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Managing Director's Review

Guinness Anchor Berhad (GAB) delivered a commendable performance for the financial year ended 30 June 2011 (FY11), capping an outstanding decade of continued expansion in revenue, profit and market share.

The robust economic climate during FY11 helped set an environment conducive for business growth, however, even with that backdrop we were delighted to grow our revenue by 9.6% and profitability by 18.8%.

OUR GROWTH DRIVERS

A straight 10 years of growth reflects the effort everyone in our Company has invested in striving to build GAB into a world-class business. Our Company Vision remains to become 'An Icon in Business, respected the world over for delivering exceptional growth in our People, Brands and Performance'.

I believe that FY11 saw us take another step forward towards achieving that vision.

We have seen our portfolio of leading brands grow from strength to strength, driven by a committed GAB team, guided by our Company Values of: having a passion for winning; valuing and respecting each other; showing integrity in all that we do and providing enjoyment. Also guiding us, have been our business enablers of Focus, Delivery, Improvement and Teamwork.

We are also mindful of the impact we have on society, particularly on the communities in which we operate, and have taken many steps to ensure that our success is achieved in a sustainable manner, mindful of all our various stakeholders' expectations.

Managing Director's Review

THE INGREDIENTS OF SUCCESS

Great individuals and great teamwork are key ingredients to our success. We have worked hard to try to create an environment where our teams can perform at the highest level to ensure that the Company delivers its full potential.

We have made many investments to improve our organisational efficiency over the past year and past decade. One of the most significant examples of this is the restructuring of our Sales Force, which was implemented at the beginning of FY11. These changes improved our work processes and procedures and further empowered our people to make a difference in the marketplace.

Similarly, we have invested in innovative programmes to develop our brands and engage with our consumers. Our Marketing and Sales teams have initiated and implemented ever bigger and ever more impactful campaigns. Our Supply Chain team continued its excellent work and maintained GAB's position as the best Guinness brewery, outside of Ireland, for the 5th year in a row, bringing home the Guinness League of Excellence Award once again.

On the human resource front, we made further progress in our journey to be the Malaysian employer of choice, while the Finance team continued to provide world-class decision support and strategic leadership on our various activities, ensuring that our Company's financial health was maintained.

During the year under review, we continued to engage with key stakeholders. Our Corporate Relations and Legal team met with many stakeholders, including officers within Government Ministries and agencies, as well as industry organisations, to present our views and position on industry-related issues.

In pursuit of our business goals, we were mindful to also contribute to and enrich the communities in which we operate. Through the GAB Foundation, we conducted programmes to meaningfully engage with them.

MARKET HEROES

A key component of our success is our strong relations with our trade partners, many of whom have grown with us over the past decade. Our various trade partner initiatives included: sharing industry best practices; executing training programmes through the GAB Academy; providing impactful marketing and promotional support; and delivering an ever increasing level of customer service. As a result, in FY11, we achieved significant growth in the number of new partners coming on board, especially in the modern on-trade.

SHARING THE EXCITEMENT

During the year, our premium international brands, especially our four pillar brands – Tiger, Guinness, Heineken and Anchor, performed admirably as a result of our initiatives to consolidate and grow their leadership positions.

Tiger Beer was, by a significant margin, the fastest growing brand in the Malt Liquor Market (MLM) in FY11. This is a phenomenal achievement given that Tiger is already such a large brand in the market. Of equally significant note was the very healthy performance of both Guinness and Heineken. Both brands responded very well to the various marketing investments made in them during the year.

In FY11, we engaged with our consumers through bigger and higher quality events, to create world-class brand experiences. A highlight was our 700 Tiger themed "Celebrate Winning Football Moments" viewing parties during the period of the most celebrated world football tournament, where huge crowds enjoyed both the football games and the event programme at various GAB partner outlets throughout the country. Catering to the Malaysian love for football, Tiger also continued with its Tiger FC viewing parties. Featuring a trademark viewing experience with high-definition TV screens and a host of exciting activities, football aficionados had a blast catching their favourite English Premier League teams in action. The year

also saw us update Tiger Beer's livery, taking on a sleek new platinum and blue colour combination to bring its look in line with its status as a premium, international award winning beer.

Guinness has over recent years gained a reputation for holding remarkable, iconic events. The 2010 Arthur's Day Celebration further bolstered this reputation as it was once again the talk of town. Following our 2009 Arthur's Day success, in FY11 we brought a medley of acts, headlined by Flo Rida, Sean Kingston and Colby O'Donis. They provided another memorable experience for an enthusiastic crowd. Guinness has also successfully brought one of the world's most well-loved global celebrations, St. Patrick's Day, into a much anticipated event in the Malaysian calendar. This year's celebration was themed "Merry Goes Round in March", with patrons at Guinness partner outlets across the country raising a toast to St. Patrick with the much-loved black brew. 36 Guinness St Patrick's Parties were held across the country, culminating with the largest ever Malaysian St. Patrick's Day Festival held in KL in Changkat Bukit Bintang on the 17th of March.

Heineken too provided world-class experiences for its consumers. It continued to provide music experiences with its music programmes and through Heineken's global sponsorship of the UEFA Champions League, it brought the famed UEFA Champions League trophy to football enthusiasts in Malaysia.

Alongside our different brand events, we tapped the power of our portfolio, bringing value to our consumers and creating excitement in the marketplace through promotional activities across all trade channels. In October, GAB held its third and largest edition of 'Oktoberfest' with a month-long celebration featuring promotions on GAB's portfolio of brands, including our imported brands, Strongbow and Paulaner. Street parties were held at various venues across Kuala Lumpur throughout the month, and for the first time, parties were held in Penang and Kota Kinabalu.

GAB's Chinese New Year campaign this year was our most successful to-date. Themed "Celebrating Together with the Best", the campaign was all about giving our consumers more reasons to celebrate. We ran promotions with our portfolio of brands and provided consumers with opportunities to win cash prizes worth more than RM999,999.

CREATING A WORLD-CLASS WORKFORCE

Our journey to become the Malaysian Employer of Choice carries on as we continue to invest in our people through our 7 HR Pillars, designed to improve, empower, motivate and reward our employees for great performance. The results are self-evident as we witness greater empowerment and accountability among employees, leading to higher productivity and more creative approaches to the way we work.

In the year under review, we received another workplace related award in the form of the Asia Responsible Entrepreneurship (AREA) Awards 2011 for our Investment in People.

Investment in our People remains one of our top priorities. Reflecting this, total investments in staff training and development increased by double digits in FY11.

MOVING FORWARD, TOWARDS ANOTHER DECADE OF GROWTH

Overall FY11 was a very good year for GAB, capping a decade of impressive growth. However, we will not become complacent and we anticipate increasing pressure from commodity prices, competitors and economic conditions.

We believe there is still room for further improvement especially in the areas of the modern on-trade channel and the premium imported brand segment.

We will continue to focus on growing our people by creating an environment where they can truly express themselves and achieve their full potential to produce great results for GAB.

GAB is on the right track and has produced another set of commendable results. I would like to thank all our people, both past and present, who have helped us deliver year in and year out. We have seen a remarkable 10 years and will continue to look for ways to further improve GAB's performance as we embark on the next phase of our development.