retained earnings		225,099	205,760	61,895	68,924
Total equity attributable to owners of the Company		376,148	356,809	212,944	219,973
Liabilities					
Borrowings	10	50,000	50,000	50,000	50,000
Deferred tax liabilities	11	48,498	42,855	37,382	39,343
Total non-current liabilities		98,498	92,855	87,382	89,343
Borrowings	10	25,000	100,000	25,000	100,000
Trade and other payables	12	193,007	147,620	42,228	42,546
Current tax liabilities		-	4,386	-	-
Total current liabilities		218,007	252,006	67,228	142,546
Total liabilities		316,505	344,861	154,610	231,889
Total equity and liabilities		692,653	701,670	367,554	451,862

The notes on pages 11 to 61 are an integral part of these financial statements.

Guinness Anchor Berhad
(Company No. 5350-X)
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Statements of profit or loss and other comprehensive income for the year ended 30 June 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Revenue		1,748,885	1,610,587	1,148,392	994,744
Cost of sales		(1,128,332)	(1,032,434)	(1,041,780)	(924,942)
Gross profit		620,553	578,153	106,612	69,802
Other income		4,777	3,902	1,724	1,148
Distribution, marketing and selling expenses		(234,729)	(231,933)	(8,294)	(8,406)
Administrative expenses		(82,256)	(69,984)	(16,980)	(21,984)
Other expenses		(12,984)	(9,529)	(10,680)	(8,963)
Dividend income		-	-	136,742	227,904
Results from operating activities		295,361	270,609	209,124	259,501
Finance income	13	2,631	2,591	2,592	2,551
Finance costs	14	(5,593)	(7,413)	(5,593)	(7,413)
Net finance costs		(2,962)	(4,822)	(3,001)	(4,862)
Profit before tax		292,399	265,787	206,123	254,639
Tax expense	15	(78,206)	(67,581)	(18,298)	(8,046)
Profit/Total comprehensive income for the year	16	214,193	198,206	187,825	246,593
Profit/Total comprehensive income for the year attributable to:					
Owners of the Company		214,193	198,206	187,825	246,593
Basic/Diluted earnings per ordinary stock unit (sen)	17	70.9	65.6		

The notes on pages 11 to 61 are an integral part of these financial statements.

Guinness Anchor Berhad
(Company No. 5350-X)
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Statements of changes in equity for the year ended 30 June 2015

		Attributable to owners of the Company		
			Distributable	
Group	**Note**	**Share capital RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 July 2013		151,049	214,491	365,540
Total comprehensive income for the year		-	198,206	198,206
Dividends to owners of the Company	18	-	(206,937)	(206,937)
At 30 June 2014/1 July 2014		151,049	205,760	356,809
Total comprehensive income for the year		-	214,193	214,193
Dividends to owners of the Company	18	-	(194,854)	(194,854)
At 30 June 2015		151,049	225,099	376,148
		Note 9		

Guinness Anchor Berhad

(Company No. 5350-X)
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Statements of changes in equity for the year ended 30 June 2015 (continued)

		Attributable to owners of the Company		
			Distributable	
Company	**Note**	**Share capital RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 July 2013		151,049	29,268	180,317
Total comprehensive income for the year		-	246,593	246,593
Dividends to owners of the Company	18	-	(206,937)	(206,937)
At 30 June 2014/1 July 2014		151,049	68,924	219,973
Total comprehensive income for the year		-	187,825	187,825
Dividends to owners of the Company	18	-	(194,854)	(194,854)
At 30 June 2015		151,049	61,895	212,944
		Note 9		

The notes on pages 11 to 61 are an integral part of these financial statements.

Guinness Anchor Berhad
(Company No. 5350-X)
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Statements of cash flows for the year ended 30 June 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Cash flows from operating activities					
Profit before tax		292,399	265,787	206,123	254,639
Adjustments for:					
Amortisation of intangible assets	4	10,758	9,664	10,756	9,664
Amortisation of prepaid contractual promotion expenses		46,489	35,030	-	-
Depreciation of property, plant and equipment	3	30,968	31,517	22,896	24,043
Dividend income		-	-	(136,742)	(227,904)
Finance income	13	(2,631)	(2,591)	(2,592)	(2,551)
Finance costs	14	5,593	7,413	5,593	7,413
Gain on disposal of property, plant and equipment		(1,111)	(944)	(206)	(292)
Impairment loss on trade receivables		824	-	-	-
Intangible assets written off		214	175	214	175
Property, plant and equipment written off		2,791	254	2,779	252
Reversal of impairment loss on trade receivables		-	(237)	-	-
Unrealised foreign exchange differences		(40)	66	(44)	66
Operating profit before changes in working capital		386,254	346,134	108,777	65,505
Change in inventories		(9,074)	7,368	5,955	(2,865)
Change in trade and other payables		45,427	(31,588)	(274)	(2,706)
Change in receivables, deposits and prepayments		(36,913)	(26,111)	69,524	(54,265)
Cash generated from operations		385,694	295,803	183,982	5,669
Interest paid		(5,593)	(7,413)	(5,593)	(7,413)
Tax refunded		-	22,025	-	19,728
Tax paid		(85,084)	(74,190)	(22,428)	(8,090)
Net cash from operating activities		295,017	236,225	155,961	9,894

Company No. 5350-X

Statements of cash flows for the year ended 30 June 2015
(continued)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Cash flows from investing activities					
Acquisition of intangible assets	4	(5,499)	(13,864)	(5,499)	(13,864)
Acquisition of property, plant and equipment	3	(32,930)	(25,416)	(23,493)	(17,257)
Dividend received		-	-	136,742	227,904
Interest received		2,631	2,591	2,592	2,551
Proceeds from disposal of property, plant and equipment		1,125	963	209	295
Net cash (used in)/from investing activities		(34,673)	(35,726)	110,551	199,629
Cash flows from financing activities					
Dividends paid to owners of the Company	18	(194,854)	(206,937)	(194,854)	(206,937)
Proceeds from issuance of commercial papers		25,000	100,000	25,000	100,000
Repayment of commercial papers		-	(100,000)	-	(100,000)
Repayment of medium term notes		(100,000)	-	(100,000)	-
Net cash used in financing activities		(269,854)	(206,937)	(269,854)	(206,937)
Net (decrease)/increase in cash and cash equivalents		(9,510)	(6,438)	(3,342)	2,586
Cash and cash equivalents at 1 July		61,804	68,242	54,499	51,913
Cash and cash equivalents at 30 June	(i)	52,294	61,804	51,157	54,499

Note to the Statements of cash flows

(i) Cash and cash equivalents

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

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Deposits placed with a licensed bank	8	-	671	-	671
Cash and bank balances	8	52,294	61,133	51,157	53,828
		52,294	61,804	51,157	54,499

The notes on pages 11 to 61 are an integral part of these financial statements.

Guinness Anchor Berhad

(Company No. 5350-X)
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and its subsidiaries

Notes to the financial statements

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

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

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 30 June 2015 do not include other entities.

The Company is principally engaged in the production, packaging, marketing and distribution of beverages, primarily alcoholic, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

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

These financial statements were authorised for issue by the Board of Directors on 14 August 2015.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Company No. 5350-X

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, Revenue from Contracts with Customers

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments (2014)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

- from the annual period beginning on 1 July 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016 except for Amendments to MFRS 5, Amendments to MFRS 11, MFRS 14, Amendments to MFRS 116 and 141 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 July 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.

- from the annual period beginning on 1 July 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the applicable accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programs*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRS 9, *Financial Instruments*

MFRS 9, replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such right are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

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

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Loss of control

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

(iv) Transactions eliminated on consolidation

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

(b) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

2. Significant accounting policies (continued)

(b) Foreign currency transactions (continued)

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

Foreign currency differences arising on retranslation are recognised in profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets are subject to review for impairment (see Note 2(i)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Derecognition

A financial asset or a part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” or “other expenses” respectively in profit or loss.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

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

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

• leasehold land	61 - 95 years
• buildings	50 years
• plant and machinery	13 - 20 years
• movable plant	2 - 10 years

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

2. Significant accounting policies (continued)

(e) Operating leases

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

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(f) Intangible assets

(i) Computer software

Computer software that are acquired by the Group, which have finite useful lives, are stated at cost less any accumulated amortisation and any accumulated impairment losses. Capital work-in-progress is measured at cost and is not amortised 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 software are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value.

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

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

2. Significant accounting policies (continued)

(g) Inventories

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

The cost of inventories is calculated using the weighted average method, 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.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale.

(h) Cash and cash equivalents

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

(i) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

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

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

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

2. Significant accounting policies (continued)

(i) Impairment (continued)

(i) Financial assets (continued)

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

(ii) Other assets

The carrying amounts of other assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

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

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

2. Significant accounting policies (continued)

(i) Impairment (continued)

(ii) Other assets (continued)

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

(j) Equity instrument

Ordinary shares classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(k) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

2. Significant accounting policies (continued)

(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.

(m) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Dividend income

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

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

2. Significant accounting policies (continued)

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(o) Income tax

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

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

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

2. Significant accounting policies (continued)

(o) Income tax (continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

(p) Earnings per ordinary stock unit

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary stock units outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary stock units outstanding for the effects of all dilutive potential ordinary stock units, if any.

(q) Operating segments

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

2. Significant accounting policies (continued)

(r) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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3. Property, plant and equipment

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
At 1 July 2013	4,037	20,191	92,817	340,348	186,793	2,699	646,885
Additions	-	-	361	274	2,890	21,891	25,416
Write off	-	-	(635)	(1,496)	(7,893)	-	(10,024)
Disposals	-	-	-	(1,655)	(4,289)	-	(5,944)
Transfers	-	-	1,776	7,917	9,965	(19,658)	-
Transfer (to)/from intangible assets	-	-	(235)	-	1,011	463	1,239
At 30 June 2014/1 July 2014	4,037	20,191	94,084	345,388	188,477	5,395	657,572
Additions	-	-	47	304	8,488	24,091	32,930
Write off	-	-	(1,826)	(3,915)	(22,604)	-	(28,345)
Disposals	-	-	-	(1,810)	(7,796)	-	(9,606)
Transfers	-	-	3,437	7,664	16,622	(27,723)	-
At 30 June 2015	4,037	20,191	95,742	347,631	183,187	1,763	652,551

3. Property, plant and equipment (continued)

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation							
At 1 July 2013	-	7,358	44,831	235,882	133,038	-	421,109
Depreciation charge for the year	-	255	5,325	12,120	13,817	-	31,517
Write off	-	-	(416)	(1,469)	(7,885)	-	(9,770)
Disposals	-	-	-	(1,655)	(4,270)	-	(5,925)
Transfer (to)/from intangible assets	-	-	(113)	-	330	-	217
At 30 June 2014/1 July 2014	-	7,613	49,627	244,878	135,030	-	437,148
Depreciation charge for the year	-	256	5,473	9,867	15,372	-	30,968
Write off	-	-	(1,091)	(3,378)	(21,085)	-	(25,554)
Disposals	-	-	-	(1,810)	(7,782)	-	(9,592)
At 30 June 2015	-	7,869	54,009	249,557	121,535	-	432,970
Carrying amounts							
At 1 July 2013	4,037	12,833	47,986	104,466	53,755	2,699	225,776
At 30 June 2014/1 July 2014	4,037	12,578	44,457	100,510	53,447	5,395	220,424
At 30 June 2015	4,037	12,322	41,733	98,074	61,652	1,763	219,581

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3. Property, plant and equipment (continued)

Company	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
Cost						
At 1 July 2013	20,191	86,134	340,348	138,858	2,699	588,230
Additions	-	75	274	391	16,517	17,257
Write off	-	(438)	(1,496)	(7,643)	-	(9,577)
Disposals	-	-	(1,655)	(1,497)	-	(3,152)
Transfers	-	1,776	7,917	5,418	(15,111)	-
Transfer from intangible assets	-	-	-	793	463	1,256
At 30 June 2014/1 July 2014	20,191	87,547	345,388	136,320	4,568	594,014
Additions	-	11	304	6,808	16,370	23,493
Write off	-	(1,710)	(3,915)	(17,967)	-	(23,592)
Disposals	-	-	(1,810)	(4,513)	-	(6,323)
Transfers	-	2,563	7,664	9,122	(19,349)	-
At 30 June 2015	20,191	88,411	347,631	129,770	1,589	587,592

3. Property, plant and equipment (continued)

Company	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation						
At 1 July 2013	7,358	42,761	235,882	101,317	-	387,318
Depreciation charge for the year	255	3,721	12,120	7,947	-	24,043
Write off	-	(219)	(1,469)	(7,637)	-	(9,325)
Disposals	-	-	(1,655)	(1,494)	-	(3,149)
Transfer from intangible assets	-	-	-	225	-	225
At 30 June 2014/1 July 2014	7,613	46,263	244,878	100,358	-	399,112
Depreciation charge for the year	256	3,927	9,867	8,846	-	22,896
Write off	-	(975)	(3,378)	(16,460)	-	(20,813)
Disposals	-	-	(1,810)	(4,510)	-	(6,320)
At 30 June 2015	7,869	49,215	249,557	88,234	-	394,875
Carrying amounts						
At 1 July 2013	12,833	43,373	104,466	37,541	2,699	200,912
At 30 June 2014/1 July 2014	12,578	41,284	100,510	35,962	4,568	194,902
At 30 June 2015	12,322	39,196	98,074	41,536	1,589	192,717

3.1 Change in accounting policy

Returnable bottles were previously categorised as inventories. Effective 1 April 2015, the Group changed its accounting treatment by capitalising returnable bottles as movable plant to align with accounting treatment of other returnable packaging items. The change in accounting policy does not have any material financial impact in both the current and prior years. As a result, the management applied the change of accounting policy prospectively.

4. Intangible assets

Group	Computer software RM'000	Capital work-in-progress RM'000	Total RM'000
Cost			
At 1 July 2013	60,642	690	61,332
Additions	-	13,864	13,864
Write off	(4,613)	-	(4,613)
Transfer	11,521	(11,521)	-
Transfer to property, plant and equipment	(776)	(463)	(1,239)
At 30 June 2014/1 July 2014	66,774	2,570	69,344
Additions	-	5,499	5,499
Write off	(15,999)	-	(15,999)
Transfer	5,513	(5,513)	-
At 30 June 2015	56,288	2,556	58,844
Amortisation			
At 1 July 2013	25,545	-	25,545
Amortisation for the year	9,664	-	9,664
Write off	(4,438)	-	(4,438)
Transfer to property, plant and equipment	(217)	-	(217)
At 30 June 2014/1 July 2014	30,554	-	30,554
Amortisation for the year	10,758	-	10,758
Write off	(15,785)	-	(15,785)
At 30 June 2015	25,527	-	25,527
Carrying amounts			
At 1 July 2013	35,097	690	35,787
At 30 June 2014/1 July 2014	36,220	2,570	38,790
At 30 June 2015	30,761	2,556	33,317

4. Intangible assets (continued)

Company	Computer software RM'000	Capital work-in-progress RM'000	Total RM'000
Cost			
At 1 July 2013	60,642	690	61,332
Additions	-	13,864	13,864
Write off	(4,613)	-	(4,613)
Transfer	11,521	(11,521)	-
Transfer to property, plant and equipment	(793)	(463)	(1,256)
At 30 June 2014/1 July 2014	66,757	2,570	69,327
Additions	-	5,499	5,499
Write off	(15,999)	-	(15,999)
Transfer	5,513	(5,513)	-
At 30 June 2015	56,271	2,556	58,827
Amortisation			
At 1 July 2013	25,545	-	25,545
Amortisation for the year	9,664	-	9,664
Write off	(4,438)	-	(4,438)
Transfer to property, plant and equipment	(225)	-	(225)
At 30 June 2014/1 July 2014	30,546	-	30,546
Amortisation for the year	10,756	-	10,756
Write off	(15,785)	-	(15,785)
At 30 June 2015	25,517	-	25,517
Carrying amounts			
At 1 July 2013	35,097	690	35,787
At 30 June 2014/1 July 2014	36,211	2,570	38,781
At 30 June 2015	30,754	2,556	33,310

5. Investments in subsidiaries

	Company 2015 RM'000	Company 2014 RM'000
Unquoted shares		
- at cost	14,344	14,344

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2015 %	2014 %
Guinness Anchor Marketing Sdn. Bhd.	Malaysia	Marketing and distribution of beverages primarily alcoholic in Malaysia	100	100
Ramaha Corporation (M) Sdn. Bhd.	Malaysia	Property holding and land development	100	100
Guinness Sabah Sdn. Bhd.	Malaysia	Dormant	100	100
Malayan Breweries (Malaya) Sdn. Bhd. *	Malaysia	Dormant	100	100
Guinness Singapore Pte. Limited #	Singapore	Dormant	-	100

* On 11 February 2011, Malayan Breweries (Malaya) Sdn. Bhd. has applied to the Companies Commission of Malaysia ("CCM") to have its name struck-off pursuant to Section 308 of the Companies Act, 1965. The striking-off is pending completion.

On 10 April 2014, Guinness Singapore Pte. Limited has applied to the Accounting and Corporate Regulatory Authority ("ACRA") to have its name struck-off from the Register. The striking-off was approved by ACRA on 12 September 2014.

6. Receivables, deposits and prepayments

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Non-current					
Other receivables	6.2	787	1,019	512	779
Prepayments	6.3	26,218	15,596	-	-
		27,005	16,615	512	779
Current					
Trade					
Amount due from related parties	6.1	2,493	1,624	2,493	1,624
Amount due from a subsidiary	6.1	-	-	-	24,945
Trade receivables		259,701	294,734	-	2,637
Less: Impairment losses		(2,783)	(6,384)	-	-
		259,411	289,974	2,493	29,206
Non-trade					
Amount due from related parties	6.1	3,540	3,236	209	149
Amount due from subsidiaries	6.1	-	-	35,552	76,865
Deposits		2,973	7,418	1,244	6,519
Other receivables	6.2	4,995	1,555	2,380	271
Prepayments	6.3	25,350	14,876	2,121	246
		36,858	27,085	41,506	84,050
		296,269	317,059	43,999	113,256

6.1 Amounts due from related parties and subsidiaries

The trade amounts due from related parties and a subsidiary are subject to the normal trade terms.

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

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6. Receivables, deposits and prepayments (continued)

6.2 Other receivables

Included in other receivables are staff loans of the Group and of the Company amounting to RM1,445,000 (2014: RM1,580,000) and RM923,000 (2014: RM1,149,000) respectively of which RM787,000 (2014: RM1,019,000) and RM512,000 (2014: RM779,000) are repayable after the next 12 months for the Group and the Company respectively.

6.3 Prepayments

Included in prepayments of the Group are upfront payments for promotional activities of RM49,015,000 (2014: RM29,909,000) of which RM26,218,000 (2014: RM15,596,000) are to be amortised over a period of more than 12 months. The upfront payments are made to the Group's distributional channels to carry out promotional activities over the period specified in the contract. The amount is amortised to profit or loss based on the volume purchased by outlets from the distributors or the time period as stipulated in the contract.

7. Inventories

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Raw materials	9,296	13,358	9,296	13,358
Work-in-progress	2,570	1,889	2,570	1,889
Finished goods	27,371	12,224	1,612	1,241
Packaging materials	4,553	7,174	4,553	7,174
Engineering stores and spares	5,259	5,330	4,724	5,048
	49,049	39,975	22,755	28,710
Recognised in profit or loss :				
Inventories recognised as cost of sales	1,065,083	979,781	1,041,611	921,341

8. Cash and cash equivalents

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Deposits placed with a licensed bank	-	671	-	671
Cash and bank balances	52,294	61,133	51,157	53,828
	52,294	61,804	51,157	54,499

9. Share capital

	Company			
	Amount 2015 RM'000	Number of shares 2015 '000	Amount 2014 RM'000	Number of shares 2014 '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

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

10. Borrowings

	Note	Group and Company 2015 RM'000	2014 RM'000
Non-current			
Medium Term Notes (unsecured)	10.1	50,000	50,000
Current			
Medium Term Notes (unsecured)	10.1	-	100,000
Commercial Papers (unsecured)	10.2	25,000	-

On 25 November 2011, the Company obtained the approval of the Securities Commission for the issuance of Commercial Papers ("CPs")/Medium Term Notes ("MTNs") Programme of up to RM500 million ("CP/MTN Programme"). The CP/MTN Programme is for a tenure of 7 years.

10. Borrowings (continued)

10.1 Medium Term Notes

On 28 December 2011, the Company issued MTNs amounting to RM150 million under the CP/MTN Programme. The Company repaid RM100 million (2014: NIL) of the MTNs issued during the year. The remaining MTNs issued are as follows:

Tenure (years)	Interest rate (per annum)	Maturity date	Nominal value RM'000
5	3.78%	27 December 2016	50,000

The interest is payable every half yearly and the principal is repayable in full upon maturity.

10.2 Commercial Papers

On 19 January 2015, the Company issued CPs amounting to RM25 million under the CP/MTN Programme. Subsequent to the balance sheet date, the CPs matured and the entire RM25 million was repaid on 10 July 2015.

11. Deferred tax liabilities

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Group						
Property, plant and equipment	1,045	2,264	(37,438)	(39,704)	(36,393)	(37,440)
Other items	151	2,062	(12,256)	(7,477)	(12,105)	(5,415)
Tax assets/(liabilities)	1,196	4,326	(49,694)	(47,181)	(48,498)	(42,855)
Set off of tax	(1,196)	(4,326)	1,196	4,326	-	-
Net tax liabilities	-	-	(48,498)	(42,855)	(48,498)	(42,855)
Company						
Property, plant and equipment	-	-	(37,438)	(39,704)	(37,438)	(39,704)
Other items	60	361	(4)	-	56	361
Tax assets/(liabilities)	60	361	(37,442)	(39,704)	(37,382)	(39,343)
Set off of tax	(60)	(361)	60	361	-	-
Net tax liabilities	-	-	(37,382)	(39,343)	(37,382)	(39,343)

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11. Deferred tax liabilities (continued)

Movement in temporary differences during the year

Group	At 1.7.2013 RM'000	Recognised in profit or loss (Note 15) RM'000	At 30.6.2014/ 1.7.2014 RM'000	Recognised in profit or loss (Note 15) RM'000	At 30.6.2015 RM'000
Property, plant and equipment	(32,148)	(5,292)	(37,440)	1,047	(36,393)
Other items	(8,070)	2,655	(5,415)	(6,690)	(12,105)
	(40,218)	(2,637)	(42,855)	(5,643)	(48,498)
Company					
Property, plant and equipment	(33,655)	(6,049)	(39,704)	2,266	(37,438)
Other items	1,107	(746)	361	(305)	56
	(32,548)	(6,795)	(39,343)	1,961	(37,382)

12. Trade and other payables

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Trade					
Amount due to related parties	12.1	1,248	1,096	1,248	1,096
Trade payables		37,724	52,563	16,709	23,131
		38,972	53,659	17,957	24,227
Non-trade					
Amount due to related parties	12.1	9,672	13,016	-	1,244
Amount due to a subsidiary	12.1	-	-	100	100
Other payables		1,923	2,400	1,445	2,057
Accrued expenses	12.2	142,440	78,545	22,726	14,918
		154,035	93,961	24,271	18,319
		193,007	147,620	42,228	42,546

12. Trade and other payables (continued)

12.1 Amount due to related parties and a subsidiary

The trade amount due to related parties is subject to normal trade terms.

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

12.2 Accrued expenses

Included in accrued expenses of the Group are accruals for promotion expenses of RM 89,751,000 (2014: RM52,454,000).

13. Finance income

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Interest income received from deposits placed with a licensed bank	2,622	2,576	2,588	2,539
Interest income received from staff loans	9	15	4	12
Recognised in profit or loss	2,631	2,591	2,592	2,551

14. Finance costs

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Commercial papers	1,299	6,065	1,299	6,065
- Medium term notes	3,872	1,144	3,872	1,144
- Revolving credit	255	159	255	159
- Export billing	167	45	167	45
Recognised in profit or loss	5,593	7,413	5,593	7,413

15. Tax expense

Recognised in profit or loss

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax expense				
Malaysian				
- current year	72,496	64,498	20,711	1,135
- under/(over) provision in prior year	67	446	(452)	116
Total current tax recognised in profit or loss	72,563	64,944	20,259	1,251
Deferred tax expense				
Origination and reversal of temporary differences	2,787	4,294	(2,498)	6,754
Under/(Over) provision in prior year	2,856	(1,657)	537	41
Total deferred tax recognised in profit or loss (Note 11)	5,643	2,637	(1,961)	6,795
Total income tax expense	78,206	67,581	18,298	8,046
Reconciliation of tax expense				
Profit for the year	214,193	198,206	187,825	246,593
Total income tax expense	78,206	67,581	18,298	8,046
Profit excluding tax	292,399	265,787	206,123	254,639
Income tax calculated using Malaysian tax rate of 25% (2014: 25%)	73,100	66,447	51,531	63,660
Non-deductible expenses	2,183	2,345	868	1,205
Tax exempt dividend	-	-	(34,186)	(56,976)
Under/(Over) provision in prior year	2,923	(1,211)	85	157
	78,206	67,581	18,298	8,046

16. Profit for the year

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the year is arrived at after charging:				
Amortisation of prepaid contractual promotion expenses	46,489	35,030	-	-
Amortisation of intangible assets	10,758	9,664	10,756	9,664
Auditors' remuneration				
- Statutory audit				
KPMG	160	160	96	96
- Other services				
KPMG	87	42	33	32
Affiliates of KPMG	61	68	32	46
Depreciation of property, plant and equipment	30,968	31,517	22,896	24,043
Hire of equipment	1,623	1,506	660	708
Impairment loss on trade receivables	824	-	-	-
Intangible assets written off	214	175	214	175
Net realised loss on foreign exchange	-	2,730	-	2,164
Net unrealised loss on foreign exchange	-	66	-	66
Personnel expenses (including key management personnel):				
- Contributions to state plans	11,232	10,980	3,298	5,070
- Wages, salaries and others	90,079	73,110	27,027	31,696
Property, plant and equipment written off	2,791	254	2,779	252
Rental expense on buildings	3,027	2,729	503	43
and after crediting:				
Dividend income from unquoted subsidiary	-	-	136,742	227,904
Gain on disposal of property, plant and equipment	1,111	944	206	292
Net realised gain on foreign exchange	1,262	-	703	-
Net unrealised gain on foreign exchange	40	-	44	-
Reversal of impairment loss on trade receivables	-	237	-	-

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17. Earnings per ordinary stock unit

Basic earnings per ordinary stock unit

The calculation of basic earnings per ordinary stock unit at 30 June 2015 was based on the profit attributable to ordinary shareholders of RM214,193,000 (2014: RM198,206,000) and a weighted average number of ordinary stock unit outstanding of 302,098,000 (2014: 302,098,000).

Weighted average number of ordinary stock unit

	Group	
	2015	**2014**
	'000	**'000**
Issued ordinary stock unit at 30 June	302,098	302,098
Basic earnings per ordinary stock unit (sen)	70.9	65.6

Diluted earnings per ordinary stock unit

There were no diluted earnings per ordinary stock unit for the Group as at 30 June 2015 and 2014.

18. Dividends

Dividends recognised by the Company are:

	Sen per stock unit	**Total amount RM'000**	**Date of payment**
2015			
Interim 2015 ordinary	20.00	60,420	22 April 2015
Final 2014 ordinary	44.50	134,434	31 December 2014
Total amount		194,854	
2014			
Interim 2014 ordinary	20.00	60,420	25 April 2014
Final 2013 ordinary	48.50	146,517	27 December 2013
Total amount		206,937	

The Directors now recommend the declaration of a final ordinary dividend of 51 sen per 50 sen stock unit under the single tier tax system totalling RM154,069,980 in respect of the financial year ended 30 June 2015 which if approved by the owners of the Company will be payable on 31 December 2015.

19. Operating segment

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% (2014: 1%) of the total sales is exported, mainly to Asian countries. As such, only one reportable segment analysis is prepared. The Managing Director of the Company (the chief operating decision maker) reviews internal management reports at least on a monthly basis.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Managing Director of the Company. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segment relative to other entities that operate within this industry.

Segment assets and liabilities

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

Segment capital expenditure

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

	Group	
	2015	**2014**
	RM'000	**RM'000**
Total additions to property, plant and equipment and intangible assets	38,429	39,280

	2015	**2014**
	RM'000	**RM'000**
Segment profit	292,399	265,787
Included in the measure of segment profit are:		
Revenue from external customers	1,725,741	1,597,653
Depreciation and amortisation	(41,726)	(41,181)
Not included in the measure of segment profit but provided to the Managing Director of the Company		
Net finance costs	(2,962)	(4,822)

19. Operating segment (continued)

Reconciliation of reportable segment revenue, profit and other material items

	Group 2015 RM'000	Group 2014 RM'000
Segment revenue		
Revenue from external customers	1,725,741	1,597,653
Revenue from internal customers	23,144	12,934
Consolidated revenue	1,748,885	1,610,587
Net finance costs		
Finance income	2,631	2,591
Finance costs	(5,593)	(7,413)
Consolidated net finance costs	(2,962)	(4,822)

No reconciliation is performed for reportable segment profit, depreciation and amortisation to consolidated figures as there are no differences.

20. Financial instruments

20.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:
(a) Loans and receivables ("L&R");
(b) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L&R/ (FL) RM'000
2015		
Financial assets		
Group		
Receivables and deposits	271,706	271,706
Cash and cash equivalents	52,294	52,294
	324,000	324,000
Company		
Receivables and deposits	42,390	42,390
Cash and cash equivalents	51,157	51,157
	93,547	93,547

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20. Financial instruments (continued)

20.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R/ (FL) RM'000
2015		
Financial liabilities		
Group		
Trade and other payables	(193,007)	(193,007)
Borrowings	(75,000)	(75,000)
	(268,007)	(268,007)
Company		
Trade and other payables	(42,228)	(42,228)
Borrowings	(75,000)	(75,000)
	(117,228)	(117,228)
2014		
Financial assets		
Group		
Receivables and deposits	303,202	303,202
Cash and cash equivalents	61,804	61,804
	365,006	365,006
Company		
Receivables and deposits	113,789	113,789
Cash and cash equivalents	54,499	54,499
	168,288	168,288
Financial liabilities		
Group		
Trade and other payables	(147,620)	(147,620)
Borrowings	(150,000)	(150,000)
	(297,620)	(297,620)
Company		
Trade and other payables	(42,546)	(42,546)
Borrowings	(150,000)	(150,000)
	(192,546)	(192,546)

20. Financial instruments (continued)

20.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net gains/(losses) on:				
Loans and receivables	2,366	2,828	2,592	2,551
Financial liabilities measured at amortised cost	(4,850)	(10,209)	(4,846)	(9,643)
	(2,484)	(7,381)	(2,254)	(7,092)

20.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

20.3.1 Credit risk

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

(a) Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

20. Financial instruments (continued)

20.3 Financial risk management (continued)

20.3.1 Credit risk (continued)

(a) Receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

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

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

	Group	
	2015 RM'000	**2014 RM'000**
Malaysia	256,918	286,630
Others	2,493	3,344
	259,411	289,974

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

	Group Carrying amounts	
	2015 RM'000	**2014 RM'000**
Type of collateral		
Bank guarantees	48,298	47,008
Cash deposits	-	2,499
Properties charged*	29,762	31,097
Quoted shares pledged*	1,344	2,016
	79,404	82,620

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

20. Financial instruments (continued)

20.3 Financial risk management (continued)

20.3.1 Credit risk (continued)

(a) Receivables (continued)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Net RM'000
Group			
2015			
Not past due	251,933	-	251,933
Past due 1 - 30 days	3,876	-	3,876
Past due 31 - 120 days	75	-	75
Past due more than 120 days	6,310	(2,783)	3,527
	262,194	(2,783)	259,411
2014			
Not past due	280,947	-	280,947
Past due 1 - 30 days	4,845	-	4,845
Past due 31 - 120 days	3,497	-	3,497
Past due more than 120 days	7,069	(6,384)	685
	296,358	(6,384)	289,974

20. Financial instruments (continued)

20.3 Financial risk management (continued)

20.3.1 Credit risk (continued)

(a) Receivables (continued)

Impairment losses (continued)

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

	Group	
	2015 **RM'000**	**2014** **RM'000**
At 1 July	6,384	6,621
Impairment loss recognised	824	-
Impairment loss reversed	-	(237)
Impairment loss written off	(4,425)	-
At 30 June	2,783	6,384

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.

(b) Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides credit terms and unsecured advances to subsidiaries and related parties and monitors their results regularly.

Exposure to credit risk, credit quality and collateral

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

Advances are only provided to subsidiaries which are wholly owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the inter-company balances are not recoverable.

20. Financial instruments (continued)

20.3 Financial risk management (continued)

20.3.1 Credit risk (continued)

(c) Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

In view of the sound credit rating of counterparties, management does not expect any counterparties to fail to meet their obligations.

20.3.2 Liquidity risk

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

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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20. Financial instruments (continued)

20.3 Financial risk management (continued)

20.3.2 Liquidity risk (continued)

Maturity analysis

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

Group	Carrying amount RM'000	Contractual interest rate/coupon	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2- 5 years RM'000
2015						
Non-derivative financial liabilities						
Borrowings						
- Medium Term Notes (unsecured)	50,000	3.78%	52,832	1,890	50,942	-
- Commercial Papers (unsecured)	25,000	4.35%	25,000	25,000	-	-
Trade and other payables	193,007	-	193,007	193,007	-	-
	268,007		270,839	219,897	50,942	-
2014						
Non-derivative financial liabilities						
Borrowings						
- Medium Term Notes (unsecured)	150,000	3.70% - 3.78%	156,527	103,705	1,890	50,932
Trade and other payables	147,620	-	147,620	147,620	-	-
	297,620		304,147	251,325	1,890	50,932

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20. Financial instruments (continued)

20.3 Financial risk management (continued)

20.3.2 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual interest rate/coupon	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2- 5 years RM'000
2015						
Non-derivative financial liabilities						
Borrowings						
- Medium Term Notes (unsecured)	50,000	3.78%	52,832	1,890	50,942	-
- Commercial Papers (unsecured)	25,000	4.35%	25,000	25,000	-	-
Trade and other payables	42,228	-	42,228	42,228	-	-
	117,228		120,060	69,118	50,942	-
2014						
Non-derivative financial liabilities						
Borrowings						
- Medium Term Notes (unsecured)	150,000	3.70% - 3.78%	156,527	103,705	1,890	50,932
Trade and other payables	42,546	-	42,546	42,546	-	-
	192,546		199,073	146,251	1,890	50,932

20. Financial instruments (continued)

20.3 Financial risk management (continued)

20.3.3 Market risk

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

(a) Currency risk

The Group is exposed to foreign currency risk through normal trading activities on sales and purchases that are denominated in currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Singapore Dollar ("SGD"), Euro Dollar ("EURO") and Thai Baht ("THB").

Risk management objectives, policies and processes for managing the risk

The Group uses forward exchange contracts to hedge its foreign currency risk. There is no outstanding forward exchange contract as at the end of the reporting period.

Exposure to foreign currency risk

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

	Denominated in			
	USD	**SGD**	**EURO**	**THB**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2015				
Trade receivables	2,492	-	-	-
Trade payables	(3,126)	(3,995)	(2,364)	(81)
Net exposure	(634)	(3,995)	(2,364)	(81)
2014				
Trade receivables	4,081	-	-	-
Trade payables	(2,197)	-	(516)	(1,015)
Net exposure	1,884	-	(516)	(1,015)

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

20. Financial instruments (continued)

20.3 Financial risk management (continued)

20.3.3 Market risk (continued)

(b) Interest rate risk

The Group's fixed rate short-term deposits placed with a licensed bank and its fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group does not have a formal policy in place for managing the risk arising from interest rate. The fluctuation of interest rate is however monitored closely by the Group.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group and Company	
	2015	**2014**
	RM'000	**RM'000**
Fixed rate instruments		
Financial assets	-	671
Financial liabilities	(75,000)	(150,000)
	(75,000)	(149,329)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

20. Financial instruments (continued)

20.4 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses the financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	2015		2014	
	Carrying amount RM'000	Fair value Level 3 RM'000	Carrying amount RM'000	Fair value Level 3 RM'000
Group and Company				
Borrowings	(75,000)	(75,000)	(150,000)	(150,000)

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2014: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial liabilities. The fair value of long term liabilities are determined using the discounted cash flows valuation technique.

Interest rates used to determine fair value

The interest rate used to discount estimated cash flows, where applicable, is as follows:

	2015	2014
Borrowings	3.78% - 4.35%	3.70% - 3.78%

21. Capital management

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

The Group monitors and maintains a balanced level of total equity to ensure the Group has adequate capital to support its future development and the payment of dividends to owners of the Company. There was no change in the Group's approach to capital management during the financial year.

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

22. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		**Company**	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Less than one year	2,837	2,947	1,898	1,516
Between one and five years	4,117	2,119	3,688	1,393
	6,954	5,066	5,586	2,909

The Group leases a number of warehouses 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 commitments

	Group and Company	
	2015	2014
	RM’000	RM’000
Capital expenditure commitments		
Property, plant and equipment		
Authorised but not contracted for	39,669	109,477
Authorised and contracted for within one year	3,629	3,935
	43,298	113,412

24. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its ultimate holding corporation, substantial shareholders of the ultimate holding corporation, subsidiaries and key management personnel.

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

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24. Related parties (continued)

Significant related party transactions

Significant related party transactions of the Group and the Company other than those disclosed in note 25 are shown below. The balances related to the below transactions are shown in notes 6 and 12 respectively.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
A. Subsidiary				
Guinness Anchor Marketing Sdn Bhd				
Sale of products	-	-	1,122,910	1,017,046
Management service fee received and receivable	-	-	36,299	8,340
B. Related corporations				
Diageo Plc and its related corporations				
Purchase of goods	(12,808)	(14,433)	(12,808)	(14,433)
Sale of products	23,144	12,934	23,144	12,934
Royalties paid and payable	(12,951)	(11,507)	-	(5,250)
Heineken N.V. and its related corporations				
Purchase of goods	(16,009)	(13,231)	(15,235)	(13,231)
Royalties paid and payable	(32,105)	(27,426)	-	-
Marketing and technical fees paid and payable	(686)	(233)	(686)	(233)
Marketing and advertising service fees received and receivable	19,792	20,383	-	-

25. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Directors				
- Fees	597	597	591	591
- Remuneration	1,359	1,289	1,359	1,289
- Meeting attendance allowance	97	92	97	92
Other short term benefits (including estimated monetary value of benefit-in-kind of RM46,000 (2014: RM46,000))	595	490	595	490
	2,648	2,468	2,642	2,462
Other key management personnel:				
Short-term employee benefits	5,688	6,283	3,823	4,288
	8,336	8,751	6,465	6,750

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.

26. Comparatives

Certain comparatives were restated to conform with current year disclosure.

27. Supplementary financial information on the breakdown of realised and unrealised profits or losses

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

	Group		**Company**	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Total retained earnings of the Company and its subsidiaries:				
- realised profits/(losses)	276,326	250,779	99,461	(39,850)
- unrealised (losses)/profits	(49,054)	(43,779)	(37,566)	108,774
	227,272	207,000	61,895	68,924
Less: Consolidation adjustments	(2,173)	(1,240)	-	-
Total retained earnings	225,099	205,760	61,895	68,924

The determination of realised and unrealised profits is based on 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 on 20 December 2010.

Guinness Anchor Berhad
(Company No. 5350-X)
(Incorporated in Malaysia)
and its subsidiaries

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 5 to 60 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 27 on page 61 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:

…………………………………………………………
Datuk Seri Saw Choo Boon
Director

…………………………………………………………
Hans Essaadi
Director

Petaling Jaya,

Date: 14 August 2015

Guinness Anchor Berhad
(Company No. 5350-X)
(Incorporated in Malaysia)
and its subsidiaries

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

I, **Atul Chhaparwal**, 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 5 to 61 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Petaling Jaya on 14 August 2015.

……………………………….
Atul Chhaparwal

Before me:

Commissioner for Oaths
Petaling Jaya

Independent Auditors' Report to the members of Guinness Anchor Berhad

(Company No. 5350-X)
(Incorporated in Malaysia)

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 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 60.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Company No. 5350-X

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the accounts 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.

c) Our 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 on page 61 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance 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.

Company No. 5350-X

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 content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Chew Beng Hong
Approval Number: 2920/02/16(J)
Chartered Accountant

Petaling Jaya, Malaysia

Date: 14 August 2015