



# Letter from Chairman

Dear Shareholders,

I am delighted to report that Guinness Anchor Berhad (GAB) has again made strong strides on the financial and operational fronts for this financial year.

We grew our revenue and group pre-tax profit by a healthy 11.4% and 11% respectively to achieve RM1.19 billion in revenue and RM168.9 million in pre-tax profit.



## Letter from Chairman

We reaffirmed our position as Malaysia's clear market leader and further enhanced our reputation within our brand owners' global network of breweries. This reflects very well on the performance of the quality standard of Malaysian manufacturing. Our steadfast focus on our people, brands and performance has provided us the impetus we need to drive our business and move towards becoming an icon in business.

In line with our results, your Board of Directors is recommending final dividends of 14 sen per 50 sen stock unit tax exempt, and 17 sen gross per 50 sen stock unit less Malaysian income tax at 25%. Together with an interim dividend of 13 sen gross per 50 sen stock unit less Malaysian income tax at 26% declared on 22 February 2008, this will bring the total net dividend for the financial year to 36.4 sen per 50 sen stock unit, which represents a 3.5 sen increase from the preceding year.

### CONTINUED GROWTH DESPITE MARKET VOLATILITY

The malt liquor market (MLM) in which GAB operates continued to face many challenges over the period under review. These took the form of rising costs from record high commodity prices, increased competition, security ink issues and high excise duties. However, unlike the years 2004, 2005 and 2006, the industry was spared a further increase in excise duties in the year under review.

Thankfully, after three years of decline, the market experienced a modest growth this year. We were able to take advantage of this to continue improving our profitability as well as increasing our market share lead by more than 2%. I am happy to announce that GAB continues to lead the domestic market in Malaysia with over 56% share and up to 60% share of the total industry profit.

### DRIVEN BY PEOPLE, BRANDS AND PERFORMANCE

We owe these results and the ability to weather the challenges of the marketplace to our unwavering focus on our three pillars of People, Brands and Performance. The many initiatives we have implemented in these areas have enabled us to enhance our organisational effectiveness, operational efficiencies and outperform the market. A continued focus on these strategic areas will be core to our success going forward.

As a fitting testament to our achievements, GAB has, for the second consecutive year, won the Guinness League of Excellence Award for the best quality Guinness brewed outside of Ireland. On top of this, for the first time ever, we won the coveted international Tiger Quality Award for delivering outstanding quality standards of Tiger beer. We were also a close runner-up in Asia Pacific for the Diageo Market of the Year Award. My sincere appreciation goes to the GAB team for these convincing wins and for the outstanding international recognition.

### ENRICHING COMMUNITIES

We take our commitment to enriching the communities we operate in very seriously. During the period under review, we took our Corporate Responsibility (CR) initiatives up several notches with the formation of the GAB Foundation. Formed on 5 July 2007, the GAB Foundation spearheads our CR activities and continues GAB's efforts to enrich communities in the areas of environmental conservation, education and community projects.

On the environmental conservation front, the year saw us initiating the Water 4 Life water conservation programme. Water 4 Life involves storytelling programmes to children advocating the responsible use of water and a community river rehabilitation programme with Global Environment Centre, a non-government organisation. In the area of education, more than 1,000 Tamil school students received aid.

We raised more than RM12 million via the Tiger-Sin Chew Chinese Education Charity Concert and the Guinness Torch Fund initiatives. Also as a result of overwhelming response to our Dragon Mission campaign held in conjunction with Chinese New Year, we raised RM2 million in just six weeks.

These and our other CR initiatives are highlighted in detail within GAB's Corporate Responsibility Report.

#### THE WAY FORWARD

We anticipate that the coming financial year ending 30 June 2009 may be a tougher year as a result of a volatile global economy. The brewing industry will not be spared as raw material and operating costs have gone up dramatically. On our part, rest assured that your Board and Management remain committed to managing our business diligently to deliver optimum returns for shareholders amidst these market challenges. We will focus on consolidating our leadership position as well as meeting shareholders' expectations through managing costs and maintaining focus on People, Brands and Performance to continue to ensure profitability.

Given that excise duty on beer and stout in Malaysia is already the second highest in the world, we welcome the Government's decision to not apply a further increase in the 2009 Budget. Collectively, the beer and stout industry employs 60,000 to 70,000 people directly and indirectly. We are pleased that this decision goes towards safeguarding and enhancing this large workforce.

We will continue investing in growing and empowering our people, building our brand equity, and driving our performance, thereby ensuring business sustainability in the tough business environment. By making continued investments in these areas, we are confident of sustaining our growth, extending our market leadership and delivering satisfactory results for the forthcoming financial year.

#### IN APPRECIATION

This year, we are sad to bid farewell to two of our fellow Directors namely YBhg Tan Sri Dato' Alwi Jantan and Mr. Chin Yoong Chong who have served the Board for 14 and 13 years respectively. YBhg Tan Sri Dato' Alwi and Mr. Chin will be retiring from the Board on 26 November 2008 as they are not seeking re-election. On behalf of the Board and myself, I would like to record our appreciation to both of them for their invaluable contributions and wise counsel during their tenure of office.

It is my pleasant duty to welcome Mr. Sreesanthan Eliathamby and Mr. Martin Manen who joined the Board on 1 March 2008 and 29 August 2008 respectively. They bring with them considerable legal and financial expertise and experience and we look forward to their active participation and contributions.

The Board wishes to thank our staff and management team under the leadership of Managing Director, Mr Charles Ireland, for delivering strong results despite the challenges we faced. We thank them for their dedication, commitment and hard work and for holding true to the Vision and Values that will make GAB an icon in business.

Our sincere appreciation goes to all our distributors, suppliers and retailers for placing their unwavering faith in our Company especially amidst the challenges of the marketplace. Last but not least, my utmost thanks to you, our shareholders and stakeholders, for your unrelenting commitment to GAB. We look forward to your continuing support as together we brew greater success for GAB.

Thank you.



**Tan Sri Saw Huat Lye**  
Chairman

19 September 2008