

Dear Shareholders,

It gives me great pleasure to report that Guinness Anchor Berhad (GAB) has delivered its tenth successive year of growth with another year of very solid results. In the last financial year, revenue and profit after tax grew by 9.6% and 18.8% respectively. When we look back over a longer period, in the last decade we have seen revenue and profits expand by 89% and 150% respectively. Furthermore, we have grown market share in every one of the last 10 years and are the clear market leader.

# Letter from Chairman



We are fortunate to have a prudent Government who, through its Economic Transformation Programme (ETP), has boosted the economy, sustained Gross Domestic Product (GDP) growth and shielded the country from the continuing after effects of the global financial crisis.

The country recorded a healthy GDP growth of 4.8% in the last quarter of 2010, which carried through to the first quarter of 2011. While the growth momentum moderated in the second quarter due to supply disruptions from the Japan disaster, the overall positive scenario provided for a conducive business environment as growth in domestic demand was sustained at around 5% throughout the period from July 2010 to June 2011.

#### **BUILDING A SUSTAINABLE BUSINESS MODEL**

While the favourable economic climate played a part in our performance, much of the credit has to go to our people, our processes and systems, and our portfolio of international premium brands.

Led by Managing Director, Charles Ireland, we have seen our dynamic and passionate teams take significant strides in meeting consumer preferences and needs, improving efficiencies and taking significant steps to innovate our product and service offerings.

## Letter from Chairman

Our trade partners, too, have contributed significantly as we have built mutually beneficial relationships over the past decade. Our track record in building strong relationships has also influenced new partners to come on board, as we continue to grow the GAB family.

Our portfolio, led by our four biggest brands, Tiger, Guinness, Heineken and Anchor, continues to outperform the market and grow GAB's market share. This performance shows the passion, craftsmanship and care shown by all GAB employees, enabling the highest standards of excellence to be consistently achieved.

### HELPING BUILD SUSTAINABLE COMMUNITIES

GAB strongly advocates responsible corporate conduct and we look to create sustainable value for all of our stakeholders, including our employees and shareholders, our consumers and the communities we operate in.

Our social responsibility activities are channeled through the GAB Foundation. Since its inception in 2007, the GAB Foundation has anchored various initiatives focussed on environmental conservation, educational support and community enrichment.

Amongst the on-going programmes the Foundation is carrying out are: the rehabilitation of Sungai Way; the award of scholarships to deserving students; and the English Programme, which aims to help vernacular school children improve their English language proficiency.

I am pleased to report that our Corporate Responsibility (CR) efforts have been recognised during the year under review. We received several accolades, including the AREA Awards 2011 for Investment in People and the StarBiz-ICRM CR Awards 2010 for Investment in Community.

In the area of Corporate Governance, GAB's standards and commitment was acknowledged at the MCG Index Awards organised by the Minority Shareholder Watchdog Group, winning the Distinction Award for scoring A+ for overall Malaysian Corporate Governance (CG) Scores as well as the Most Improved Company Award for significant improvement in CG scores, spring-boarding from 94th position in 2009 to 9th in 2010.

More information on our various CR initiatives is available in a separate leaflet which accompanies this annual report. This leaflet provides an overview of our CR activities. I hope you will take the time to go through it.

### BUILDING THE FOUNDATIONS FOR FUTURE SUCCESS

The outlook for the rest of 2011 looks solid, as there is expected to be a rebound in Q3 2011 from the moderation in Q2 2011, due to the reconstruction of Japan and implementation of ETP projects. Hence, 2011 GDP growth is expected to reach 5.2% year-on-year, before moving up to 5.5% in 2012.

While the country's economic health augurs well for us, external issues will continue to pose challenges to the business. On top of rising commodity and fuel prices, we face a continued threat of an excise duty increase. We are engaging with various stakeholders on this topic and have put forth a comprehensive case on how excise duties could be restructured to bring them in line with global best practice. We have urged the Government to continue the efforts we have seen over the past years to step up enforcement and curb smuggling.

Nevertheless, we will continue to drive our business performance through our team of highly capable employees, our winning portfolio of brands and our well-structured systems and processes.

### IN APPRECIATION

The year saw changes in the Board of Directors, with the retirements of Independent Non-Executive Director, Dato' Jaffar Indot on 4 November 2010 after 11 years of service, and Executive Director Mr. Low Teng Lum on 30 April 2011, also after 11 years of service. I would like to thank Dato' Jaffar for his many contributions during his time as Director. I would also like to acknowledge Teng Lum, who as Finance Director was instrumental in the growth of the Company over the past decade. On behalf of the Board and the Company, I would like to recognise their contributions and wish them all the best in their retirement.

At the same time, I would like to extend a warm welcome to three new Board members. Dato' Syed Salleh bin Syed Othman was appointed as Independent Non-Executive Director on 1 February 2011, and brings with him a wealth of experience having served in various capacities within the ICI Group of Companies for 35 years. Joining him are Mr. Edward McShane from Diageo and

Mr Edmond Neo Kim Soon from Asia Pacific Breweries Limited (APB), who were both appointed as Non-Independent Non-Executive Directors on 25 July 2011. Edward, who has been with Diageo for 18 years, is currently the Finance Director for Diageo South East Asia and Edmond, currently the Group Commercial Director of APB, has spent 20 years in the APB Group in various capacities. I look forward to their wise counsel in the coming years.

On behalf of the Board and the shareholders, I would also like to extend my appreciation to the Managing Director for his leadership in guiding his team to achieve yet another year of outstanding performance, making it a perfect 10. Our gratitude goes to the whole team, as without their dedication, hard work and commitment, the Company would not be where it is today.

I would also like to express our sincere thanks to all our distributors, suppliers and retailers for their continued support in helping drive our business forward, as well as to all our shareholders for their unrelenting support.



**Tan Sri Saw Huat Lye**

Chairman

4 August 2011