

**G·A·B**<sup>®</sup>  
GUINNESS  
ANCHOR  
BERHAD



**leading...**

Annual Report **2009**



We've gathered strong momentum, consolidated our position as the clear market leader and brewed success globally. Our focus on People, Brands and Performance continues to drive us forward amidst a highly competitive marketplace, as we step up the pace on our journey to become an icon in business.

# ...and moving from good to great

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## Iconic Brands that Set Us Apart

As we journey to becoming an icon in business, our world-renowned portfolio of brands continues to set us apart from the competition and drive our market growth. Perfectly brewed to accompany different moments for different consumers, our brands champion the traditions of quality, excellence and consistency that GAB is respected for. This year, three imports join our portfolio of classic brews and contemporary favourites to further delight consumers. This diverse portfolio of global icons promises to continue to captivate and satisfy consumers.

## Brewed for Success

### Tiger Beer

Distinctively Asian, unmistakably world class. Since 1932, this lager has been winning ardent admirers around the globe. Its many accolades include the prestigious 2008 New Zealand International Beer Award. Today, embodying the same clean and crisp taste and an invigorating look, Tiger Beer continues to delight discerning drinkers who seek perfection in a lager.

### Guinness

Black, bold, distinctive. This 250-year old global icon and world-leading stout is a compelling story of invention, passion and belief. Famous for its Irish provenance and exceptional colour, this most prestigious of black beers is brewed in over 50 countries and enjoyed in around 150 worldwide. We recently improved the timeless look, taste and feel of Guinness Foreign Extra Stout. To top it all, GAB's win of the coveted global Guinness League of Excellence Award for a remarkable third consecutive year, assures aficionados that this premium Irish brew is at the top of its league.

### Heineken

The perfect expression of taste. Drawing from its rich Dutch heritage, Heineken is brewed to perfection with its precise blend of malted barley, hops, purified water and the legendary Heineken A-yeast. Satisfying generations of taste buds, this iconic green bottle has come to represent the finest and most distinctive of tastes. With a second-to-none dedication to quality, the world's No. 1 international premium beer is set to refresh palates the world over for years to come.

# our brand portfolio



FOREIGN  
EXTRA

GENUINE QUALITY STOUT  
ESTD 1759  
GUINNESS

ANCHOR  
Smooth

Tiger  
ESTD 1932

TRADE MARK  
Heineken  
LAGER BEER  
ESTD 1873  
THE ORIGINAL QUALITY

ORIGINAL RECIPE  
HEINEKEN LAG  
DIPLOME D'HONNEUR AMST  
TRADE MARK  
Heine  
MEDAILLE D'OR  
GRAND PRIX  
FOURS M  
U

OUR BRAND PORTFOLIO



### Anchor Smooth

This timeless pilsner is one of Malaysia's pioneer beer brands and a beloved local favourite. With its refreshing taste and vitality, plus much smoother flavour, this all-time favourite is the perfect accompaniment for local, mouth-watering dishes and relaxed occasions.

### Anchor Strong Beer

Fuller and stronger in taste, this bolder variant of the Anchor brand meets the expectations of those who demand a quality strong beer. Brewed longer with a cold filtration process to remove all excess yeast, Anchor Strong Beer makes the most of its renowned brewing process to present drinkers with a more robust alternative.

### Kilkenny

Hailed the undisputed "Cream of Beers", this premium Irish ale is recognised by its distinguishing velvety-smooth amber shade under a creamier head. Named after Kilkenny, its hometown, Ireland's prized premium draught is available on tap at selected outlets and is fast becoming a favourite with local beer lovers searching for the ever-smooth Irish beer.

### Malta

Malaysia's leading malt beverage continues to delight on-the-go individuals with its natural goodness and vibrant look. The perfect energy boost, this non-alcoholic wholesome beverage refreshes with its hearty helping of Vitamins B1, B3 and B6.

### Anglia Shandy

The perfect accompaniment for any occasion, Malaysia's No.1 shandy, offers a unique and refreshing drinking experience with its distinct blend of fizzy lemonade and beer. Fondly known as the "Real Shandy", Anglia is an all-time favourite during Malaysia's many festive occasions.

### Our Seasoned Newcomers

Please join us in welcoming SOL, Strongbow and Paulaner to our portfolio of brands. Already global icons and seasoned players in their own right, they bring a welcome diversity and brand personas that are certain to attract and elate.

#### Paulaner

The fine range of Paulaner beers are exclusively brewed by Paulaner in Munich, one of Germany's leading breweries and the largest brewery in Bavaria. Brewed since 1634 with only natural and pure ingredients and in strict compliance with the Bavarian Purity Law, Paulaner guarantees absolute quality and an incontestable taste. Its refreshingly sparkling Bavarian wheat beer specialties – wheat beer natural and wheat beer dark – are among the most popular beers in the Paulaner range and the preferred choice of sophisticated beer drinkers.

#### Sol

The Original Mexican beer since 1899 and the "Sol of the Party". This new entrant to the GAB portfolio brings perfect ice-cold refreshment in a stylish, clear long-neck bottle and a golden easy-to-drink liquid. Combining a light and refreshing taste with a young and modern attitude, this imported premium beer is the perfect drink for sociable and active urban consumers looking to have fun.

#### Strongbow

The world's best selling cider, this classic UK cider is made from fermented apple juice and delivers instant refreshment with its authentic English recipe. It boasts a perfect blend of 50 different varieties of apples and the highest quality standards guaranteeing a great taste with body and balance. With its clear golden appearance and naturally light carbonation, this iconic brand is the perfect choice for current cider drinkers as well as those looking for a new on tap drinking experience in the premium segment.





#### GUINNESS LEAGUE OF EXCELLENCE

GAB won the 2008 Guinness League of Excellence Award for the third consecutive year. The award is the benchmark for excellent Guinness production standards by third party operations in the world outside of Dublin, Ireland.

#### DIAGEO ASIA PACIFIC MARKET OF THE YEAR

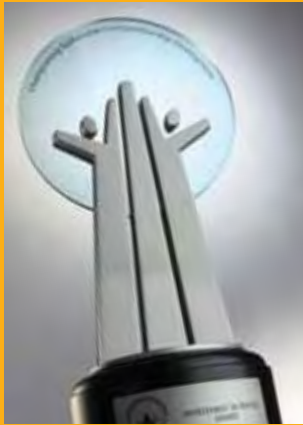
GAB won the 2009 Diageo Asia Pacific Market of the Year Award. The award recognises the most celebrated Diageo business in Asia Pacific. GAB was honoured for displaying consistent and continuous improvement in business performance, brand building, organisational development and community enrichment.



# our achievements

**AREA INVESTMENT IN PEOPLE**

GAB won the Asia Responsible Entrepreneurship Award (AREA) 2009 in the Investment in People category for its policies and programmes that show our commitment to providing opportunities to people to grow and reach their potential.



**SHORTLIST FOR ACCA AWARDS**

GAB was shortlisted for the ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2009 for our 2008 Corporate Responsibility Report. The ACCA Awards recognise companies for excellence in environmental, social and sustainability reporting and reward innovative attempts to communicate corporate social responsibility performance.



**AREA COMMUNITY ENGAGEMENT**

GAB won the AREA 2009 award in the Community Engagement category for its CSR initiatives undertaken under the umbrella of the GAB Foundation that have enriched the communities we operate in and made a positive difference to many.



**GIANT SUPPLIER OF THE YEAR**

GAB was awarded the Supplier of the Year (Beer & Stout) Award, presented at the Giant "Famous Brands" Awards Dinner in March 2009. The award recognises GAB's excellent sales support throughout the Chinese New Year period that helped Giant achieve impressive beer sales.





# our vision & values

GAB is an icon in business.  
Respected the world over  
for delivering exceptional  
growth in People, Brands  
and Performance.

**We have a passion  
for winning**

We are winners, driven by  
a passion to be the best in  
everything we do.

**We value and  
respect each other**

Our people and society are  
diverse and different, and  
we value and celebrate all  
our differences. We respect  
our environment and are  
committed to protect it.  
We value the community in  
which we operate and strive  
to enrich it. We aim for  
our people to have balance  
in their work and their  
personal lives.

**We show integrity  
in all that we do**

We are responsible,  
trustworthy and honest in  
everything we say and do  
and in the way we manage  
our business.

**We provide enjoyment**

We create an environment  
where our people enjoy  
their work, our partners  
enjoy working with us  
and our consumers enjoy  
our products.

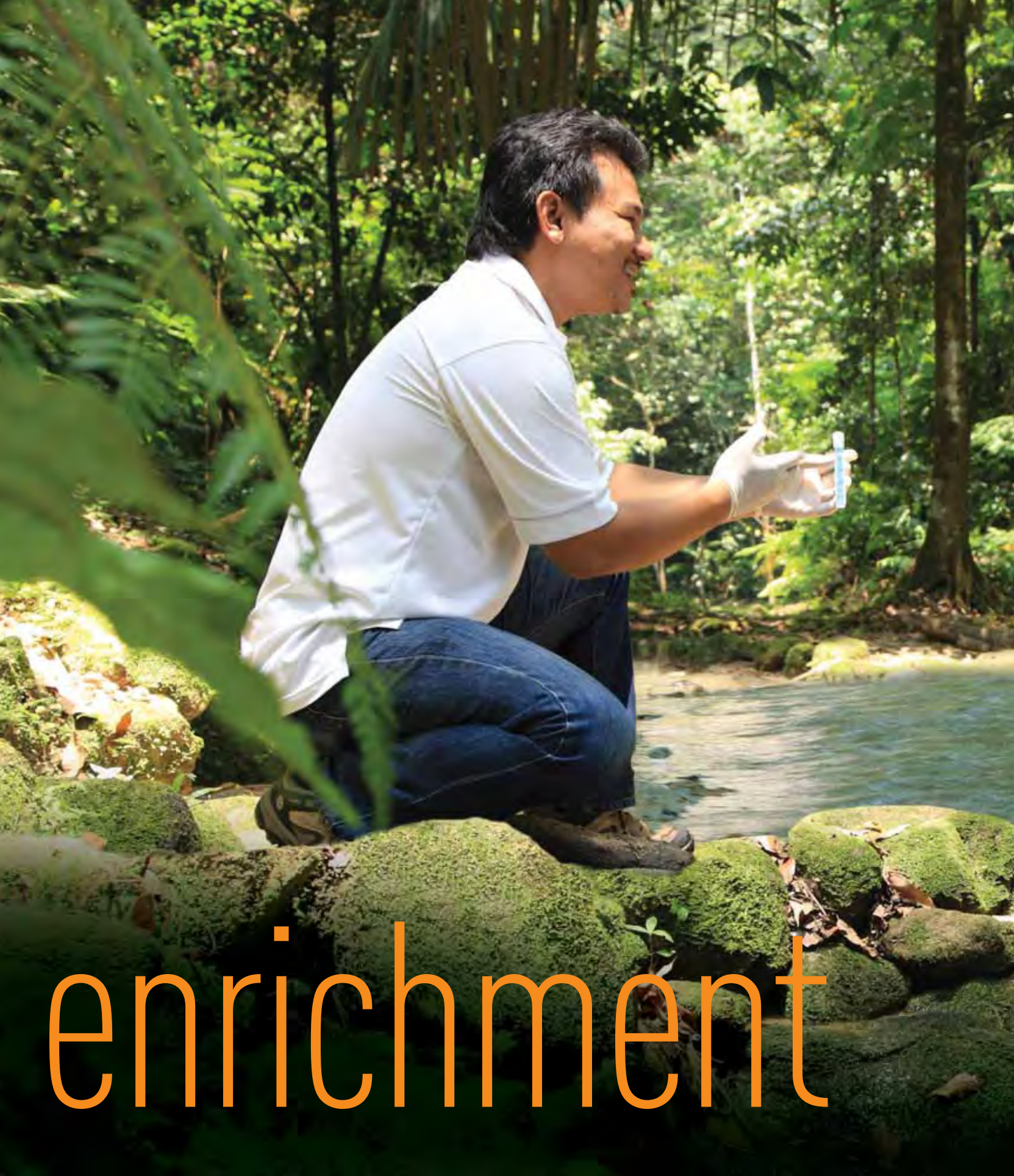




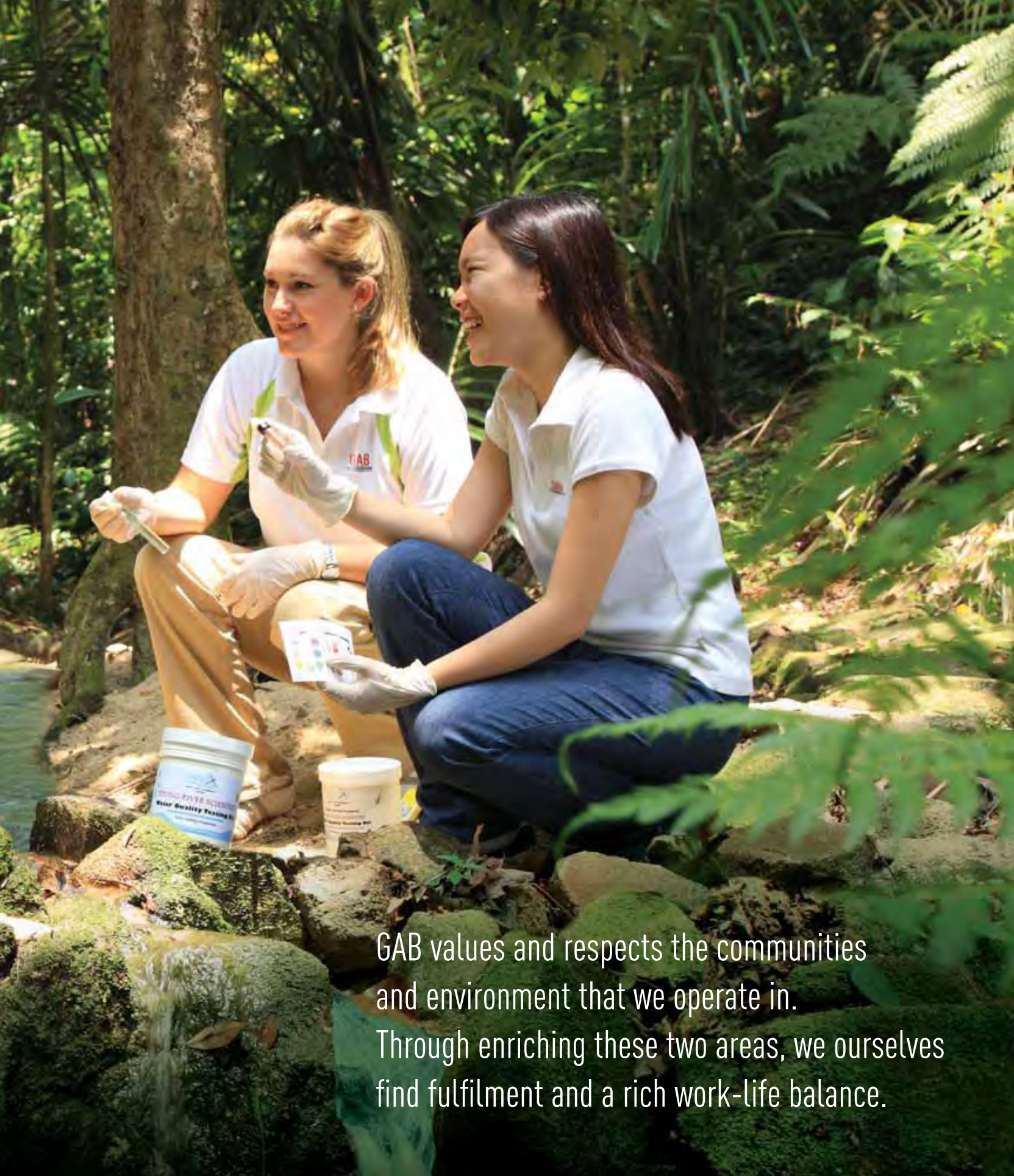
teamwork



Winning teamwork enables GAB to excel time and time again. Our teams of people share a passion for winning which drives them to give their very best.



enrichment



GAB values and respects the communities and environment that we operate in. Through enriching these two areas, we ourselves find fulfilment and a rich work-life balance.



partnership

We believe in forging enduring partnerships through responsible, trustworthy and honest practices. Integrity guides GAB's actions, businesses and brands and helps us forge exceptional ties.



# sharing



GAB creates opportunities for our stakeholders to share great moments together. Be it our work environment, or through our iconic brands, we believe in sharing enjoyment.



# JOIN THE WORLDWIDE

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WHEN ARTHUR GUINNESS SIGNED A 9,000-YEAR LEASE ON THE ST. JAMES'S GATE BREWERY IN DUBLIN, HE LAID THE FOUNDATION FOR A LEGENDARY BREW. TODAY, 10 MILLION PINTS OF GUINNESS ARE ENJOYED EVERY DAY AROUND THE GLOBE: MAKING IT THE WORLD'S FAVOURITE BLACK BEER. AND WE'RE ALL COMING TOGETHER TO CELEBRATE 250 REMARKABLE YEARS OF GUINNESS. SO RAISE YOUR PINT AND JOIN US IN THIS MOMENTOUS OCCASION!

# CELEBRATION

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# milestones



1811

**Genius exported for the first time**  
The first shipment of Guinness Stout is exported to Lisbon.



1929

**Iconic Advertising**

The start of timeless and world-famous Guinness ads - ingenious, iconic and endlessly enjoyable. Just like the beer itself.



1759

**It begins with a signature**

Arthur Guinness signs a 9,000-year lease on a disused brewery at St. James's Gate, Dublin. It costs him an initial €100 with an annual rent of €45.

1860s

**Animal signs are a sign of quality**

First recorded exports of Guinness to South East Asia. Distributor's labels carry a variety of brand symbols including Dog's Head, Wolf, Drummer Boy and Lion.

1965

**Guinness. Made in Malaysia**

The Guinness Malaysian Brewery (Sungei Way Brewery) is completed six weeks ahead of schedule. It is the 1st Guinness Brewery in Asia, and only the 2nd in the world.



1980

**Served on tap in Malaysia**

Guinness Draught is finally served in Malaysia. Its smooth taste soon makes it a favourite among Malaysians.

1970s

**Bulldog roams Malaysia**

Guinness starts distributing and selling its own brands in Malaysia, adopting the Bulldog symbol across all products.



1959

**England launches Guinness Draught**

The iconic Guinness bar fount appears in British pubs for the first time.

1992

**Irishness exported**

The Irish Pub gains worldwide popularity. By 1998, there are 2500 Irish pubs worldwide selling Guinness Draught.

2001

**1 in 3 people drink Guinness**

Almost 2 billion pints of Guinness are sold around the world this year.

1993

**100 years of Malaysian memories**

Guinness celebrates a century in Malaysia with a specially recreated commemorative classic bottle carrying the original 1965 Guinness Foreign Extra Stout label.

2008

**Great New Taste of Guinness**

Successful launch of the new, distinctive taste of Guinness Foreign Extra Stout, with 6.8% alcohol. After 10 years of decline, sales volume rapidly grows once more.



2009

**250 remarkable years and counting**

From the Himalayan peaks to the jungles of Africa, 10 million pints of Guinness are enjoyed everyday in more than 150 countries worldwide. It's truly the world's favourite beer.

250  
Remarkable Years

GUINNESS

JOIN THE

**WORLDWIDE  
CELEBRATION**

HERE



# Guinness in Malaysia



## St James's Gate

1759: When Arthur Guinness signed a 9,000 year lease on the St. James's Gate Brewery in Dublin, Ireland, he laid the foundation for a legendary brew. Today, 10 million pints of Guinness are enjoyed everyday around the globe.

## Exporting to the world

1860s: The first recorded shipment of Guinness to South East Asia.



## Guinness brewed in Malaysia

1964: The Guinness Malaysian Brewery is completed, six weeks ahead of schedule. It is the only Guinness brewery in Asia, and only the second in the world. Guinness Stout is now brewed in Malaysia.

1966: The brewery is officially opened by Malaysia's first Prime Minister, Tunku Abdul Rahman, on 19 March 1966.



## Guinness Stout Effort Awards

1975: The Guinness Stout Effort Award scheme is launched to foster, recognise and reward civic consciousness and national pride among Malaysians. Pictured: The 100th Guinness Stout Effort award is presented to Dr Clement Kuet from Sarawak who discovered a method of immobilising fungi in hydrogels to increase crop yield and reduce the use of fertilizers and chemicals.



## Guinness Draught arrives in Malaysia

1980: Guinness Draught is introduced to the Malaysian market.



## Guinness Torch Fund

1996: Guinness sets up the Torch Fund to provide financial assistance to bright and needy students from Chinese Independent Schools. The Guinness Torch Fund serves as a way of thanking the community who have staunchly supported Guinness through the years.

## Guinness Jonah Jones

Guinness has always had a strong kinship with great rugby, drawing upon all that is positive and powerful about the sport. The Guinness Jonah Jones Rugby Sevens Tournament involves teams from Malaysia, Thailand, Hong Kong and Singapore vying for the coveted Champions trophy.



Malaysia's affinity to Guinness goes back a long way. From the inception of the pioneering Asian brewery in Malaysia in 1964 to GAB's third successive win of the Guinness League of Excellence recently, our relationship with the magical black brew has grown from strength to strength. Join us as we reflect on our many memorable years with this timeless icon that has become part and parcel of GAB's persona.

**Guinness Bonding events**

2003: Guinness organises bonding sessions comprising more than 1,000 "Together and Cheers" events at refreshment outlets across Malaysia for consumers to bond with their friends.



**Launch of New Bottle**

2004: Malaysia, one of the largest Guinness markets in the world, has the distinguished honour of being the first country in the world to launch the new sleek and contemporary Guinness Foreign Extra Stout bottles.



**Guinness Black Parties**

2004: The new-look Guinness Foreign Extra Stout bottles heralded a series of Guinness Black Parties that exclusively introduced the new Guinness experience to the young and contemporary urban consumers.

**Guinness wins Best Marketing Campaign**

2005: Guinness "Hero" direct marketing campaign was ranked as the World's No. 1 Direct Marketing Campaign for 2005 by the prestigious London-based Won Report.



**Guinness League of Excellence**

2007, 2008, 2009: GAB is awarded the Guinness League of Excellence for three consecutive years. The award is the benchmark for excellent Guinness production standards by third party operations in the world outside of Dublin, Ireland.



**St. Patrick's Day**

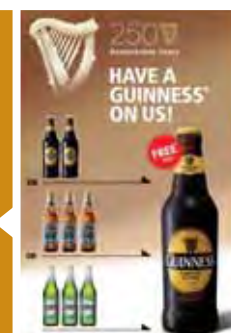
2007, 2008: Guinness turns St. Patrick's Day into a month long celebration of all things Irish and Guinness. Participating pubs and bars give consumers the chance to enjoy Guinness-infused cuisine along with their pints of smooth Guinness draught, and plenty of Guinness St. Patrick's Day merchandise.

**Launch of new Guinness Foreign Extra Stout**

2007: A new, distinctive taste for the iconic Guinness Foreign Extra Stout (FES). The new brew offers a smoother texture, a fuller body and a revised alcohol volume, whilst still retaining the unmistakably Guinness aroma and roasted, bittersweet taste.



**Guinness 250th Anniversary**  
2009: Guinness celebrates its 250th Anniversary since Arthur Guinness signed a 9,000 year lease on St James's Gate.







St. James's Gate in Dublin has been brewing continuously since Arthur Guinness established the brewery in 1759. Today, Guinness is brewed at 50 locations worldwide, and sold in 150 countries. Around ten million pints of Guinness are enjoyed around the world every day; or almost 2 billion pints a year.

There is a little bit of magic in every painstakingly crafted brew of Guinness.

There are six distinct features that make Guinness stand out from all the others. There's the roasted barley, the extra hops we use, the special yeast, the maturation process, the famous creamy head and lastly the supremely skillful craft of our brewers. Read below to find out just what it is about Guinness that makes it the world's most popular stout.

- The same four ingredients – barley, water, hops and yeast – have been used to make Guinness since the 18th century. The age old tradition of roasting the barley provides the deep ruby red colour and the unique roasted character.
- The legendary maturation process allows "Guinness to become Guinness" – a beer like no other. This necessary resting period enables Guinness to achieve the level of balance and consistency demanded by exacting brewers.
- Guinness uses double the average amount of hops making for a fuller flavour. Moreover, the full freshness of ingredients is captured by the famous strain of "Guinness yeast," which works like no other in ensuring that the beer is fully fermented and charged with flavour.
- Guinness is instantly recognisable by its marvellous head, which is a consistent feature regardless of the variant.

1999



2004



2007



# financial highlights

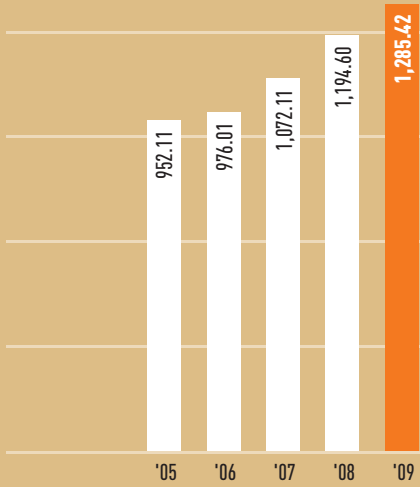
## 10 YEARS FINANCIAL TRACK RECORD

	Year ended 30.6.2000 RM'000	Year ended 30.6.2001 RM'000	Year ended 30.6.2002 RM'000	Year ended 30.6.2003 RM'000	Year ended 30.6.2004 RM'000	Year ended 30.6.2005 RM'000	Year ended 30.6.2006 RM'000	Year ended 30.6.2007 RM'000	Year ended 30.6.2008 RM'000	Year ended 30.6.2009 RM'000
Revenue	682,441	777,198	788,060	796,595	886,208	952,113	976,013	1,072,112	1,194,602	<b>1,285,423</b>
Profit before taxation	67,352	78,448	93,718	107,363	129,254	140,519	142,211	152,159	168,898	<b>191,178</b>
Taxation	6,399	19,767	21,317	29,357	30,835	32,551	14,014	39,598	43,041	<b>49,190</b>
Profit after taxation	60,953	58,681	72,401	78,006	98,419	107,968	128,197	112,561	125,857	<b>141,988</b>
Dividends	54,377	82,653*	82,655*	84,831*	91,837*	90,871	91,354	99,239	109,873	<b>123,860</b>
Net Dividend per 50 sen stock unit (sen)	18.0	27.4*	27.4*	28.1*	30.4*	30.1	30.2	32.8	36.4	<b>41.0</b>
Earnings per 50 sen stock unit (sen)	20.2	19.4	24.0	25.8	32.6	35.7	42.4	37.3	41.7	<b>47.0</b>
Reserves	134,085	166,665	124,748	146,200	159,064	176,403	213,246	234,060	260,285	<b>291,252</b>
Shareholders' funds	285,134	317,714	275,797	297,249	310,113	327,452	364,295	385,109	411,334	<b>442,301</b>
Net tangible assets per 50 sen stock unit (sen)	94.4	105.2	91.3	98.4	103.0	108.0	121.0	127.5	136.2	<b>146.4</b>

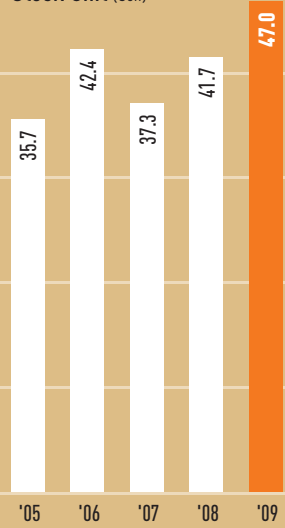
\* Includes special dividends

FINANCIAL YEAR ENDED 30 JUNE

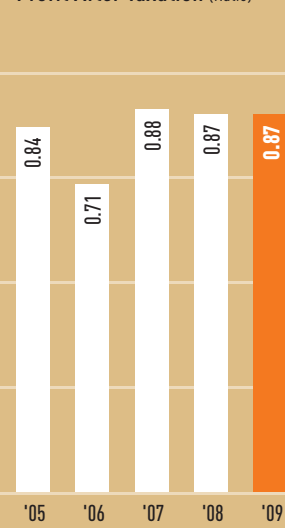
Revenue (RM Million)



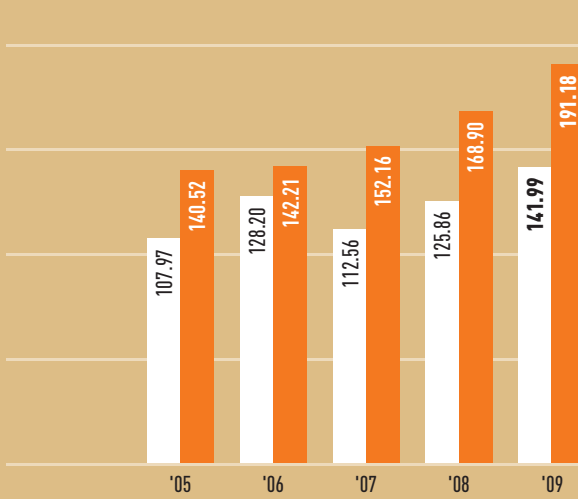
Earnings Per 50 Sen Stock Unit (Sen)



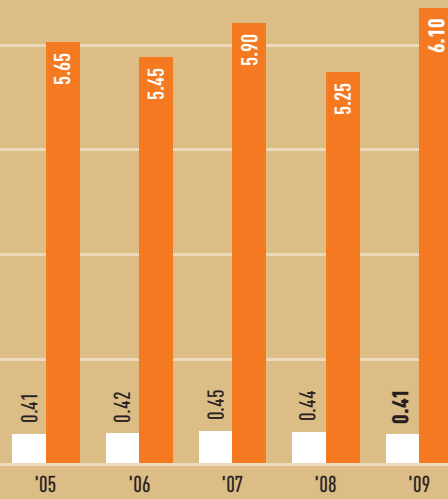
Net Dividend/ Profit After Taxation (Ratio)



Profit Before Taxation & Profit After Taxation (RM Million)



Share Price as at 30 June & Gross Dividend (RM)



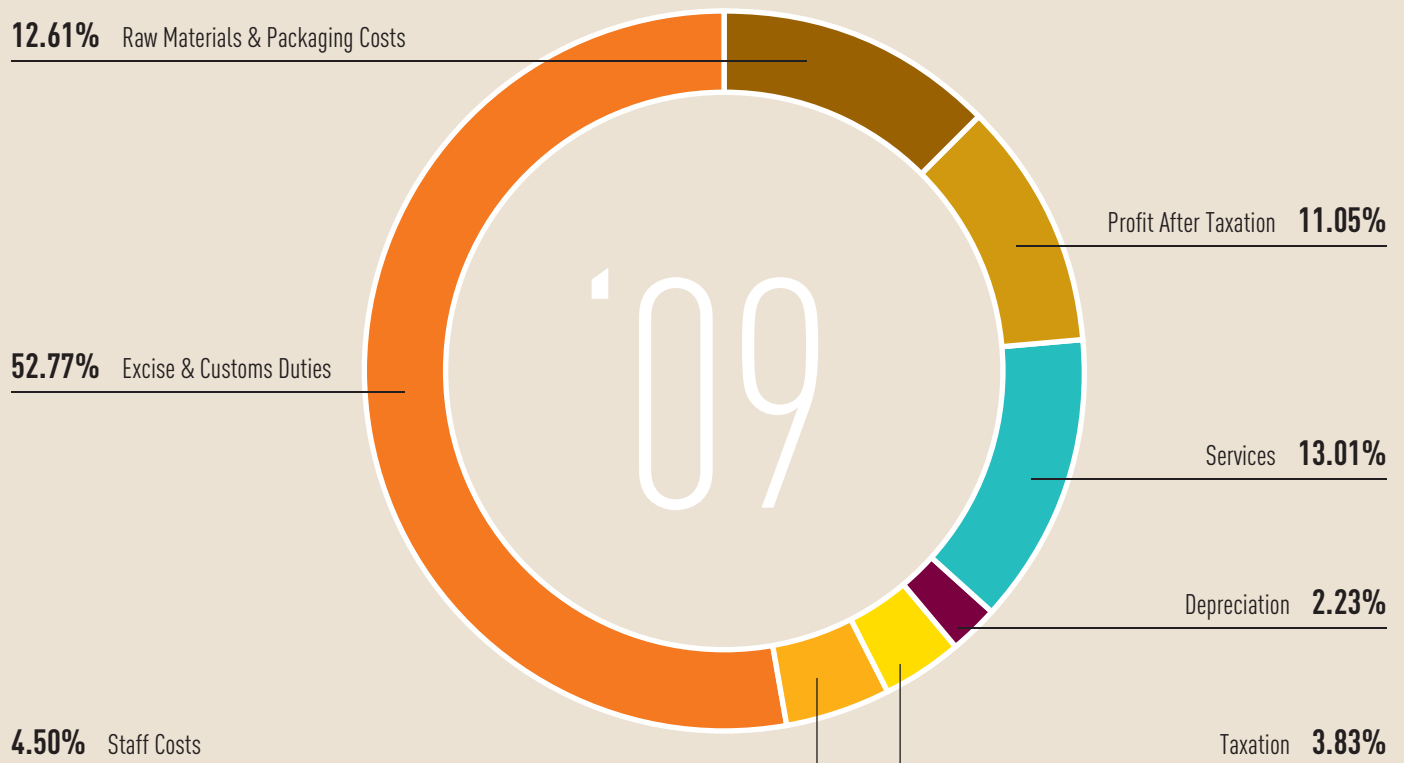
■ Profit Before Taxation   
 ■ Profit After Taxation   
 ■ Share Price   
 ■ Gross Dividend

## FINANCIAL HIGHLIGHTS

## FINANCIAL ANALYSIS

	Year ended 30.6.2009 RM'000	Year ended 30.6.2008 RM'000	Change %
<b>Profit Statement</b>			
Revenue	1,285,423	1,194,602	7.6
Profit before interest & taxation (PBIT)	188,776	165,222	14.3
Profit before taxation (PBT)	191,178	168,898	13.2
Profit after taxation (PAT)	141,988	125,857	12.8
<b>Balance Sheet</b>			
Shareholders' funds	442,301	411,334	7.5
Net total assets	473,349	441,600	7.2
Market capitalisation	1,842,798	1,586,015	16.2
<b>Financial Ratio</b>			
	%	%	
Return on shareholders' funds			
- PBIT	42.7	40.2	2.5
- PBT	43.2	41.1	2.1
PBIT/Revenue	14.7	13.8	0.9
PBT/Revenue	14.9	14.1	0.8
PAT/Revenue	11.0	10.5	0.5
<b>Per 50 Sen Stock Unit</b>			
	Sen	Sen	
PBT	63.3	55.9	13.2
PAT	47.0	41.7	12.7
Net tangible assets	146.4	136.2	7.5
Dividend - gross	41.0	44.0	-6.8
- net	41.0	36.4	12.6

Disposal of Revenue for year ended 30 June 2009



Dear Shareholders,

It gives me great pleasure to report that Guinness Anchor Berhad (GAB) delivered its best ever performance since the Company's inception 45 years ago.

We grew revenue by 7.6% and group pre-tax profit by 13.2%.

We achieved a record RM1.29 billion in revenue and RM191.2 million in pre-tax profit for the financial year ended 30 June 2009.

# Letter from Chairman



## LETTER FROM CHAIRMAN

### EIGHT YEARS OF CONSECUTIVE GROWTH

The resilience of GAB in these trying times speaks volumes of the depth of quality of our business. This marks the eighth consecutive year in which we have grown our market share, revenue and profit before tax. We have much to be proud of as we continue to lead the Malaysian malt liquor market (MLM) and make waves within our brand owners' global network of breweries. Our unwavering focus on People, Brands and Performance to grow our business over the long-term continues to propel us forward on our journey towards becoming an icon in business.

The Company's strong performance over the years has enabled us to give good returns on investment to our shareholders year-on-year. I am pleased to note that our shareholders' returns on investment have recorded a compounded average growth rate of 14.1% over the last eight years.

We remain committed to creating value for our shareholders and are pleased to once again announce our intention to distribute a substantial part of GAB's profits to you. As such, your Board of Directors is recommending a final dividend of 31 sen per 50 sen stock unit tax exempt for the financial year ended 30 June 2009. Together with an interim dividend of 10 sen per 50 sen stock unit tax exempt paid on 22 May 2009, this will bring the total net dividends for the full year under review to 41 sen per 50 sen stock unit, representing a 4.6 sen increase from the year before.

### MAINTAINING MOMENTUM AMIDST MARKET UNCERTAINTIES

The MLM experienced two distinct halves in the year under review. In the first half of the financial year, the MLM enjoyed healthy growth, with GAB outpacing the market. However, in the second half, growth was much harder to achieve as the Malaysian economy dramatically slowed down

and consumers began to tighten their belts. The market felt the impact of lacklustre economic performance and loss of consumer confidence as concerns about employment and economic prospects came into play.

Despite this market slowdown, GAB kept a steady eye on the task at hand and continued to employ our winning strategy of People, Brands and Performance to improve profitability and increase market share. I am very pleased to announce that as at 30 June 2009, GAB further consolidated its position as the clear market leader with a 57% share of the domestic MLM and a 69% share of the MLM industry profit pool.

### DRIVEN BY PEOPLE, BRANDS AND PERFORMANCE

Our focus on People, Brands and Performance has enabled us to address market challenges and deliver yet another fine performance. This three-pronged strategy is continuing to pay handsome dividends in that GAB today has a highly skilled and performance-oriented team, a strong portfolio of winning brands and world class operations. To continue outperforming the market, we remain committed to keeping a relentless focus on these core strategic areas.

Our efforts to date continue to secure us several awards and international recognition. I am very proud to announce that GAB has won Diageo's most prestigious award – The Asia Pacific Market of the Year Award, after coming in a close second last year. This award, which recognises the most celebrated Diageo business in Asia Pacific, a business that displays consistent and continuous improvement in business performance, brand building, organisation development and community enrichment, is testament of how much GAB has grown as a business in every sense.

On top of this, for the third time running, GAB has also won the coveted Guinness League of Excellence Award for brewing the best Guinness outside of Ireland. In recognition of our commitment to creating good shareholder value, we were ranked tenth on the KPMG/ The Edge Shareholder Value League Table 2008 - Top 100 listing (up from 18th place in 2007). In addition, GAB was ranked fourth in the Minority Shareholder Watchdog Group's listing of foreign-owned companies and was counted as being among the top 7% of all Malaysian public listed companies for good corporate governance.

#### **UNDERTAKING RESPONSIBLE CORPORATE CONDUCT**

GAB is committed to undertaking responsible corporate conduct that creates sustainable value for our stakeholders and establishes enduring ties with them. In the area of stakeholder engagement, GAB's inaugural Distributor Engagement Programme helped build goodwill and strengthened ties with our business partners, while driving business growth.

With a focus on environmental conservation, educational support and community enrichment, the GAB Foundation continues to make strong strides forward to enrich the lives of individuals and communities. Formed in and active since July 2007, the GAB Foundation was officially launched on 17 March 2009 by YB Datuk Douglas Uggah Embas, the Minister of Natural Resources and Environment. Through the Foundation, GAB is helping to conserve the environment through its W.A.T.E.R. (Working Actively Through Education and Rehabilitation) project which involves rehabilitating rivers and promoting good water usage habits among children.

On the education front, we are now assisting deserving students to fulfil their potential through the SMILES (Supporting Malaysian Indian Learning, Education and Sports) programme for students in vernacular schools. The GAB Foundation's Partial Scholarship Scheme too, is providing opportunities for those intending to pursue higher education. The year also saw GAB raised more than RM2.8 million in support of Chinese education through the Dragon Mission FY2009 programme.

I'm proud to note that the outstanding commitment of GAB to corporate responsibility and to its people has received recognition. GAB was a recipient of the Asia Responsible Entrepreneurship Awards (AREA) in the Community Engagement category for its corporate social work undertaken via the GAB Foundation. For our commitment to establishing workplace best practices, GAB received AREA's Investment in People Award. On top of this, GAB's FY2009 Corporate Responsibility Report was shortlisted for the ACCA MaSRA Awards in recognition of our commitment to corporate transparency, sustainability and responsible reporting.

#### **LOOKING AHEAD**

Given the challenging economic environment and prevailing consumer sentiments, the MLM is expected to post little or no growth in industry volume in the coming year. Despite these market challenges, GAB's Board and Management remain committed to managing our business in a manner which will deliver optimum returns to our shareholders. While we will adopt a prudent approach in all that we undertake, we will continue to work hard to strengthen brand equity as well as improve our operational efficiencies and effectiveness in order to grow GAB's market share and profitability.

While there is considerable concern about the possibility of higher excise duties in the upcoming Budget 2010, we remain hopeful that this may not materialise as Malaysia's excise duty on beer and stout is already the second highest in the world. Further excise duty increases in the new budget would exacerbate the already difficult market environment. The livelihoods of many of the 60,000 to 70,000 people who are directly and indirectly employed within the Malaysian Beer and Stout industry will be adversely affected.

Going forward, GAB's FY2010 mission is to maintain our momentum and grow our sales volume, market share and profits. In all this, we will be driven by our unwavering focus on People, Brands and Performance and we are confident of another strong performance in the coming year.

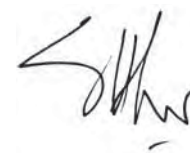
#### **IN APPRECIATION**

On behalf of the Board, I wish to record my appreciation to the staff and management team under the able leadership of Managing Director, Mr Charles Ireland. Amidst severe market challenges, the team has performed admirably and we sincerely thank them for their hard work, loyalty and dedication. We recognise in particular, the contribution of the more than 160 staff who have served with GAB for over 20 years. It is this unstinting loyalty to the business that inspires us and leads GAB to perform year after year.

Our heartfelt gratitude goes to all our distributors, suppliers and retailers for placing their confidence and trust in GAB amidst such tumultuous times. Some of our distributors have been with us for more than 30 years and many of our retail partners have stood by us in leaner times. We look forward to their continuing support as together we enjoy the fruits of our labour.

Last but not least, our sincere appreciation to you, our shareholders and stakeholders, for your unwavering commitment to GAB. We trust you will all continue to lend us your steadfast support as we work together to establish GAB as an icon in business.

Thank you.



**Tan Sri Saw Huat Lye**  
Chairman

17 September 2009

GAB delivered a very respectable performance for the financial year ended 30 June 2009. Recording our eighth successive year of volume, revenue and profit growth, we outperformed our nearest competitor and further extended our leadership of the malt liquor market (MLM).

We captured 57% of the MLM volume and 69% of the industry profit pool. This performance, achieved in an extremely challenging operating environment, bears proof that our unwavering focus and strategic investment in the areas of People, Brands and Performance is continuing to pay off.

#### **INSPIRED TO EXCEL**

GAB has its sights firmly set on becoming a world-class business and a world-class employer. We continue to be guided by our long-term Vision of becoming an icon in business, respected the world over for delivering exceptional growth in People, Brands and Performance. It is this Vision and our Values of having a passion for winning, valuing and respecting each other, showing integrity in all that we do, and providing enjoyment, that are inspiring the GAB team to deliver exceptional performance. Together with our key enablers of Focus,

Delivery, Improvement and Teamwork, our people are time and time again being stirred to lift GAB's gains to higher levels.

#### **TOGETHER, WE BREWED SUCCESS**

The year saw everyone in every department within GAB make their full contribution towards our performance. Our teams knew what they wanted to do and how they wanted to do it. Marketing and Sales conceptualised, developed and executed bigger and better programmes to help us deliver results. Consequently, all of our brands grew and we reaped the rewards of earlier efficiency enhancing projects. Our Supply Chain team successfully delivered against the challenges of increased demand and maintained quality to win the Guinness League of Excellence for the third year in a row.

# Managing Director's Review



## MANAGING DIRECTOR'S REVIEW

Our Corporate Relations and Legal team successfully led the way in presenting the views of the Industry. Through regular engagement and feedback sessions, they helped us to forge working relationships with the Government and the various other stakeholders. They also took our corporate responsibility efforts up several notches with the launch of the GAB Foundation. Human Resources continued to steer us towards becoming an Employer of Choice through their implementation of GAB's Seven HR Pillars.

Our Finance team enhanced their support to all departments and successfully transitioned our accounting and budgeting systems from the old pricing and discount system to a new nett pricing system; and our Information Systems & Technology team successfully migrated us to our own independent technology network.

While there is much more to recount, Team GAB stepped up to the plate to deliver exceptional performance. Winning Diageo's Asia Pacific Market of the Year Award, which recognises a business that has displayed continuous improvement in every aspect of the business, encapsulates the efforts and contribution of the people in GAB. Together, we truly brewed success.

A big contributor of GAB's success is our investment in our portfolio of premium international brands, particularly our four pillar brands, Tiger, Guinness, Heineken and Anchor. Our efforts this year did much to reinforce their position with consumers and our trade partners and as a result, every single one of these pillar brands grew.

We also introduced three new imported brands to the market – SOL (the original Mexican beer since 1899), Strongbow (the world's best selling cider), and Paulaner (the world's no. 1 German wheat beer). Whilst we expect that imported beers will continue to be a small segment in the MLM, they underscore our objective of providing the market with a diverse portfolio of brands, with a distinct positioning, for different drinking occasions.

We also continued to invest in portfolio development, innovation activities and high quality programmes to help our trade partners grow. These included the rejuvenation of Guinness Foreign Extra Stout (FES) and the expansion of distribution for Guinness Draught and Kilkenny Draught. We made significant investments in advertising and promotions, up-weighted successful music properties and undertook various other activities including commissioning internationally acclaimed Asian artistes to design limited edition Tiger Beer bottles.

2009 marks the 250th anniversary of Guinness and to kick start celebrations in Malaysia, we launched the G250 promotion, hailed as the largest and most impactful consumer promotion in the last 30 years. The year-long global celebrations came to a peak on "Arthur's Day" on 25 September 2009 when celebrations were held in five destinations across the world, Dublin, New York, Lagos, Yaounde and our very own, Kuala Lumpur. Malaysia was hand-picked as the Asian destination because of the fact that we brew the best Guinness in the world, outside of Ireland, and because Malaysia is one of the biggest Guinness markets in the world.

As always, brand promotions centering on Deepavali, Christmas, Chinese New Year and St. Patrick's Day played a huge part in driving GAB's volume and growing our market share. Our Dragon Mission FY2009 fund raising campaign over Chinese New Year led by our four pillar brands once again garnered immense support from coffee shops, supermarkets and hypermarkets. Launched on an even bigger scale this year, Dragon Mission FY2009 raised a staggering RM2.8 million for Chinese education in just seven weeks.

Going forward, we will ensure that our brands continue to work in harmony to drive GAB's overall business growth.

### TRADE TIES IMPROVED

As market leader, we are constantly looking for ways to add value to our trade partners so that they may derive greater benefits from working with us. In line with this, we launched Project SEAT, a new product order system that improves the way we serve and deliver goods to our distributors while enabling them to better manage their warehouse utilisation. GAB products now reach customer outlets faster and our distributors are now better able to manage their cash flow. We also initiated a series of nationwide distributor and trade engagement activities that have gone a long way to ensure open and honest dialogue and stronger ties with our distributors and the trade.

In the year under review, we started the GAB Academy, a dedicated trade engagement programme designed to equip our key F&B partners with creative business solutions and, product and customer training. GAB Academy consists of two parts, the VIP Programme and the HERO Programme. The VIP Programme, a partner development initiative targeted at owners and senior managers, focuses on actionable business ideas that add value, while the HERO Programme provides frontline bar and restaurant staff with product knowledge and skills training.

These initiatives together with all our other efforts over the years have done much to bolster our market leadership position and convince the retail trade to make a clear shift towards GAB in this market downturn. As a result, more and more of the retail trade have chosen to partner with GAB because of our strong performance, superior portfolio of brands, quality programmes and good returns on investment. In fact, the past year saw us signing up over 70% of new contracts and renewals in the market. Going forward, we aim to work closely with all our trade partners to ensure we all keep performing during these challenging times.

**TOTAL PRODUCTIVITY ENHANCED**

GAB's respectable performance also comes on the back of continued successful implementation of our Total Productive Management (TPM) zero loss programme. Currently into its fifth year of implementation, our TPM programme has certainly enhanced our total productivity and our standing as a world class brewery.

We once again attained international recognition during the year. For the third consecutive year, GAB won the coveted Guinness League of Excellence Award for the best quality Guinness brewed outside of Ireland. This feat is all the more impressive given the fact that this has never before been achieved by any other brewery anywhere in the world.

**HUMAN CAPITAL STRENGTHENED**

GAB is committed to creating a world class organisation of highly motivated, well trained and capable individuals operating as a team. What is evident within our Company is the sense of loyalty and continuity of service that our people display. Our management and leadership teams too have had the opportunity to work together over several years which has provided continuity and stability. As part of our commitment to growing our people, a significant portion of GAB's staff were promoted or moved to new roles to further their development, some were also seconded to positions in other markets within our global network in the past year.

As we aspire to become the Malaysian Employer of Choice, we continue to invest in creating the best possible working environment for our staff as well as inculcating a culture of excellence among them. In line with our commitment to skill and competency development as well as employee empowerment, in the past year, we increased our investment in training and development by some 25%. Today, GAB retains a highly skilled and performance-oriented team with a staff attrition rate that is significantly below the Malaysian average.

In the year under review, we also concluded our Collective Agreement within six weeks of starting negotiations, a testament to GAB's strong employer-employee relationship.

**MOVING FORWARD CONFIDENTLY**

Moving forward into the financial year ending 30 June 2010, we anticipate little to no growth in the MLM due to the unfavourable economy. GAB will however make every effort to tackle the challenges on hand and deliver another strong performance.

We envisage that GAB's growth will come from refining and enhancing the approach which has made us successful thus far. We will look for opportunities to excite consumers, drive innovation across the portfolio, and partner with the best distributors and trade partners to unleash the power of our sales teams.

We will also work on expanding and defending our leadership positions across all channels, undertake prudent CAPEX investments to ensure efficiency, continuity and quality of supply, plus escalate our efforts to become an Employer of Choice to retain and attract the best talent.

GAB will also leverage on brand activities to drive growth. Our trade partners and consumers can look forward to GAB carrying out some exciting and powerful trade activities in the coming year.

Even as we brace ourselves for more tough times, we take confidence in the fact that we have learnt valuable lessons from the current market challenges and are better prepared to fight it out. Going forward, GAB expects to deliver another stable year and brew greater success as we continue to bring our winning blend of People, Brands and Performance into play.

GAB will also leverage on brand activities to drive growth.

Our trade partners and consumers can look forward to GAB carrying out some exciting and powerful trade activities in the coming year.

# Management Review

## Brand Highlights

### TIGER

#### THE RIGHT INGREDIENTS FOR SUCCESS

As a premium international lager, fundamental to Tiger's success is its best-in-class taste and the packaging, point-of-sales and serving quality that make up the Tiger brand. The annual Tiger Quality Award reinforces all that is great about the brand by recognising those operating companies that have consistently delivered on the Tiger brand promise to consumers. Introduced in 2004, this international award serves to inspire Asia Pacific Breweries operating companies to produce high quality Tiger Beer.

GAB's efforts to up the ante on the quality of our Tiger Beer paid off when we were named winners of the highly desirable Tiger Quality Award as well as the Tiger In-market Quality Award for 2008. These awards are apt recognition that we have in place the right ingredients for success.

The year under review saw us undertaking various strategies to reinforce our brand portfolio. Our market share grew for the eighth successive year and we again increased our market share lead.





### TIGER FC - ROARING IN FOR ANOTHER THUNDEROUS YEAR

Tiger FC, roared into Malaysia for the fifth year running. This award winning programme continues to entertain football fans nationwide engaging them in unforgettable viewing parties, rewarding contests and challenging games.

#### The Ultimate Football Viewing Experience

The Tiger FC Away Game continues to uphold Tiger FC's heritage as the undisputed champion of the football viewing experience with its custom-made Tiger FC pitch, stadium-style seating, multiple viewing screens and of course, ice-cold Tiger Beer all contributing to the upbeat ambience and scale of the event. The one thing that all these different venues have in common is fans with a passion for the beautiful game.

#### The Tiger FC Big Away Game

Early November 2008 saw Republic Bar at Sunway Pyramid, De' Bali in Johor Baru and the whole of Upper Penang Road simultaneously packed to the brim with football fans for the Tiger FC Big Away Game. As full-scale activities were taking place at these three venues, more than 50 Tiger FC viewing parties were being held simultaneously across Malaysia. With a top football match featuring Arsenal and Manchester United, as well as the inaugural Tiger FC Beat Battle and so much more, it was no surprise that fans turned up en masse to see just what Tiger FC had in store for them.



## MANAGEMENT REVIEW - BRAND HIGHLIGHTS



Tiger FC has always rewarded fans for their participation, and this Big Away Game was no different. Tiger FC's Predict & Win contest awarded the lucky fan who correctly guessed the Arsenal-Manchester United outcome with a framed Arsenal FC jersey autographed by the entire first team!

#### Taking the Beautiful Game East

In March 2009, 600 football fans gathered in Kuching for the Tiger FC Big Away Game's East Malaysian debut to catch the match between Portsmouth and Everton. In April 2009, Kota Kinabalu played host to Tiger FC's Big Away Game with a massive football viewing setup erected at Tanjung Aru Plaza.

#### FOOTBALL COMES ALIVE WITH TIGER FC FANTASY LEAGUE

Tiger FC brought fans another unique football experience via the Tiger FC Fantasy League. This immersive online game allows participants to compete with other aspiring managers in drafting a dream team of 11 players with a budget of 115 million pounds. The all new Tiger FC Fantasy League platform featured a new and improved interface, a more competitive scoring system and great prizes throughout the season. It also featured a tweaked format providing the chance for veterans and newcomers alike to showcase their talents.



In addition to the thrill of matching wits with other football fans, Tiger FC ensured that the top Tiger FC Fantasy League players were rewarded with top prizes. The top-scoring player throughout the season won an all-expense paid trip for two to London to catch a football match along with RM1,000 spending money. Additionally, there were autographed football merchandise from Arsenal and FC Barcelona, as well as mobile phones, game consoles, iPods, Tiger FC merchandise and cash prizes for managers who proved themselves exceptional at the beautiful game.

**CHANGE HAS COME**

To highlight Tiger’s growing affinity with discerning consumers in the Northern Region and to celebrate the brand’s leadership position there, we ran the Tiger “Change” campaign, a tongue-in-cheek adaptation of US President Obama’s presidential campaign. The Change campaign spelt out that, following Tiger’s success around the world, we were proud to be no. 1 in Penang and other places in Malaysia. Our Change activities entailed running a series of press advertisements and distributing button badges, car stickers and posters to drive awareness.

**TOGETHER, MAKING A DIFFERENCE**

In the last 15 years, Tiger has been instrumental in raising support for Chinese education in Malaysia through the Tiger Sin Chew Chinese Education Charity Concerts (CECC) programme. This initiative involves holding charity concerts featuring talented local and foreign artistes in support of participating schools. To date, over 360 schools have benefitted and more than RM170 million has been raised to help needy schools develop their infrastructure and facilities.

The first phase of FY2009’s CECC programme held in November 2008 involved the participation of a total of five schools from all over the country. All in all, the year’s programme raised some RM2.96 million and featured local and international artistes, lion dances and fund raising dinners.

Several of the artistes involved in the programme also took part in a community “gotong-royong” event held in November 2008 showing that the communal spirit is very much alive and well. With partners Sin Chew Daily and Guang Ming Daily, Tiger helped repaint the Ping Pong Hall of SJK (C) Chi Ming 1 in Tangkak, Johor.

**WINNERS ON THEIR OWN TERMS**

As an Asian beer with an international reputation, Tiger has stayed true to its heritage and has won a large global following among those who prefer a beer with a bold character and identity. It comes as no surprise then that when we looked to design our new limited edition bottles, we sought out Asian artistes that had a sense of confidence and belief in their own vision and a passion to create art that was authentic.

We commissioned Rostarr (Romon Yang) and Tomas Goh, two Asian artistes who are making waves in the international arena with their new and innovative design language. Like Tiger Beer, Rostarr and Tomas are winners in their own right and we felt that they truly represented the spirit and philosophy of Tiger Beer. The result of their efforts was three cool, unique, and eye-catching limited edition Tiger Beer bottles all inspired by contemporary culture and an expression of these artistes’ own personal experiences, influences and convictions.



## MANAGEMENT REVIEW - BRAND HIGHLIGHTS


 250  
Remarkable Years

# GUINNESS

## UNMISTAKABLY GUINNESS

The new Guinness Foreign Extra Stout (Guinness FES) continues to receive very positive feedback from drinkers and retailers for its new distinctive taste. While it offers the modern drinker a smoother texture, fuller body and a revised alcohol level of 6.8% alcohol by volume (ABV), Guinness FES retains the unmistakable “Guinness” aroma and roasted, bittersweet taste. Available in most outlets throughout Malaysia, Guinness drinkers have the assurance that Guinness FES continues the brand’s rich heritage of steadfast dedication to quality and brewing perfection.

## TASTEFUL INDULGENCE

The Guinness’ Draught Food Pairing promotion in October 2008 provided food lovers the opportunity to sample the international premium black beer paired with a tantalising array of bar snacks. Guinness drinkers also enjoyed further discounts off their next pint at participating outlets including Delaney’s Irish Pub, The Ceylon Bar, Segafredo, Soho Free House, Shamrock Irish Bar and others.





### THE ULTIMATE CHRISTMAS CUISINE

To usher in the festive Christmas and New Year season, Guinness showcased a selection of mouth watering Guinness-infused festive dishes at popular establishments within Mid Valley City in Kuala Lumpur. The culinary affair centred on the exclusive Guinness Gastronomic Workshop for professional chefs from selected outlets at the Mandarin Oriental Hotel and featured celebrity chef Emmanuel Stroobant.

To herald the arrival of the festive season, over 70 participating Guinness Draught outlets served up their own special Christmas dishes infused with the distinctive flavour of Guinness. Customers who purchased these dishes were treated to a pint of Guinness Draught on the house.

### SHAMROCKIN' ST. PATRICK'S DAY

Guinness threw a shamrockin' St. Patrick's Day celebration on 13 March 2009 at Central Park Avenue, 1-Utama Shopping Centre before taking the party north (for the very first time) to Juru Auto-city in Penang. Local celebrities hosted the events as target audiences partook of delectable international and local cuisine featuring Guinness-infused dishes and joined in the fun and games. Performances by Reshmonu and other leading local acts ensured revellers had a truly shamrockin' time.

Guinness also played host to over 150 guests including members of the media, trade partners as well as members of the Irish and expatriate associations in Malaysia at an exclusive St. Patrick's launch party at Hakka Republic, Menara Hap Seng, Kuala Lumpur. The KL Tower was lit up in the spirit of the celebration and as part of a global effort to light up all landmarks in cities around the world.

### GREAT GUINNESS, POWERFUL RUGBY

Guinness continued to power great rugby via our title sponsorship of the Guinness Jonah Jones Rugby Sevens 2009 tournament (JJ7s) at the Royal Selangor Club, Bukit Kiara. Our team-up with the JJ7s provides us a platform to take both the sport's and Guinness' profiles to new heights. The tournament saw teams from Asia battling it out for the coveted Champions trophy amidst an adrenalin-charged atmosphere.

### CELEBRATING ARTHUR

In conjunction with Guinness' 250th anniversary this year and to honour its founder, Arthur Guinness, we kick started celebrations in Malaysia by launching the G250 promotion. We gave consumers reason to celebrate Guinness' 250th anniversary by offering them a complimentary 325ml bottle of Guinness FES for every purchase of two big bottles of Guinness or three bottles of Tiger or Heineken. Following the



## MANAGEMENT REVIEW - BRAND HIGHLIGHTS



promotion's run in April and May 2009, many of our long serving distributors and salesmen indicated that this has been the most impactful activity we have had in the last 30 years.

#### A REMARKABLE EXPERIENCE

As part of the global G250 celebrations, Guinness unveiled its GUINNESS EXPERIENCES global consumer contest. The winners, who will be announced in October, November and December 2009, will embark on either an unforgettable journey into space aboard Sir Richard Branson's Virgin Galactic Spaceship; a journey to the depths of the sea in the world's first Guinness deep sea bar; or join an exclusive gig in an intimate studio setting with one of the biggest and hottest recording groups in the world – multi-platinum recording artists, The Black Eyed Peas. The local launch event held at Aquaria KLCC provided a suitably surreal feel as two divers enjoyed a toast with two bottles of Guinness FES from inside the aquarium. To enter this remarkable contest, consumers in Malaysia answered a simple question on the history of Guinness.

#### THE MASTER BREWER COMES A CALLING

To help kick off the G250 celebrations, the Global Guinness Master Brewer from St James's Gate, Fergal Murray, visited GAB. During his four day visit to Malaysia, Murray highlighted the importance of delivering and enjoying a great quality Guinness at a Consumer Mentorship Night for Guinness members and popular Malaysian bloggers at Jarrod & Rawlins, and a Bar Staff Training session held at KL Hilton. The world-renowned Master Brewer tapped into his vast knowledge of the iconic black brew to speak to attendees at both events about the brand's history, its variants, how to savour a Guinness and even the legendary two part pour. Adventurous participants took the opportunity to pour their own perfect pint of Guinness and even received a certificate autographed by Fergal Murray if they managed to pour a flawless pint.





## HEINEKEN

### HEINEKEN MUSIC - THE PERFECT BLEND OF SIGHT AND SOUND

Known for its cutting edge music platforms and activities, Heineken has embarked on a global initiative to bring the visual identities of Heineken and our music ventures into closer alignment. The result is a new visual identity for music that serves to ensure that the Heineken music platforms and activities reinforce the premium international character of Heineken Beer.



## MANAGEMENT REVIEW - BRAND HIGHLIGHTS

### Heineken Green Room State of Mind

For the FY2009, we continued to push the envelope on existing platforms and experiment with new ones to portray some of the ways in which art and music have become intertwined with consumers' lives. At the Heineken Green Room 1 State of Mind art exhibition held at Zouk, we displayed the creative artwork of artists Bombshelter Studios, Kinky Blue Fairy and Lapsap. At the Heineken Green Room 2 exhibition, fans were treated to a unique night of international entertainment and new experiences at the Orange Dance Club while we also presented them the first-ever glimpse of our Green Room State of Mind visual narrative.

### Impulse and JUICE DJ Quest

Heineken's Impulse: A Junk Music Project serves to highlight the marriage between leftfield music, art and cutting edge visuals as well as provide exposure to Southeast Asia's wide pool of creative talent. The Heineken presents JUICE DJ Quest platform too, continues to grow from strength to strength. Spanning Indonesia, Singapore, Malaysia and Hong Kong it aims to discover the best and brightest young DJs in the region. DJ Anowl recently emerged as the Malaysian champion this year and he is set to face off against his Singaporean and Indonesian counterparts at the regional JUICE DJ Quest finals.

### Celebrating Diversity in Music

Heineken continues to celebrate diversity by supporting international music events as varied as 2 Days of Freedom, Revelation, Zoukfest, the Rainforest World Music Festival, Miri International Jazz Festival, Penang Island Jazz Festival and Genting International Jazz Festival. What unites all of these platforms is their shared commitment to innovation and new music experiences.

### FOR THE LOVE OF THE GAME

In line with the Heineken brand promise of bringing our consumers fresh, unexpected experiences and to show our passion for the beautiful game, we undertook sponsorship of the UEFA Champions League (UCL) for the fourth consecutive year. Our campaign, the Heineken-UEFA Champions League 08/09 "Great Together" Campaign, involved running various exciting initiatives over a six-month period to give football fans and trade partners the chance to win unforgettable football experiences.



To kick start the season, we launched the Heineken Be Prepared online challenge at [www.greattogether.heineken.com.my](http://www.greattogether.heineken.com.my). This unique concept called for consumers to be part of a fun, interactive mission that required teams of three to complete the game together. Winning teams were then flown to Krabi, Thailand to watch a live screening of the UCL Final.

Our League of Champions competition was an initiative for our trade partners. The best performing outlets were awarded prizes that included all-expenses paid trips to either Rome for the UCL Final; the Heineken Star Final in Krabi, Thailand; or Old Trafford and Stamford Bridge for UCL matches complete with exclusive back stadium access. A total of 29 trade partners were rewarded under this competition.

For consumers, the spectacular Heineken presents A Night in Rome events held in Kuala Lumpur, Johor Bahru and Ipoh not only afforded them the chance to enjoy Roman inspired fashion shows, ambience and music, but one lucky guest from each event had the chance to win a trip to Rome for the UCL Final. All in all, the Heineken-UCL "Great Together" campaign ended on a high note with a total of fifty deserving football fans being treated to a very unique Heineken-UCL experiences around the world.

#### CRATE EXPECTATIONS FOR CHRISTMAS

Heineken brought cheer over the festive season by giving away daily goodies online at [www.heineken.com.my](http://www.heineken.com.my) through the Heineken Crate Expectations promotion. Consumers were offered a different festive treat every day throughout the month of December. By clicking online on the Heineken Crate Expectations calendar, they would know if they had won a treat for that day.

#### GIANT HEINEKEN CHRISTMAS TREES

In conjunction with our reaching out to consumers online, Heineken continued to spread the cheer by lighting up the nation with its giant Heineken Christmas Trees at various strategic locations throughout Malaysia. The first of their kind in Malaysia, the Heineken Christmas Trees were truly a magnificent sight to behold as each 12 foot high tree was entirely made out of Heineken bottles.

#### A BOND AFFAIR

Heineken held a special premier screening of the latest James Bond movie, Quantum of Solace at GSC Signature @ The Gardens, Mid Valley City. At the screening, invited guests including the media, opinion leaders and business partners, got the chance to walk down the red carpet and have their pictures taken with Heineken's very own Bond Girls.



## MANAGEMENT REVIEW - BRAND HIGHLIGHTS



**BREWED IN  
MALAYSIA  
SINCE 1933.**

## ANCHOR

### MAKING STRONG AND STEADY HEADWAY

All time favourite Anchor Smooth and the younger, bolder Anchor Strong continue to make strong, and steady headway among their respective market segments and help grow GAB's market share.

Since 1933, Anchor Beer has been brewed based on an authentic European recipe, and has been refined over time using the finest malt and hops to give the beer a light, refreshing and smooth flavour. With its rich heritage, rejuvenated look and refreshing taste, the time-tested Anchor Smooth is still a local favourite.

To keep Anchor Smooth top of the mind with consumers, several campaigns were run including a Chinese New Year promotional campaign, and "Three Cheers for Anchor!" which highlighted Anchor Smooth as the perfect choice for getting together and relaxing with friends.





**THE CREAM OF IRISH BEER**

Kilkenny, brewed in the oldest operating brewery in Ireland - the St. Francis Abbey Brewery in Kilkenny which first started brewing beer in 1710 - is known for its distinctive, smooth and flavourful taste. An Irish cream ale with its ruby red colour, unmistakably creamy taste and indulgent mouthfeel, Kilkenny is truly an Irish beer.



## KILKENNY

### SERVING UP IRELAND'S BEST

The popularity of this fast rising star in GAB's portfolio of premium brands continues to grow among young male and female urban drinkers who desire the best premium ale Ireland can offer. With friends or family at a favourite pub, Kilkenny is fast gaining a loyal following among discerning drinkers.



## MANAGEMENT REVIEW - BRAND HIGHLIGHTS

## MALTA

## INFUSING THE THIRST FOR ACTION

Malta Quench, the thirst-quenching variant of Malta, brought new meaning to the words “action and adventure” when it co-sponsored the inaugural AXN BiG Challenge at the 1-Utama Shopping Centre in P.J. Involving 25 two-person teams who signed up for a day of boundary-defying challenges as they tackled intricate obstacle courses designed for maximum thrills and spills, the AXN BiG Challenge truly set the bar for all future mall races.

From batting baseballs to making a 360-degree spin on the Teh Tarik stunt and other creative challenges, the teams put their wits, physical endurance and friendships to the test as they tackled 15 exciting challenges over four action-packed hours. Malta Quench’s checkpoint – “Are You Acrophobic?” – was one of the key attractions of the day with contestants performing a diagonal abseil from a 60 foot height while attempting mathematical sums on the way down.

Even a heavy downpour did nothing to deter the teams as they vied for the winning title and grand prizes from sponsors Malta Quench and LG. The crowd was kept pumped up with fun stage games and booth activities while popular local bands Estranged and Pop Shuvit together with dance performances by Celebrity Fitness got them into the swing of things.





# Management Review

## Supply Chain Highlights

### LEVERAGING TPM TO DRIVE PERFORMANCE

GAB continues to leverage the world class processes, technologies and culture of excellence that we have set in place to drive our strong performance. GAB's Total Productive Management (TPM) programme, now into its fifth year of implementation, continues to play an integral role in helping elevate GAB's performance to greater levels of success.

#### Developing A TPM Mindset

GAB's TPM programme is based on the global Heineken TPM programme and guided by Heineken TPM consultants. It has done much to develop a zero loss mindset amongst our people as they see the importance of improving performance and reducing costs.

To ensure the TPM mindset is continually applied to all aspects of our operation, we implement structured TPM training modules for our people. Our employees also participate in educational trips to other breweries and manufacturing facilities to assimilate their TPM and integration activities.

As a result of this training, GAB's shop floor personnel are quick to ensure that every loss in time, material or product is recovered for a better yield. They are able to speedily determine problem areas, deploy the necessary multi-skilled teams to find out the cause and prevent future recurrences.

#### Outstanding TPM Achievements (FY2006 – FY2009)

Our TPM efforts over the past four years (FY2006 – FY2009) have yielded outstanding results and brought us much closer to achieving our Supply Chain vision of being the best brewery in our class in the world.





**Cost:** On the cost front, we made good progress in spite of volume growth and people cost increases over the past four years. Through TPM, we improved productivity by 42%, reduced overtime by 24% and reduced losses by 23%. On top of this, our canning and bottling production lines improved efficiency by 18% and 21% respectively.

**Delivery:** The streamlining of our internal systems helped us deliver customer service and delivery promises despite capacity constraints. We improved the efficiency of our delivery by 17%, and were able to reduce our raw materials and finished product stock levels by over 30%, therefore improving our cash flow. Our forecasting accuracy also increased by 5%.

**Safety, Health and Environment (SHE):** Our focus on reducing the use of natural resources has paid off. We made significant savings on utility costs by reducing our water, electricity and fuel consumption by 15%, 10% and 17% respectively. We were able to achieve this by utilising our existing resources without incurring any additional investment.

**Quality:** As we relentlessly pursue improvements in quality, we continue to deliver award winning performance. Our quality efforts yielded a 50% improvement in our process capability. We have managed to reduce our already extremely low number of complaints on bottle and cans, by 60%.

**Organisation:** The streamlining of our organisation and changes to the way we work have been key to the higher levels of productivity achieved. We started with our TPM implementation in FY2006 and now have over 50 performance improvement teams running each year. Today, TPM has been embedded within GAB's organisational plans and we envisage experiencing higher levels of productivity throughout the organisation.

## MANAGEMENT REVIEW - SUPPLY CHAIN HIGHLIGHTS

### PUSHING THE BOUNDARIES ON EXCELLENCE

We continue to receive international acclaim on the product front and be ranked among the best breweries within our brand owners' global network. Winning the coveted Guinness League of Excellence Award for the third consecutive year is a significant achievement and comes as a result of consistently improving our operational capability and adhering stringently to product specifications.

This highly competitive annual competition among Guinness' breweries involves a meticulous judging process all year round by an independent panel at the Guinness Brand Technical Centre in Dublin. This award is only made after reviewing quality benchmarks across a number of measures at all 49 breweries around the world which brew Guinness. In anticipation of more challenging criteria being set in the future, GAB has already started to work on how to further improve our processes and results.

Additionally, GAB is currently in first place for the international Tiger Quality Award for 2009 for our product's freshness, packaging quality and serving standard. These awards are recognition that GAB is doing many things well as we accelerate closer to achieving our Supply Chain vision of being the best brewery in our class in the world.

### CONTINUOUS IMPROVEMENT TO OPERATIONS

As part of our commitment to operational excellence, we continue to undertake improvements on operations that enhance workplace efficiency and reduce overall costs. We fine-tuned several existing initiatives and introduced new ones.

#### Project SEAT

The introduction of a new product order system (Project SEAT) is enabling us to improve our standard of delivery to our distributors. Project SEAT allows us to fine-tune our own operations and production volumes to deliver fresher products on time and at lower costs allowing our distributors to better utilise their warehouses and manage their cash flow.

### Safety and Health Measures

Implementation of safety and health measures remains a priority for us and we are undertaking proactive safety and health measures throughout our business. As part of our efforts to improve safety and health, we established a Safety Group via the TPM route to reduce the frequency of accidents. This involves evaluating risk areas and launching Safety Improvement Teams to reduce the frequency or possibility of accidents. An easily accessible safety information board helps promote awareness about safety and health issues.

To better manage the flow of traffic around our brewery and to reduce the accident rate, we are currently reconstructing the main entrance to GAB. Approval has been obtained from the relevant authorities and these works should be completed in the coming year.

In view of the risk of H1N1 infection, GAB is carrying out stringent preventative measures to safeguard our employees and our business. Our Business Continuity Committee implemented travel approval and tracking forms for travelling staff, and suspended brewery tours and Tavern visits. On top of this, we are undertaking health checks on all staff and visitors.

### Capital Expenditure

Automated and integrated processes at our world-class GAB brewery are already helping us raise our overall efficiency and productivity. In FY2009, we invested RM27 million.

### Conserving Resources

As an environmentally aware company, we conserve resources through improving our operations and reducing our dependence on water, electricity, and fuel. We achieved double digit reduction in our utilities consumption and this is proof that our efforts to produce more in less time, using fewer resources, are paying off.

On the recycling front, we are undertaking specific measures which enable us to successfully retrieve between 80% and 90% of our empty bottles from our trade partners.



### **The 5S Programme**

Our 5S programme calls for all employees to “Sort, Straighten, Shine, Standardise and Sustain” by eliminating waste through better organisation of the workplace. It improves efficiency, productivity, safety, and morale by establishing convenient work practices and empowering employees. In line with the 5S philosophy, GAB’s operational departments are also conducting maintenance work and quality control themselves without involving other departments, this increases the rate of response and reduces the potential impact of problems.

### **ISO Accreditation**

In the period under review, we once again received ISO 9001:2000 accreditation and the Ministry of Health’s Hazard Analysis Critical Control Point (HACCP) certification. GAB was the first brewery in the country to receive these two internationally recognised standards for safety and quality in 2002 and they have been successfully renewed every year.

### **GOING FORWARD WITH TPM**

As we focus on continuous cost management initiatives via TPM, we are exploring how to optimise our distribution activities. As distributor stock levels are now linked to production levels, we will build upon Project SEAT to better streamline the flow of products, ensure greater product freshness and better manage trade stock levels. We are also looking at how we can further reduce our utilities consumption to generate additional savings.

As GAB continues to build on our culture of excellence to further improve our performance, we are confident that we will make progress as we move towards becoming an icon in business and the best brewery in our class.

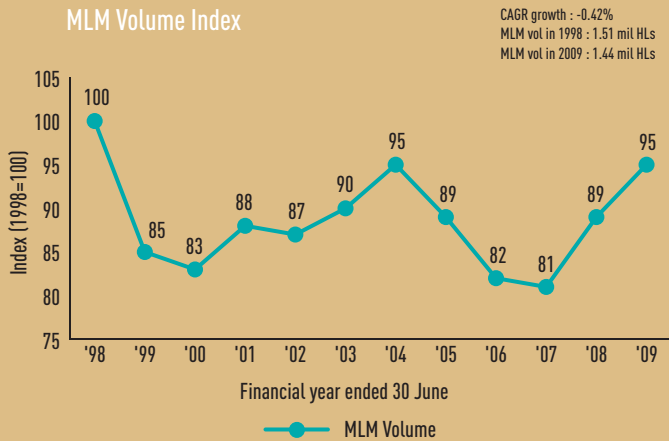
OVERVIEW OF THE MALT LIQUOR MARKET

Market Performance Remains Flat

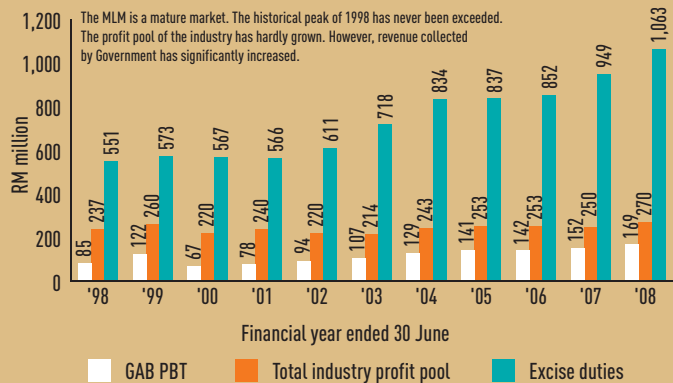
The Malt Liquor Market (MLM) in Malaysia is a mature market. Over the last 10 years, the MLM has seen periods of decline and periods of growth but overall, it has posted a Compounded Average Growth Rate (CAGR) of -0.42%. The market's peak of 1.51 million hectolitres in 1998 (versus 1.44 million hectolitres in 2009) has never been exceeded.

High Government Duties Vs Sluggish Industry Profits

Malaysia continues to have the second highest excise duty for beer and stout in the world after Norway. The Government's decision not to further increase the excise duty, was therefore a welcome respite for the MLM, which was subject to consecutive increases in excise duty from 2004 to 2006 (amounting to 59%). While revenue to the Government from industry excise duties continues to increase year on year (peaking at approximately RM1.06 billion in 2008), the industry profit pool has hardly grown in the last decade. GAB's strong performance to date comes from its ability to capture more and more of the existing MLM. The high excise duty has not only made drinking expensive, but has also caused significant smuggling activities.



Industry Profit Pool & Excise Duties



# Finance Director's Review

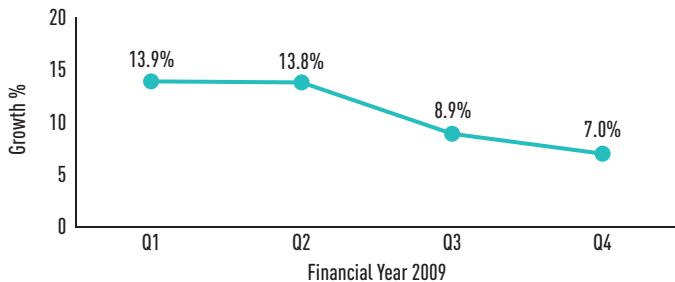


FINANCE DIRECTOR'S REVIEW

**MLM Growth Rate on the Decline**

In the last 12-months of the financial year, in tandem with Malaysia's declining GDP growth rate and the somewhat volatile performance of the FTSE Bursa Malaysia KLCI, the MLM Moving Average Total (MAT) volume growth rate also declined. The MLM industry is laggard to the general economy and we are still experiencing a declining trend. Overall, we expect the coming year to be flattish.

MLM Ex-Brewery MAT Volume Growth by Quarter



GDP Growth Rates (constant 2000 prices)



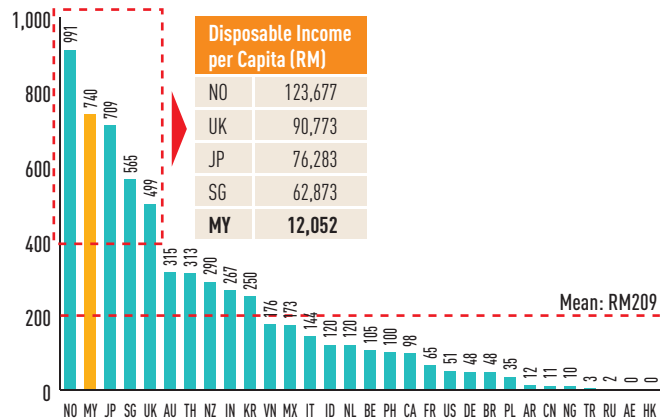
Source: Department of Statistics Malaysia

**Malaysia's High Excise Duty Rate Vs Low Disposable Income**

Malaysia has the highest duty rate in Asia and the second highest in the world. Taking into consideration Malaysia's significantly lower disposable income per capita (in comparison to other developing and developed countries), the price of beer and stout in Malaysia is very expensive. Making up in excess of 48% of the retail price of beer and stout, the exceptionally high excise duty rate is not on par with affordability.

Comparison of Excise Duty Rate

Beer Excise Duty Rate - 2008 (RM/HL) vs. Disposable Income per Capita - 2008 (RM)



Legend: Countries

AR	Argentina	ID	Indonesia	PL	Poland
AU	Australia	IT	Italy	RU	Russia
BE	Belgium	JP	Japan	SG	Singapore
BR	Brazil	MX	Mexico	KR	South Korea
CA	Canada	MY	Malaysia	TH	Thailand
CN	China	NG	Nigeria	TR	Turkey
FR	France	NL	Netherlands	AE	UAE
DE	Germany	NO	Norway	UK	UK
HK	Hong Kong	NZ	New Zealand	US	US
IN	India	PH	Philippines	VN	Vietnam

Note: <sup>1</sup> All excise duty rates are for 2008 and based on a 5% ABV beer. <sup>2</sup> India's duty rate is based on the state Andhra Pradesh.

Source: EIU, World Drink Trends 2004, Deloitte Research & Analysis.

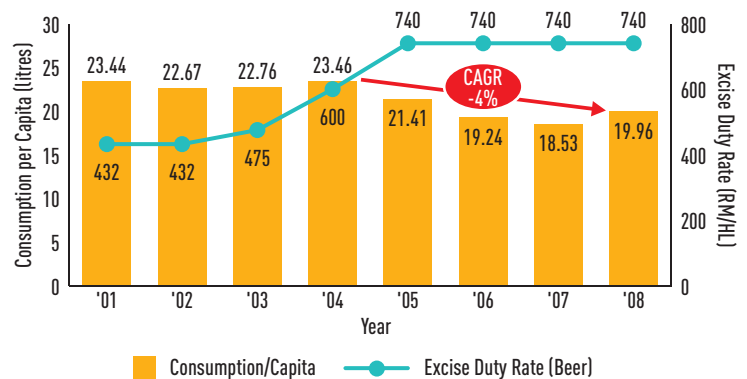
**Only SEA Nation with Declining Consumption Per Capita**

Malaysia's consumption per capita remains one of the lowest in the region and it has dropped from 24 litres to 20 litres between 2004 and 2008. In fact, Malaysia is the only Southeast Asian (SEA) country registering a decline in consumption per capita, against an increasing trend for the others. As GAB's growth is very much dependent on its domestic market and the prevailing local consumer trends, the Government's excise duty rate policy plays a big part in determining how much GAB and the MLM can grow.

**Excise Duty Rate vs Consumption Per Capita**

Despite excise duty rate remaining at year 2005 level, consumption per capita of Malaysia has declined by approximately 4% (CAGR).

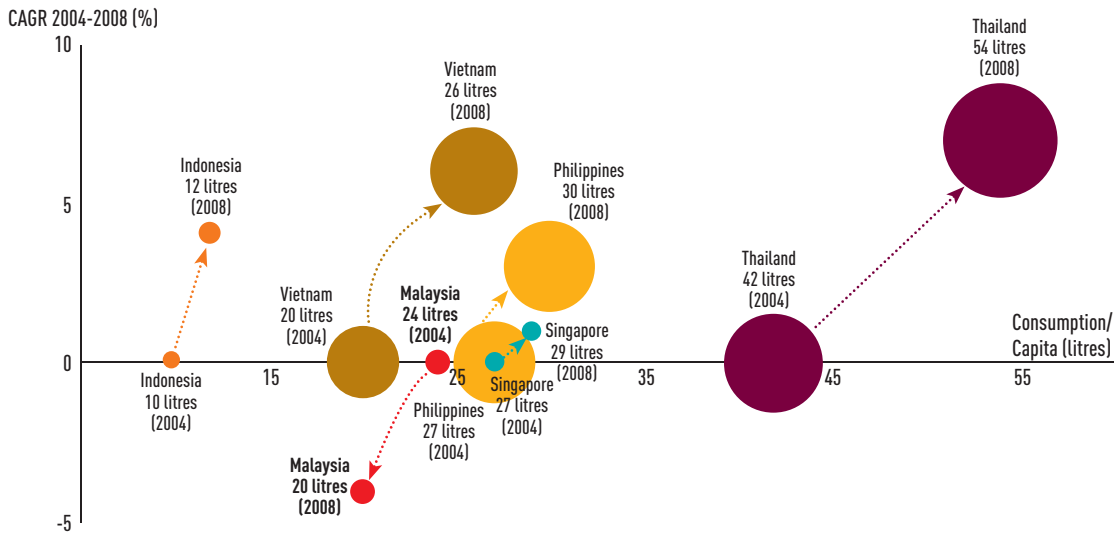
The decline in consumption per capita is primarily due to Malaysia's high duty rate (as a result of the significant successive increase in excise duty in years 2003, 2004 and 2005).



Note: Consumption per Capita is based on 18+ years non Muslim population.  
Source: GAB data 2008, EIU, Deloitte Research & Analysis.

**Malaysia's Consumption Per Capita Remains Low and is Declining**

Consumption per Capita (litres) vs. CAGR (%) among Southeast Asia countries (2004 & 2008)



Note: Consumption per Capita is based on 18+ years non Muslim population.  
Source: Deloitte Research & Analysis, The World Fact Book, Euromonitor, EIU.

○ Size of Bubble = Total Consumption Volume

## FINANCE DIRECTOR'S REVIEW

### High Beer Retail Prices Make Smuggling Attractive

The huge differences in retail beer prices within the region, clearly increases the attractiveness and incentive for smuggling illegitimate beer into Malaysia from surrounding countries.

#### High Duty Rate

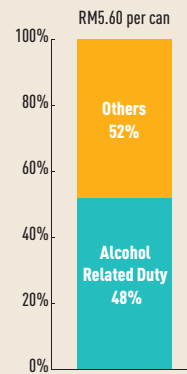
Highest duty rate in Asia  
and 2nd highest in the world  
@ RM740 per HL

The high retail beer price in Malaysia is due to the high excise duty rate (i.e. 48% of the retail price of a can of beer in Malaysia is contributed from alcohol related duty/taxes).

Note: Off-trade beer prices from 2008 are used.

Source: Deloitte Research & Analysis, Euromonitor, EIU.

#### Contribution of Excise Duty to Retail Price



#### Comparison of retail price of beer

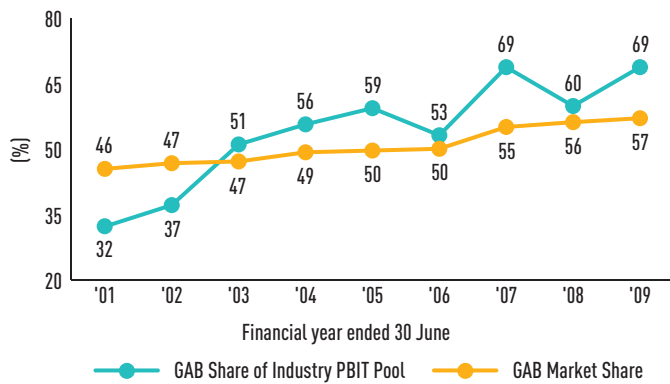


**GAB'S MARKET LEADERSHIP POSITION**

**GAB Remains the Clear Market Leader**

Despite this extremely challenging operating environment, GAB has successfully achieved eight successive years of volume, revenue and profit growth. GAB continues to outperform the competition and remains the clear market leader. At the end of June 2009, GAB had captured 57% share of the MLM and a corresponding 69% share of the industry profit pool (for four quarters). GAB's outstanding performance is a testament that its unwavering focus and strategic investment in the areas of People, Brands and Performance is continuing to pay off.

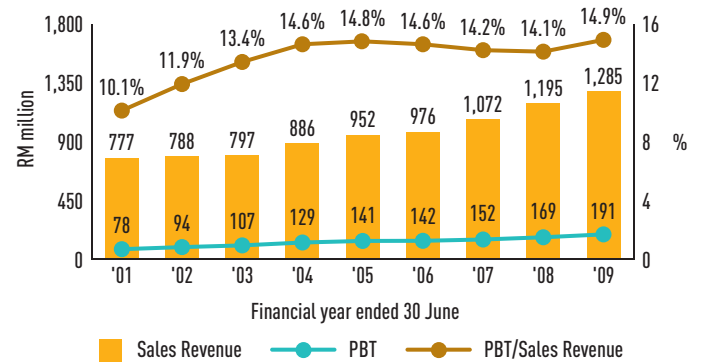
**Operating Profit vs Market Share (Year-on-Year)**



**Strong Cost Efficiencies Drive Net Profits**

GAB's cost efficiency initiatives continue to contribute to its higher revenue and net profit: a creditable performance in the face of intense market competition, achieved through the unwavering efforts of its people, and the strength of its portfolio of brands. However, competition remains intense.

**Sales Revenue vs PBT**

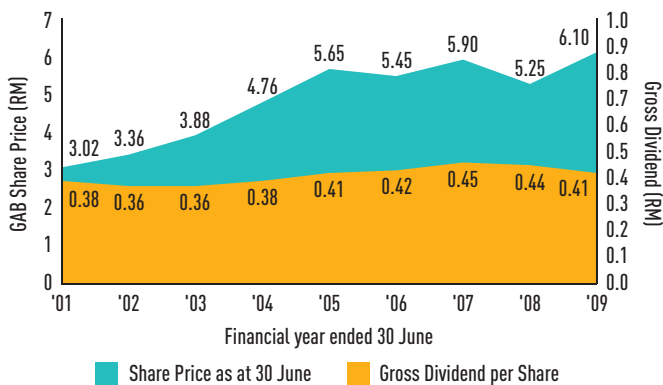


**Shareholder Value Creation**

GAB remains committed to returning a significant part of its earnings to its shareholders. In line with the Company's strong performance for the financial year ended 30 June 2009, GAB is delivering total shareholder returns of 23%. GAB posted Earnings Per Share (EPS) of 47 sen and Net Dividend Per Share (NDPS) of 41 sen for the 2009 financial year, the highest values to date.

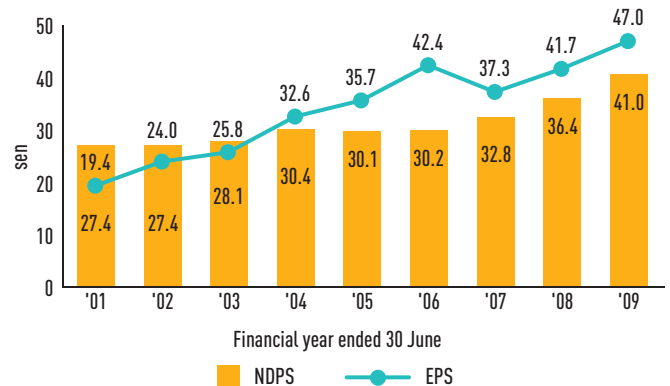
In recognition of GAB's commitment to creating good shareholder value, the Company was ranked tenth on the KPMG/The Edge Shareholder Value League Table 2008 - Top 100 listing (up from 18th place in 2007). In addition, GAB was ranked fourth in the Minority Shareholder Watchdog Group's listing of foreign-owned companies and was listed as being among the top 7% of all Malaysian public listed companies for good corporate governance.

**Share Price & Gross Dividend Per Share**



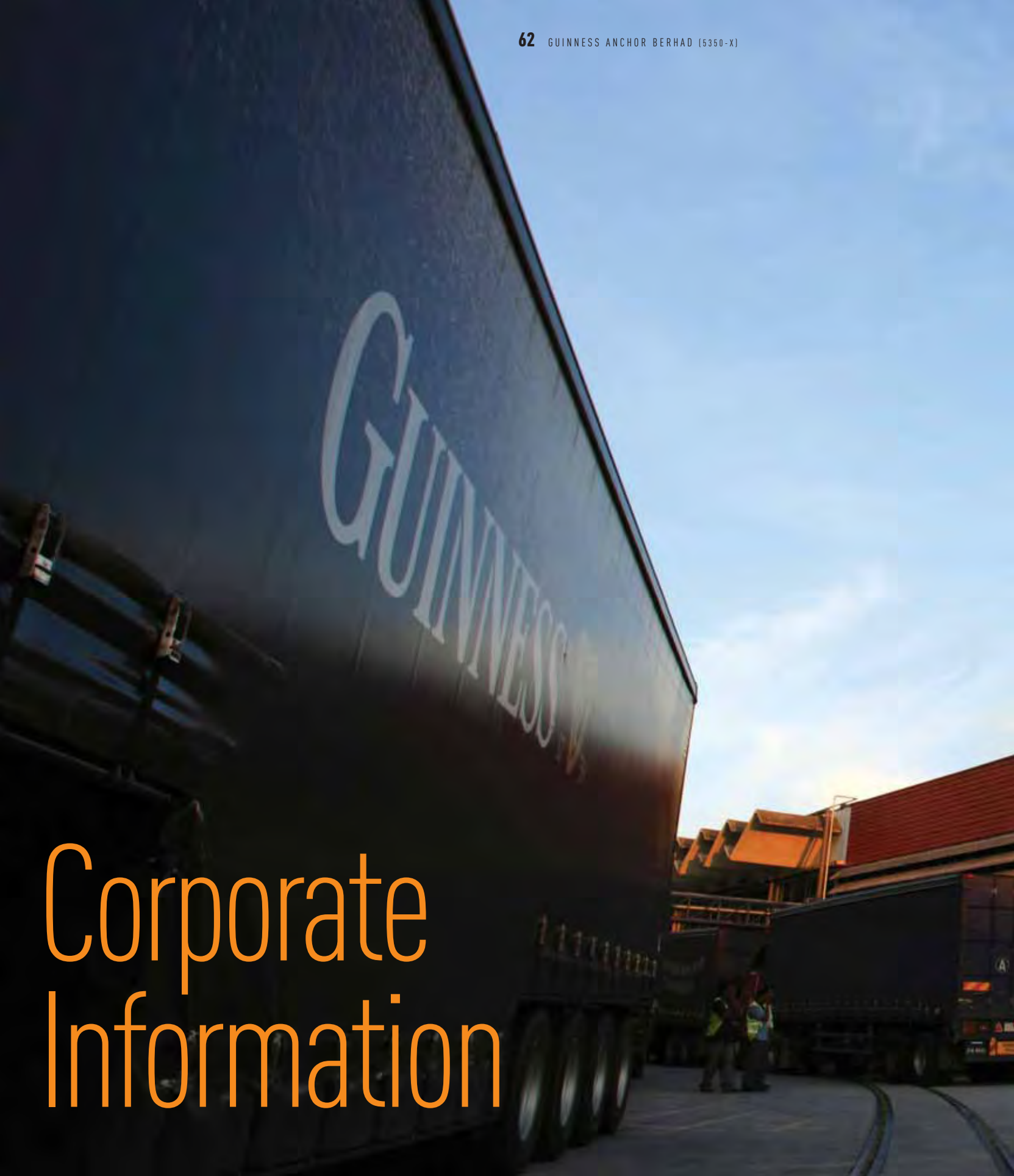
Source: Bursa Malaysia

**Earnings Per Share (EPS) & Net Dividend Per Share (NDPS)**



GUINNESS

# Corporate Information



**DIRECTORS**

Tan Sri Saw Huat Lye (Chairman)  
 Charles Henry Ireland (Managing Director)  
 Dato' Jaffar Indot  
 Low Teng Lum (Finance Director)  
 David Neill Moore  
 Dr Leslie Buckley  
 Sreesanthan Eliathamby  
 Martin Giles Manen  
 David Heginbottom  
 (Alternate Director to David Neill Moore)

**SECRETARIES**

Low Teng Lum (MAICSA 0728175)  
 Ng Sow Hoong (MAICSA 7027552)

**AUDITORS**

KPMG  
 Chartered Accountants  
 Level 10, KPMG Tower  
 8 First Avenue, Bandar Utama  
 47800 Petaling Jaya  
 Selangor Darul Ehsan  
 Tel : 603-7721 3388  
 Fax : 603-7721 3399

**REGISTERED OFFICE**

Sungei Way Brewery  
 Lot 1135, Batu 9, Jalan Klang Lama  
 P.O. Box 144, 46710 Petaling Jaya  
 Selangor Darul Ehsan  
 Tel : 603-7861 4688  
 Fax : 603-7861 4602

**SHARE REGISTRAR**

Tricor Investor Services Sdn Bhd  
 (formerly known as Tenaga Koperat Sdn Bhd)  
 Level 17, The Gardens North Tower  
 Mid Valley City, Lingkaran Syed Putra  
 59200 Kuala Lumpur  
 Tel : 603-2264 3883  
 Fax : 603-2282 1886

**PRINCIPAL BANKERS**

Standard Chartered Bank Malaysia Berhad  
 HSBC Bank Malaysia Berhad  
 CIMB Bank Berhad  
 RHB Bank Berhad  
 Malayan Banking Berhad

**STOCK EXCHANGE LISTING**

Listed on the Main Market of Bursa Malaysia  
 Stock short name : GAB  
 Stock number : 3255

**WEBSITE**

[www.gab.com.my](http://www.gab.com.my)



# board of directors



SEATED, FROM LEFT:

Dato' Jaffar Indot

Tan Sri Saw Huat Lye  
Chairman

Charles Henry Ireland  
Managing Director

STANDING, FROM LEFT:

Dr Leslie Buckley

Sreesanthan Eliathamby

Martin Giles Manen

David Neill Moore

Low Teng Lum  
Finance Director



# Directors' Profile

## TAN SRI SAW HUAT LYE

Bachelor of Arts (Hons) Economics (University of Malaya)  
Advanced Management Programme (Harvard Business School)  
Senior Independent Non-Executive Director, Chairman of the Board of Directors, Executive Committee, Remuneration Committee and Nomination Committee and Member of the Audit Committee

Tan Sri Saw Huat Lye, Malaysian, aged 74, was appointed to the Board on 24 February 1987 and was elected Chairman of the Board on 8 September 1997.

Tan Sri Saw joined the Malaysian Home and Foreign Service in 1958 and served in various capacities including as Assistant State Secretary (Local Government) of Perak, Chairman of the Taiping Town Council, Assistant Federal Commissioner of Lands, Ministry of Rural Development and Deputy Secretary-General of the Ministry of Transport.

In 1971, Tan Sri Saw retired from the Civil Service to head a team to set up Malaysian Airline System following the break-up of MSA. Tan Sri Saw served as the Airline's first Chief Executive until his retirement in 1982.

Besides Guinness Anchor Berhad, Tan Sri Saw is also Chairman of the GAB Foundation's Board of Trustees and sits on the Board of Edaran Otomobil Nasional Berhad. He is also a fellow of the Chartered Institute of Logistics and Transport since 1975.

## CHARLES HENRY IRELAND

Executive Development Programme (Warwick Business School)  
Managing Director and Member of the Executive Committee and Remuneration Committee

Charles Henry Ireland, British, aged 44, was appointed as Managing Director on 1 May 2007. He joined GAB on 8 May 2006 as General Manager, Marketing and was appointed to the Board on 26 May 2006.

Charles started his career in 1985 as a financial consultant at Young, Claridge and Richmond Ltd, United Kingdom. In 1987, he joined the Nestlé Rowntree Grocery Division. He was promoted to National Account Manager, Nestlé Petfood Division in 1990 and later Sales Manager National Account, Nestlé Confectionery Division. He served in various capacities within the Nestlé Group until 1997. Later in the same year, he started his career with Diageo Plc as Account Director - On Trade, Guinness GB, became Customer Marketing Director in 1999 before his promotion to Global Consumer Director of Diageo Ready to Drink Brands in 2001. Prior to joining GAB, Charles was Managing Director of Diageo Philippines from 2003 and was given additional responsibility of Commercial Director Asia in 2005.

He currently serves as Governing Council Member of the Confederation of Malaysian Brewers Berhad, Vice President of the Malaysian International Chamber of Commerce and Industry and Trustee of the GAB Foundation.

**DATO' JAFFAR INDOT** DSNS SMS

International Senior Managers' Programme (Harvard)

Independent Non-Executive Director, Chairman of the Audit Committee and Member of the Remuneration Committee and Nomination Committee

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Dato' Jaffar Indot, Malaysian, aged 75, has been a Director of the Company since 2 January 1999.

Dato' Jaffar began his career with the Rural Industrial Development Authority (RIDA) in 1953 before joining Shell Malaysia in 1956 and retiring in 1989 after 33 years of service. During this period, he worked for Shell in various capacities locally and overseas in Japan and the United Kingdom in marketing, public affairs, international oil trading and business development. On his return to Malaysia in 1980, he was appointed an Executive Director for Public Affairs. In 1983, he assumed the position of Managing Director Shell Downstream Companies in addition to being an Executive Director for Shell Companies in Malaysia until his retirement in August 1989. He was the Chairman of Shell Timur Sdn Bhd from August 1989 to December 1997.

Dato' Jaffar is a Director of the following public listed companies:-

- Shell Refining Company (Federation of Malaya) Berhad
- Sycal Ventures Berhad
- Melewar Industrial Group Berhad
- M3nergy Berhad

He is also a Director of F3 Strategies Berhad, a public company, and the President of the Malaysian Alliance of Corporate Directors, a non-profit company limited by guarantee.

**LOW TENG LUM**

FCCA, ACIS, CA (M), MCT, Master of Public Administration (Harvard)

Executive Director

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Low Teng Lum, Malaysian, aged 55, was appointed to the Board on 15 August 2001.

He was an Audit Senior with Arthur Young before he joined Guthrie Malaysia as Internal Audit Manager. He subsequently held the post of Group Internal Auditor in Palmco Holdings Berhad and General Corporation Berhad before his appointment as Finance Manager of Southern Steel Berhad. During his 14-year tenure with Southern Steel Berhad, he was successively promoted to General Manager (Commercial), Senior General Manager (Rod Division) and Chief Operating Officer (Steel Business Unit) before taking up his current position in Guinness Anchor Berhad.

He has served as a member of the Task Force on the formation of an Audit Oversight Board chaired by the Securities Commission.

## DIRECTORS' PROFILE

### DAVID NEILL MOORE

LL.B, Dip.L.P. (Edinburgh University), LL.M., M. Phil (Cambridge University), Solicitor, Member of the Law Societies of Scotland, England & Wales, and NSW, Australia.

Non-Independent, Non-Executive Director and Member of the Executive Committee, Audit Committee, Remuneration Committee and Nomination Committee

David Moore, British, aged 39, was appointed to the Board on 10 November 2005.

He began his career as a commercial lawyer in the UK, based in Edinburgh, specialising in mergers and acquisitions and venture capital transactions, as well as inward investment for a range of Asian companies. In 2000, he relocated to Sydney, Australia to join a corporate law firm.

He joined Diageo in Australia in 2001 and was involved in a wide range of transactions in the industry, including restructuring of the Guinness businesses in Australia, China, Indonesia, Japan, Korea and New Zealand. As Regional Counsel, Asia, he was involved in the development of Diageo's partnerships, joint ventures and distribution relationships throughout the region. In 2004, David relocated to Diageo's regional headquarters in Singapore.

He is currently a member of Diageo Southeast Asia Regional Executive as Managing Director of Singapore, Malaysia and Indonesia.

### DR. LESLIE BUCKLEY

Doctorate of Philosophy (Columbia University)  
Bachelor of Arts (Hons) (Massey University)

Non-Independent Non-Executive Director and Member of the Executive Committee, Audit Committee, Remuneration Committee and Nomination Committee

Dr. Les Buckley, New Zealander, aged 48, was appointed to the Board on 4 January 2007.

Dr. Buckley is currently the Regional Director (S.E.A./Oceania) of Asia Pacific Breweries Limited. Dr. Buckley has 25 years of working experience in Sales and Marketing of which 20 years has been in the brewing industry in Asia and Australasia.

### SREESANTHAN ELIATHAMBY

LL.B (Hons), University of Malaya  
B.C.L., University of Oxford, United Kingdom

Independent Non-Executive Director and Member of the Audit Committee and Nomination Committee

Sreesanthan Eliathamby, Malaysian, aged 49, was appointed to the Board on 1 March 2008.

Sreesanthan is an Advocate & Solicitor and a Partner with the legal firm of Messrs Kadir, Andri & Partners. Sreesanthan obtained his undergraduate law degree from the University of Malaya and his post-graduate degree in law from the University of Oxford, United Kingdom. He was formerly a Legal Assistant and later a Partner with the legal firm of Messrs Zain & Co.

Sreesanthan is a member of the Investment Committee of the Amanah Saham Wawasan 2020 Fund, Bursa Malaysia Listing Committee and the Investigating Tribunal Panel of the Advocates and Solicitors' Disciplinary Board.

Sreesanthan currently sits on the Boards of Chemical Company of Malaysia Berhad, Scomi Group Berhad and Malayan Banking Berhad.

**MARTIN GILES MANEN**

Chartered Accountant  
 Member of the Malaysian Institute of Accountants  
 and the Malaysian Institute of Certified Public Accountants  
 Independent Non-Executive Director and Member  
 of the Audit Committee

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Martin Manen, Malaysian, aged 54, was appointed to the Board on 29 August 2008.

Martin was the Chief Executive Officer of Perception Management Sdn Bhd ("PMSB"), a public relations and communication consultancy company until May 2009. Prior to joining PMSB, he served more than 21 years with Sime Darby Group, holding various senior positions including Group Tax Controller, Group Company Secretary, Group Finance Director and Divisional Director of the Allied Products & Services Division. He started his career at KPMG with whom he served 11 years in Malaysia and the United Kingdom, undertaking audit, tax and business advisory assignments.

Martin has served as a member of the Malaysian Accounting Standards Board, the Executive Committee of the International Fiscal Association (Malaysia Branch), the Task Force on the formation of an Audit Oversight Board chaired by the Securities Commission ("SC") and the Accounting Technical Panel of the SC.

Martin also serves on the Board of Transmile Group Berhad, Hong Leong Investment Bank Berhad and Unisem (M) Berhad.

**DAVID HEGINBOTTOM**

(Alternate Director to David Neill Moore)  
 Chartered Accountant (Institute of Chartered Accountants  
 in England and Wales)  
 Master of Arts (Oxford University)  
 Alternate Non-Independent and Non-Executive Director

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David Heginbottom, British, aged 38, was appointed as the Alternate Director on 10 May 2005.

He joined Diageo Plc in 1996, and has held a variety of Finance Director roles in Asia Pacific since 2004, currently holding the position of Finance Director, Asia Pacific.

Prior to joining Diageo, David worked for KPMG where he qualified as a Chartered Accountant with the Institute of Chartered Accountants in England and Wales.



"Winning Diageo's Asia Pacific Market of the Year Award, which recognises a business that has displayed continuous improvement in every aspect of the business, encapsulates the efforts of our people – our employees and our business partners. Together, we brewed success."

**Charles Henry Ireland**  
Managing Director

"In line with GAB's strong performance in FY2009, we are delivering total shareholder returns of 23%. GAB posted Earnings Per Share of 47 sen and Net Dividend Per Share of 41 sen for the 2009 financial year, the highest values to date."

**Low Teng Lum**  
Finance Director



# management executives



"FY2009 was another great year for our brands because they all grew. We have a unique, world-class portfolio of brands that is easily Malaysia's best and we work hard to deliver great brand experiences for our consumers."

**Mark Jenner**  
Marketing Director



"On top of our good performance, it is important that we are a responsible corporate citizen. Our corporate responsibility initiatives in FY2009 were expanded to include greater levels of stakeholder engagement, good corporate governance and community enrichment."

**Renuka Indrarajah**  
Corporate Relations & Legal Director

"Acknowledgement must be given to our Distributors and Trade Partners for their contributions to our good performance. We want to continue to grow our partnerships to reach greater heights."

**Michael Chin**  
Sales Director



"Our people are our greatest asset and we value them by meeting their needs, providing growth and rewarding careers under our 7 HR Pillars, in line with our quest to be an Employer of Choice. This commitment led us to promote or move for development, 83 people in FY2009."

**Sujitha Rajaratnam**  
Human Resources Director



"It is a great honour for our achievements to be recognised within our global network of breweries. We are a step closer to achieving our Supply Chain vision of being the best brewery in our class."

**Peter G Vogtlander**  
Supply Chain Director

# Management Executives' Profile

## CHARLES HENRY IRELAND

Executive Development Programme  
(Warwick Business School)

Managing Director

Charles Henry Ireland, British, was appointed as Managing Director on 1 May 2007. He joined GAB on 8 May 2006 as General Manager, Marketing and was appointed to the Board on 26 May 2006.

Charles started his career in 1985 as a financial consultant at Young, Claridge and Richmond Ltd, United Kingdom. In 1987, he joined the Nestlé Rowntree Grocery Division. He was promoted to National Account Manager, Nestlé Petfood Division in 1990 and later Sales Manager National Account, Nestlé Confectionery Division. He served in various capacities within the Nestlé Group until 1997. Later in the same year, he started his career with Diageo Plc as Account Director - On Trade, Guinness GB, became Customer Marketing Director in 1999 before his promotion to Global Consumer Director of Diageo Ready to Drink Brands in 2001. Prior to joining GAB, Charles was Managing Director of Diageo Philippines from 2003 and was given additional responsibility of Commercial Director Asia in 2005.

He currently serves as Governing Council Member of the Confederation of Malaysian Brewers Berhad, Vice President of the Malaysian International Chamber of Commerce and Industry and Trustee of the GAB Foundation.

## LOW TENG LUM

FCCA, ACIS, CA (M), MCT, Master of Public Administration (Harvard)

Finance Director

Low Teng Lum, Malaysian, was appointed to the Board on 15 August 2001.

Low Teng Lum was an Audit Senior with Arthur Young before he joined Guthrie Malaysia as Internal Audit Manager. He subsequently held the post of Group Internal Auditor in Palmco Holdings Berhad and General Corporation Berhad before his appointment as Finance Manager of Southern Steel Berhad. During his 14-year tenure with Southern Steel Berhad, he was successively promoted to General Manager (Commercial), Senior General Manager (Rod Division) and Chief Operating Officer (Steel Business Unit) before taking up his current position in Guinness Anchor Berhad.

He has served as a member of the Task Force on the formation of an Audit Oversight Board chaired by the Securities Commission.

## RENUKA INDRARAJAH

Bachelor of Laws (University of Queensland),  
Post Graduate Diploma in Legal Practice (QUT),  
Solicitor of the Supreme Court of Queensland  
and High Court of Australia

Corporate Relations & Legal Director

Renuka Indrarajah, Malaysian, formerly an Advocate and Solicitor, joined GAB in February 2002 as Legal Manager. She was promoted as the Head of Legal Affairs in 2004 and was promoted as the Corporate Relations & Legal Director in May 2007.

Renuka began her career as a solicitor in Queensland, Australia until 1993 when she returned to Malaysia. She continued her career in the Corporate Department of Skrine, a prominent firm of Advocates & Solicitors in Kuala Lumpur. In December 1998, she joined Sema Group and was responsible for setting-up and managing the regional legal department, which entailed having all legal matters pertaining to the Asia region under her purview.

Renuka currently serves as Governing Council Member of the Confederation of Malaysian Brewers Berhad and as Director of the GAB Foundation Management Committee.

**MARK JENNER**

Bachelor of Management Studies (Hons)  
Waikato University  
Marketing Director

Mark Jenner, New Zealander, joined GAB on 8 May 2007.

Mark started his career with Unilever in New Zealand in 1990 before moving to GlaxoSmithKline in London from 1993 to 1996. He joined DB Breweries in New Zealand in 1997 where he held a number of marketing roles before moving to Heineken International in Amsterdam in 2004 as a Regional Marketing Manager. During his time in the Netherlands, he was involved as a management member of the project team that developed and launched Heineken's first new beer in 133 years – Heineken Premium Light. He was also a management member of the global Heineken brand team that was responsible for the development and communication of the global Heineken brand strategy.

**MICHAEL CHIN**

Bachelor of Marketing and Management  
(University of Oregon)  
Sales Director

Michael Chin, Malaysian, rejoined GAB on 1 July 2006.

Michael started his career in the IT industry where he spent five years in channel management, product management and business development. He spent the next five years at DHL Malaysia as its Commercial Manager, responsible for the Global Accounts & Logistics Group. Following that, he returned to the IT industry where he was involved in e-commerce consultancy. Michael first joined GAB in 2002 and became Head of Sales Operations and was also Co-Project Manager of its Customer Relationship Management initiative which included the implementation of sales force automation and dealer IT system. In 2004, he moved to Diageo Asia as Regional Sales Development Manager responsible for regional sales capability development for its beer and spirits business.

Prior to rejoining GAB, Michael was Commercial Director of Asia Beer and played a pivotal role in the successful growth of Guinness in Indonesia.

**PETER G VOGTLANDER**

Master of Mining & Petroleum Engineering  
(Tu Delft)  
Supply Chain Director

Peter G Vogtlander, Dutch, joined GAB in September 2005.

Peter started his career with Unilever in The Netherlands in 1993 where he spent 2 years in Unilever Foods (Unox) operating plants for sausage intermediates after which he moved to Unilever Chemicals (Crossfields), where he ran the Silicates Operations before joining Heineken in 1997. He began his career in Heineken as Brewery Manager in Ghana where he successfully created a self managing team, ensuring that continuous improvement and cost reduction became a standard drive. Following that, he was seconded for a short stint to Nigeria Ibadan as Brewery Manager from 2000-2001 where he was tasked to increase capacity and install a new bottling line.

Prior to moving to GAB, Peter was Brewery Manager in Indonesia responsible for the total supply chain of an independent sourcing unit, where he restructured the managing team to enable the required cultural and organisational changes, while implementing both Key Performance Indicators down to the shop floor level, the Total Productive Management (TPM) concept, as well as ISO 9002, ISO 14001 and Hazard Analysis Critical Control Point (HACCP).

**SUJITHA RAJARATNAM**

LLB (Hons), University of London  
Human Resources Director

Sujitha Rajaratnam, Malaysian, joined GAB in February 2004.

Sujitha started her career in Human Resources with the Hong Leong Group. During her 7-year stint there, she had worked with different companies within the Group, dealing with matters related to Human Resources and Legal Affairs. Prior to her current role, Sujitha was the Manager, Human Resources for GAB, handling Industrial Relations and Employee Relations.

# Corporate Governance

The Board of Directors of Guinness Anchor Berhad is committed to ensuring that high standards of business ethics and corporate governance are practised throughout the Group through the implementation of effective policies and adoption of good governance practices. The Group embraces the spirit of good corporate governance which has helped in contributing towards the achievement of the Group's strategic goals and values in business. This has had a positive impact on the Group's reputation and business sustainability.

The Board is pleased to report the Company's application of the underlying principles set out in the Malaysian Code on Corporate Governance (Revised 2007) ("the Code") and the extent to which the Company has complied with the Code throughout the financial year ended 30 June 2009.

## 1. BOARD OF DIRECTORS

### The Board

The Group is led by an effective Board which comprises members of caliber from a diverse blend of professional backgrounds with a wide range of business and financial experience, supported by Independent Directors who are able to bring independent judgement on issues of strategy, performance, resources and standards of conduct. A brief profile of each Board member is set out on pages 66 to 69 of this Annual Report.

The Board has formal terms of reference to guide the Directors in the discharge of their responsibility. The Board has the overall responsibility in leading and determining the Group's strategic direction. It oversees the conduct of the Group's businesses, ensuring appropriate control system is in place as well as regularly reviewing such system to ensure its adequacy and integrity. The Board is also responsible for succession planning, including appointing and fixing the remuneration of and, where appropriate, replacing Senior Management.

### Board Balance

The Board currently has nine (9) members including one (1) Alternate Director, of whom two (2) are Executive Directors and four (4) out of the six (6) Non-Executive Directors (including the Chairman) are independent. There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority.

The Chairman has never held any executive position in the Group. The Chairman is primarily responsible for ensuring Board effectiveness and conduct whilst the Managing Director is responsible for the day-to-day conduct of the Group's business including the implementation of business plans and strategies approved by the Board and communicating matters to the Board.

The Chairman of the Board, Tan Sri Saw Huat Lye, is the designated Senior Independent Non-Executive Director, to whom concerns pertaining to the Group may be conveyed.

The Board has a balance composition with adequate Board independence that reflects the interest of minority shareholders and provides an effective check and balance. Although all Directors have an equal responsibility for the Group's operations, the role of these Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined with due regard to risk management. The decisions are arrived at after taking into account the long term interests, not only of the shareholders, but also of employees, customers, suppliers, and the many communities in which the Group conducts its business.

The Directors of the Group adhere to the Code of Ethics established by the Companies Commission of Malaysia for Company Directors. The Code of Ethics sets out the principles in relation to sincerity, integrity, responsibility and corporate social responsibility.

### Board Meetings and Supply of Information

The Board meets on a quarterly basis, and additional meetings are convened as and when necessary. During the financial year ended 30 June 2009, four (4) Board meetings were held and all the Directors attended the said meetings.

At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. There is a schedule of matters reserved specifically for the Board's decision including the approval of quarterly financial statements, the annual strategy plan, major acquisitions or disposal of a business or assets, appointment of Board / Board Committee members, declaration of dividends, related party transactions, changes to management and control structure of the Group, key policies, procedures and authority limits and such other relevant matters significantly affecting the Group's operations.

The Directors are provided with the notice, setting out the agenda items and supplied with comprehensive Management reports or information on a timely basis for their perusal prior to the Board meeting to enable them to effectively discharge their duties and responsibilities. In addition to financial information, the Management reports include other information such as:

- Productivity and product quality measures
- Marketing and sales activities
- Market share and market trends
- Developments on human resource
- Environmental and industry issues

Where necessary, Senior Management will be invited to attend Board meetings to provide additional information and clarify any issues raised by the Directors relating to any relevant business tabled at Board meetings. All issues discussed and all decisions made during the Board Meeting will be properly recorded by the Company Secretaries.

The Board is regularly updated and kept informed of the latest developments in the legislations and regulatory framework affecting the Group. All members of the Board have unrestricted and constant access to and interaction with the Senior Management. All Directors have access to the advice and services of the Company Secretaries.

The Board has also approved a procedure for Directors, whether as a full Board or in their individual capacity, to obtain independent professional advice at the Company's expense, where necessary, to enable them to discharge their responsibilities.

### **Board Committees**

The Board has delegated specific responsibilities to Board Committees as well as various sub-committees to assist the Board in the running of the Group. The functions and terms of reference of the Board Committees as well as authority delegated by the Board to these Committees have been clearly defined by the Board.

There are four (4) Board Committees namely the Nomination Committee, Remuneration Committee, Executive Committee and Audit Committee. These Committees examine specific issues and report to the Board with their recommendations. The ultimate responsibility for decision-making lies with the Board.

Details of the responsibilities and activities of these Committees are set out below.

### **Nomination Committee**

The Code endorses as good practice, a formal procedure for appointments to the Board, with a Nomination Committee to make recommendations to the Board and assessing Directors on an on-going basis. The Code, however, states that this procedure may be performed by the Board as a whole, although as a matter of good practice, it recommends that this responsibility be delegated to a committee.

All Directors were previously involved in the process of assessing existing Directors and identifying, nominating, recruiting, appointing and orientating new Directors but the Board had reviewed this position and set up a Nomination Committee on 28 May 2001. The Nomination Committee comprises entirely of Non-Executive Directors with the majority being Independent, as follows:

- Tan Sri Saw Huat Lye (Chairman, Senior Independent Non-Executive Director)
- Dato' Jaffar Indot (Independent Non-Executive Director)
- David Neill Moore (Non-Independent Non-Executive Director)
- Dr Leslie Buckley (Non-Independent Non-Executive Director)
- Sreesanthan Eliathamby (Independent Non-Executive Director)  
(Appointed on 26 November 2008)

The Nomination Committee is responsible for proposing and recommending suitable candidates to the Board and to fill the seats on Board committees. The Nomination Committee will review the composition and effectiveness of the Board and the Board Committees in terms of the required mix of skills, expertise, attributes and core competencies of the Directors as well as the contribution of each individual Director on a yearly basis.

## CORPORATE GOVERNANCE

The salient terms of reference of the Nomination Committee are set out below:-

- (i) To recommend to the Board, candidates for all directorships of the Company and its subsidiaries to be filled by the nominees of the major shareholders or the Board of Directors of the Company for any vacancies on the Boards of the Company and its subsidiaries;
- (ii) To consider, in making its recommendations, candidates for directorships proposed by the Managing Director and within the bounds of practicability, by any other senior executive or any director or shareholder;
- (iii) To recommend to the Board of Directors on the establishment of new committees or the dissolution of any existing committees of the Board which no longer serves its purpose; and
- (iv) To recommend to the Board of Directors to fill the seats on any Board Committees.

In discharging the above responsibilities, the Nomination Committee needs to report the following to the Board of Directors:-

- (i) The effectiveness of the present size of the Board of Directors;
- (ii) The effectiveness of the composition of the Board of Directors in relation to the mix of Independent Directors, Non-Executive Directors and Executive Directors;
- (iii) The effectiveness of the composition of the Board of Directors in relation to the mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board, and which should be disclosed in the annual report;
- (iv) The existence or potential existence of conflict of interests, of any present Directors or any new Directors who may be nominated, with the businesses of the Company;

(v) The contribution of individual Directors in relation to the effective decision making of the Board of Directors; and

(vi) To determine a continuous education program for Board members to upgrade their skills in enhancing their effective contribution.

The Nomination Committee, pursuant to its recent annual review, was satisfied that the current size and composition of the Board is appropriate and well-balanced with the right mix of skills and experience and the Board has adequate independent element that reflects the interest of minority shareholders and provides an effective check and balance. The Nomination Committee was also satisfied that the Board comprises individuals of caliber credibility with necessary skills and qualifications which will enable the Board discharge its responsibility effectively.

Meetings of the Nomination Committee are held as and when required, and at least once a year. During the financial year ended 30 June 2009, one (1) meeting was held and the details of attendance of the members of the Nomination Committee are as follows:-

Name of Members	No. of Nomination Committee meeting attended
Tan Sri Saw Huat Lye	1 out of 1 meeting
Dato' Jaffar Indot	1 out of 1 meeting
David Neill Moore	1 out of 1 meeting
Dr Leslie Buckley	1 out of 1 meeting
Sreesanthan Eliathamby (Appointed on 26 November 2008)	Note 1
Tan Sri Dato' Alwi Jantan (Retired on 26 November 2008)	1 out of 1 meeting held from 1 July 2008 to the date of his retirement

Note 1 : No meeting was held from the date of his appointment to 30 June 2009.

### Re-election of Directors

In accordance with Article 96 of the Company's Articles of Association ("Articles"), any new Director appointed by the Board shall hold office only until the next Annual General Meeting of the Company and shall be eligible for re-election.

Article 89 of the Articles provides that one-third of the Directors shall retire from office by rotation at each Annual General Meeting and all Directors, including the Managing Director, shall retire from office at least once every three years but shall be eligible for re-election.

Pursuant to Section 129 of the Companies Act, 1965, Directors who are of the age of 70 and above shall retire at every Annual General Meeting and may offer themselves for re-appointment to hold office until the next Annual General Meeting.

The Nomination Committee reviews and assesses annually the re-election / re-appointment of retiring Directors who seek re-election / re-appointment at the Company's Annual General Meeting. The Nomination Committee will thereupon submit its recommendation on the proposed re-election / re-appointment of Directors to the Board for consideration before tabling the same for shareholders' approval.

### Directors' Training

As an integral element of the process of appointing new Directors, the Nomination Committee will ensure that an induction session is arranged for new Directors to enable them to have a full understanding of the nature of the businesses, current issues within the Group and corporate strategies as well as the structure and management of the Group. Directors will also receive such further training that may be required from time to time to keep them abreast with relevant changes in laws and regulations, and the business environment.

All Directors have completed the Mandatory Accreditation Programme and fulfilled the Continuing Education Programme requirements as prescribed by the Listing Requirements of Bursa Securities.

The Board has taken the onus to review, evaluate and determine the training needs of the Directors. During the financial year ended 30 June 2009, an in-house training programme which covered the following topics, was organised for the Company's Directors:-

- Evaluating the performance of the Board
- Irrespective of deluge of regulatory requirements, corporations continue to fail, why?
- Economic uncertainty and its impact on Malaysian businesses.

During the said financial year, some of the Directors have also attended training programmes, seminars and conferences organised by the relevant regulatory authorities and professional bodies in areas of leadership, corporate governance, changes to the statutory requirements and regulatory guidelines and other areas relevant to the Industry.

The Board will on a continuous basis, evaluate and determine the training needs of the Directors.

## 2. DIRECTORS' REMUNERATION

### Remuneration Committee

The Remuneration Committee with the majority being Non-Executive Directors, comprises the following members:-

- Tan Sri Saw Huat Lye (Chairman, Senior Independent Non-Executive Director)
- Charles Henry Ireland (Non-Independent Executive Director)
- Dato' Jaffar Indot (Independent Non-Executive Director)
- David Neill Moore (Non-Independent Non-Executive Director)
- Dr Leslie Buckley (Non-Independent Non-Executive Director)

The Remuneration Committee is responsible for recommending to the Board the policy framework on terms of employment and on all elements of the remuneration of Executive Directors and members of the Senior Management of the Company. The Remuneration Committee is authorised to review and recommend the annual bonus and salary increment of the Executive Directors and members of the Senior Management of the Company. Remuneration of Non-Executive Directors is decided by the Board as a whole. Individual Directors shall abstain from deliberations and voting on their own remuneration at the Board and Remuneration Committee meetings.

## CORPORATE GOVERNANCE

The salient terms of reference of the Remuneration Committee are set out below:-

- (i) To recommend to the Board a competitive compensation and remuneration package for Executive Directors and Senior Management staff (both present and potential future) in order to attract and retain outstanding individuals with the skills and experience needed to manage the Group's business successfully;
- (ii) To recommend to the Board a competitive compensation and remuneration package for Non-Executive Directors in order to attract and retain outstanding individuals of integrity, caliber, credibility and who have the necessary skills and experience to bring an independent judgement to bear on the issues of strategy, performance and resources for the success of the Group; and
- (iii) To review and recommend the annual compensation and rewards for all individual Directors and Senior Management staff (both present and potential future).

In discharging the above responsibilities, the Remuneration Committee needs to ensure the following:-

- (i) The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman should be a matter for the Board as a whole; and
- (ii) All Directors should abstain from discussion of their own remuneration.

Meetings of the Remuneration Committee are held as and when required, and at least once a year. During the financial year ended 30 June 2009, two (2) meetings were held and all members attended the said meetings.

### Level and Make-up of Remuneration

The Group has adopted a formal procedure to determine the remuneration of the Directors so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. In the case of Executive Directors, the component parts of their remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, their remunerations reflect the experience, level of responsibilities and contributions and the time spent in attending to the Group's matters.

### Remuneration Package

The remuneration package for Directors is as follows:

#### (a) Basic Salary for Executive Directors

The Remuneration Committee recommends to the Board the basic salary for the Executive Directors after taking into account the performance of the Executive Directors, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies.

#### (b) Fees and Allowances for Non-Executive Directors

Currently, Non-Executive Directors are paid a fixed fee of RM30,000 per annum and a meeting allowance of RM1,000 for each Board and Board Committee meeting that they attended. The Chairman of the Board, in addition to the said fixed fee, will also be paid an allowance of RM80,000 per annum.

The Board, based on the recommendation of the Remuneration Committee, proposed an increase of the annual fee from RM30,000 per annum to RM45,000 per annum for each Non-Executive Director and a payment of an allowance of RM5,000 per annum to the Chairman of the Audit Committee and RM2,000 per annum to the Chairmen of the other Board Committees for the financial year ending 30 June 2010. The proposed fee increase and allowance will be tabled for shareholders' approval at the Company's 45th Annual General Meeting.

**(c) Bonus Scheme**

The Group sets up a bonus scheme for all employees including the Executive Directors. The criteria for the scheme is the level of profit achieved from the Company's businesses against targets, together with an assessment of each individual's performance. Bonuses payable to Executive Directors are reviewed by the Remuneration Committee and approved by the Board.

**(d) Benefits in Kind**

Other customary benefits (such as motor vehicles, mobile phones and club memberships) are made available to Executive Directors as appropriate.

**(e) Contribution to Employees Provident Fund**

Contributions are made to the Employees Provident Fund in respect of all Malaysian Executive Directors.

**(f) Notice Period**

The notice period for termination of contract of service of Executive Directors by either the Company or the Executive Directors is three months written notice.

**Directors' Remuneration**

The details of the remuneration paid to Directors (including past Directors) for the financial years ended 30 June 2008 and 2009 are as follows:

Remuneration	2009		2008	
	Executive Directors RM'000	Non-Executive Directors RM'000	Executive Directors RM'000	Non-Executive Directors RM'000
Fees & Chairman allowance	-	280	-	270
Meeting attendance allowance	-	88	-	81
Benefits in kind*	547	31	556	31
Salary & Other emoluments**	2,305	-	2,272	-
<b>Total</b>	<b>2,852</b>	<b>399</b>	<b>2,828</b>	<b>382</b>

Notes:

\* Benefits in kind include rental payments, motor vehicles, club memberships and personal expenses.

\*\* Other emoluments include bonuses, incentives, retirement benefits, provisions for leave and allowances.

## CORPORATE GOVERNANCE

The number of Directors of the Company (including past Directors) whose total remuneration including benefits-in-kind for the financial year ended 30 June 2009 which fall within the required disclosure bands are as follows:-

Range of Remuneration	No. of Directors
<b>Non-Executive Directors</b>	
0 to RM50,000	7
RM100,001 to RM150,000	1
<b>Executive Directors</b>	
RM950,001 to RM1,000,000	1
RM1,850,001 to RM1,900,000	1

### 3. EXECUTIVE COMMITTEE ("EXCO")

The responsibilities of the EXCO are to discuss matters in relation to the business, financial performance and strategy of the Group. They are to make recommendations and suggestions for approval by the Board where appropriate and to make decisions on behalf of the Board where permitted.

The EXCO with a majority being Non-Executive Directors comprises the following members:

- Tan Sri Saw Huat Lye (Chairman, Senior Independent Non-Executive Director)
- Charles Henry Ireland (Non-Independent Executive Director)
- David Neill Moore (Non-Independent Non-Executive Director)
- Dr Leslie Buckley (Non-Independent Non-Executive Director)

The salient terms of reference of the EXCO are set out below:-

- To review the business and financial performance of the Group, including:
  - annual budgets (and the implementation of approved capital and operational expenditure), management accounts, statutory Directors' Report and financial statements; and

- proposals for the acquisition or disposal of businesses, mergers, restructuring, joint ventures or other corporate transactions;
- To raise and resolve in a timely manner normal operational business issues affecting the Group which cannot be resolved by Management;
  - To discuss business strategies and plans to be recommended to the Board, and to consider and, if thought fit, to approve business development projects falling within the appropriate financial limits contained in the Authorisation Policy;
  - To review, report and make recommendations to the Board on specific human resource policies (after consultation with Management where appropriate) in respect of:-
    - the identification of key personnel with high potential;
    - plans for succession planning and training;
    - candidates for the position of Managing Director of the Company and any other company within the Group and Senior Management personnel for the Group.
  - To approve or to make recommendations (depending on the Authorisation Policy) on introduction of new products, which are complementary to the existing business, and the introduction of new brand names and packaging designs;
  - To make recommendations on the formulation and implementation of a long term strategic vision, a 3-year business plan and an operational plan for the Group;
  - To review and recommend changes in the overall organisational structure of the Group; and
  - To approve the establishment of bank accounts and to approve or recommend (depending on the Authorisation Policy) the acceptance of credit facilities or the creation of any encumbrance over the assets of the Group.

During the financial year ended 30 June 2009, four (4) EXCO meetings were held and all members of the EXCO attended the said meetings.

#### 4. SHAREHOLDERS' COMMUNICATION AND INVESTOR RELATIONS

The Group recognises the importance of being accountable to its investors and as such has maintained an active and constructive communication policy that enables the Board and Management to communicate effectively with its investors, stakeholders and the public generally.

##### Communications with Stakeholders

The Company communicates with its shareholders and stakeholders through the timely release of financial results on a quarterly basis, press releases and announcements to Bursa Securities which provide shareholders with an overview of the Group's performance and operations.

In addition, the Managing Director and Finance Director hold post-results press conferences and discussions with analysts and shareholders. Presentations are made or roadshows undertaken, as appropriate, to explain the Group's strategy, performance and major developments of the Group's business activities. However, information which may be regarded as undisclosed material information about the Group will not be provided to any single shareholder or shareholder group.

##### Annual General Meeting

The Board regards the Annual General Meeting as an opportunity to communicate directly with shareholders. At each Annual General Meeting, the Board presents a comprehensive report on the progress and performance of the Group's business. Shareholders are given opportunity to participate in the question and answer session on the proposed resolutions and the Group's operations. Executive Directors and, where appropriate, the Chairman of the Board, are available to respond to shareholders' queries during the meeting. Where appropriate, the Chairman will undertake to provide a written response to any significant question that cannot be readily answered on the spot.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. The outcome of the Annual General Meeting is announced to Bursa Securities on the same meeting day.

A press conference is normally held after the Annual General Meeting where the Chairman and the Managing Director answer questions from the media on the Group's plans and activities.

The Company's corporate website, [www.gab.com.my](http://www.gab.com.my), is another communication channel which allows investors to access corporate information of the Group on a timely manner.

#### 5. ACCOUNTABILITY AND AUDIT

##### Audit Committee

The Audit Committee of the Board comprises six (6) Non-Executive Directors, four (4) of whom are Independent Non-Executive Directors. One of the Audit Committee members is a qualified accountant as prescribed by the Malaysian Institute of Accountants. The composition and the primary responsibilities of the Audit Committee are set out in the Report of the Audit Committee on pages 83 to 87 of the Annual Report.

The Audit Committee met five (5) times during the financial year ended 30 June 2009. The Chairman of the Audit Committee meets independently, at least twice a year, with the external auditors. The activities carried out by the Audit Committee during this period are set out in the said Report of the Audit Committee.

## CORPORATE GOVERNANCE

### Financial Reporting

In presenting the quarterly and annual financial statements to shareholders and investors, the Board aims to present a clear, balanced and understandable assessment of the Group's position and prospects. This also applies to other price-sensitive reports and reports to regulators. The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 129 of the Financial Statements section of the Annual Report.

### Internal Control

The Board acknowledges its responsibilities for the Group's system of internal control covering not only financial controls but also operational and compliance controls as well as risk management. The internal control system involves each business and key management from each business, including the Board, and is designed to meet the Group's particular needs and to manage the risks to which it is exposed. The system can therefore only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Group's internal audit provides independent and objective reports on the Group's management, records, accounting policies and controls to the Audit Committee. The internal audits include evaluation of the processes by which risks are identified, assessed and managed and ensure that controls which are instituted are appropriate and can effectively address acceptable risk exposures. The Group's internal audit also ensures that recommendations to improve controls are followed through by Management.

### Relationship with External Auditors

The Board through the Audit Committee has established a transparent and professional relationship with the Group's external auditors.

The role of the Audit Committee in relation to the external auditors is stated on pages 83 to 87 of the Annual Report.

## 6. RELATED PARTY TRANSACTIONS

The Group has in place a Related Party Policy and established the appropriate procedures to ensure that the Company complies with the Listing Requirements relating to related party transactions. All related party transactions are reviewed by the sub-committee appointed by the Audit Committee and the same will be reported to the Audit Committee and Board on a quarterly basis.

Where any Director who has an interest (direct or indirect) in any related party transaction, such Director shall abstain from deliberation and voting on the resolution of such transaction at the Audit Committee and Board Meetings.

The shareholders' mandate in respect of recurrent related party transactions is obtained at the annual general meeting of the Company on a yearly basis. Details of the recurrent related party transactions entered into by the Group during the financial year ended 30 June 2009 are set out under Note 23 to the Audited Financial Statements on pages 127 and 128 of this Annual Report.

## 7. STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

As required by the Companies Act, 1965, the Directors are responsible for ensuring that the financial statements of the Group are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia, provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Securities, and give a true and fair view of the state of affairs of the Group at the end of the financial year.

The Directors are satisfied that in preparing the financial statements for the financial year ended 30 June 2009, the Group has adopted and applied consistently appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The Directors also consider that all applicable approved accounting standards in Malaysia have been followed and the financial statements have been prepared on a going concern basis.

This Statement on Corporate Governance has been approved by the Board of Directors on 17 September 2009.

# Audit Committee Report

The Board of Directors is pleased to present the report of the Audit Committee for the financial year ended 30 June 2009.

## Composition

The Audit Committee comprises the following six (6) members, four (4) of whom, including the Chairman, are Independent Non-Executive Directors:-

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**Dato' Jaffar Indot** (Chairman)  
Independent Non-Executive Director

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**Tan Sri Saw Huat Lye**  
Senior Independent Non-Executive Director

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**David Neill Moore**  
Non-Independent Non-Executive Director

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**Dr Leslie Buckley**  
Non-Independent Non-Executive Director

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**Sreesanthan Eliathamby**  
Independent Non-Executive Director

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**Martin Giles Manen**  
Independent Non-Executive Director  
A Chartered Accountant and a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants

## Meetings

During the financial year ended 30 June 2009, five (5) Audit Committee meetings were held and were attended by all members of the Audit Committee. Some members of Senior Management attended a number of these meetings by invitation.

The Group's external auditors were present at two (2) Audit Committee meetings during the financial year where matters relating to the audit of the statutory accounts were discussed. Separate meetings between the Audit Committee Chairman and the external auditors were held without the presence of Management during the financial year to discuss the audit findings and any other observations they may have during the audit process.

## Summary of Activities

The following activities were carried out by the Audit Committee during the financial year ended 30 June 2009:-

### Financial Reporting

- Reviewed the unaudited quarterly and year-to-date financial results of the Group and the relevant announcements to Bursa Securities prior to the consideration by the Board of Directors.
- Reviewed the annual report and the annual audited financial statements of the Company and the Group prior to submission to the Board of Directors for approval. The review was to ensure that the financial reporting and disclosures are in compliance with the Listing Requirements of Bursa Securities, provisions of the Companies Act, 1965, applicable approved accounting standards issued by the Malaysian Accounting Standards Board and any other relevant legal and regulatory requirements.

In the review of the annual audited financial statements, the Audit Committee discussed with Management and the external auditors the accounting principles and standards that were applied and the impact of the items to the financial statements.

### Internal Audit

- Reviewed the Internal Audit Plans and programmes including the audit methodology in assessing and rating risks of auditable areas to ensure adequate scope and comprehensive coverage on the audit activities of the Group.
- Reviewed the effectiveness of the audit process, resource requirements for the year and assessed the performance of the Internal Audit Department. The competency and performance of the Head of Internal Audit were also reviewed.
- Reviewed the Internal Audit reports which encompassed the audit issues, audit recommendations and Management's responses to these recommendations. Improvement actions in the area of internal controls, systems and efficiency enhancements suggested by the internal auditors were discussed together with Management.

## AUDIT COMMITTEE REPORT

- Reviewed the implementation of these recommendations through follow-up audit reports to ensure all key risks and control issues were addressed.
- Suggested additional improvement opportunities in the areas of internal control, systems and efficiency improvement.
- Reviewed the reports from the Risk and Control Workgroup ("RCW") following their quarterly meetings.

### External Audit

- Reviewed with the external auditors their audit scope, audit strategy and audit plan for the year and their proposed fees for the statutory audit and review of the Statement of Internal Control.
- Reviewed the external audit reports and areas of concern highlighted in the Management letter including Management's responses to the findings of the external auditors.
- Discussed with external auditors the significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements applicable to the Group.
- Assessed the independence and objectivity of the external auditors during the year in carrying out statutory audit for the Group and prior to the appointment of the external auditors for adhoc non-audit services. The Audit Committee also received report from the external auditors confirming that there were no circumstances and relationship that create threats to their independence and that the ethical requirements have been complied with.

### Other activities

- Reviewed all related party transactions entered / to be entered into by the Company and the Group and the Circular to Shareholders in respect of renewal of Shareholders' mandate for recurrent related party transactions.
- Reviewed all dividend payments proposed by Management.
- Reviewed the compliance with the Malaysian Code on Corporate Governance.
- Reviewed the business risks and crisis risks management.

### Internal Audit Function

The internal audit function is carried out by the Internal Audit Department headed by the Head of Internal Audit who reports directly to the Audit Committee.

The principal role of the Internal Audit Department is to undertake independent and systematic reviews on the Group's internal control system so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively. It is the responsibility of the Internal Audit Department to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

The Internal Audit Department has adopted a risk-based approach towards the planning and conduct of audits consistent with the Group's established framework in designing, implementing and monitoring of control system. The Internal Audit Department also works collaboratively with the RCW to review the risk management processes of the Group as a whole. The Group's monitoring process and Control Assurance and Risk Management approach are in line with the Risk Management Framework and risk awareness culture within the organisation.

The Internal Audit Department carried out its activities according to its audit plan approved by the Audit Committee. The main activities carried out by the Internal Audit Department during the financial year ended 30 June 2009 include:-

- (i) Performing operational reviews on the following areas:-
  - Regional sales and distributors assurance and compliance with the Group standard policies and procedures and the regulatory requirements.
  - Procurement, logistic and warehousing systems.
  - Brand marketing, trade marketing and finance processes.
- (ii) Evaluating business risk and reviewing the risk management processes within the Group to assess its effectiveness.
- (iii) Undertaking investigations on any suspicion of fraud or operational failures reported to them within the Group.

- (iv) Reviewing any new / proposed changes to policies and procedures to ensure compliance with internal controls and the relevant regulatory requirements.
- (v) Conducting crisis simulation to enhance the Group's preparedness in crisis situation.

The findings of the Internal Audit Department were discussed at the RCW meetings and presented to the Audit Committees for review at their quarterly meetings.

The total cost incurred by the Internal Audit Department in relation to the conduct of the internal audit functions of the Group for the financial year ended 30 June 2009 amounted to RM619,409.

## TERMS OF REFERENCE

### A. Membership

The Audit Committee comprises at least three (3) Directors, the majority of whom are independent. The members of the Audit Committee shall elect a Chairman who shall be an Independent Director, from amongst themselves.

To comply with the revised Malaysian Code on Corporate Governance, the Audit Committee shall comprise only of Non-Executive Directors from November 2008 onwards.

The Head of Internal Audit or the Company Secretary shall be the Secretary of the Audit Committee. At least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or alternatively a person who has at least three years working experience and has passed the examinations specified in Part 1 of the First Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the said schedule or a person who fulfills the requirements as may be prescribed by Bursa Securities from time to time.

No alternate Director shall be appointed as a member of the Audit Committee. The Board shall review the terms of office and performance of the members of the Audit Committee at least once a year to determine whether the members have carried out their duties in accordance with their Terms of Reference.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of the Listing Requirements of Bursa Securities, the Board shall fill the vacancy within three months from the date of the vacancy.

### B. Meetings and Minutes

The Audit Committee shall meet at least four (4) times annually. A majority of the members in attendance must be Independent Directors in order to form a quorum for the meeting.

The Finance Director and the Head of Internal Audit shall normally attend meetings of the Audit Committee. External auditors shall be entitled to attend meetings of the Audit Committee at least once a year to make known their views on any matter under consideration by the Audit Committee or, which in their opinion, should be brought to the Audit Committee's attention. Non-member Directors and employees of the Company shall not attend unless specifically invited by the Audit Committee.

The Secretary shall record, prepare and circulate the minutes of the meetings of the Audit Committee and ensure that the minutes are properly kept and produced for inspection if required.

The Audit Committee shall report to the Board and its minutes will be tabled to and noted by the Board.

## AUDIT COMMITTEE REPORT

### C. Authority

The Audit Committee is authorised by the Board to review any activity within the Audit Committee's Terms of Reference. It is authorised to seek any information it requires from any Director or member of Management and has full and unrestricted access to any information pertaining to the Company and the Management, and all employees of the Group are required to comply with the requests made by the Audit Committee.

The Audit Committee is authorised by the Board to obtain external professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. In the event that any member of the Audit Committee shall need to seek external professional advice in furtherance of his duties, he shall first consult with and obtain the prior approval of the Chairman of the Audit Committee.

The Audit Committee is also authorised by the Board of Directors of the Company to review any activity within its Terms of Reference, and where it deems necessary, investigate any matter referred to it or that it has come across in respect of a transaction that raises questions of Management integrity, possible conflicts of interest, or abuse by a significant or controlling shareholder.

The Audit Committee shall have direct communication channels and be able to convene meetings with the external auditors excluding the attendance of the non-independent members of the Audit Committee, whenever deemed necessary.

The Head of Internal Audit shall report directly to the Audit Committee and shall have direct access to the Chairman of the Audit Committee on all matters of control and audit. All proposals by Management regarding the appointment, transfer and removal of the Head of Internal Audit of the Company shall require prior approval of the Audit Committee. Any inappropriate restrictions on audit scope are to be reported to the Audit Committee.

### D. Duties

1. To review the quarterly and annual financial statements of the Company, focusing particularly on:
  - any significant changes to accounting policies and practices
  - significant adjustments arising from the audits
  - compliance with accounting standards and other legal requirements
  - the going concern assumption
2. To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of Management integrity.
3. To consider annually the Business Risk Management Framework adopted within the Group and to be satisfied that the methodology employed allows the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to minimise losses and maximise opportunities.
4. To ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored.
5. To cause reviews to be made of the extent of compliance with established internal policies, standards, plans and procedures including for example, the Company's Code of Conduct.
6. To obtain assurance that proper plans for control have been developed prior to the commencement of major areas of change within the organisation.

7. To be satisfied that the strategies, plans, manning and organisation for internal auditing are communicated down through the Group, specifically:-
  - to review the internal audit plans and to be satisfied with their consistency with the Business Risk Management Framework used, the adequacy of coverage and the audit methodologies employed.
  - to be satisfied that the internal audit function within the Company has the proper resources and standing to enable them to complete their mandates and approved audit plans.
  - to review status reports from internal audit and ensure that appropriate action is taken on the recommendations of the internal audit function. To recommend any broader reviews deemed necessary as a consequence of the issues or concerns identified.
  - to review any appraisal or assessment of the performance of the members of the internal audit function, to approve any appointment or termination of senior staff members of the internal audit function and to inform itself of any resignations of internal audit staff members and reasons thereof.
  - to ensure internal audit has full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties.
  - to request and review any special audit which it deems necessary.
8. To review with the external auditors the nature and scope of their audit plan and report.
9. To review any matters concerning the appointment and re-appointment, audit fee and any questions of resignation or dismissal of the external auditors.
10. To review and evaluate factors related to the independence of the external auditors and assist them in preserving their independence.
11. To be advised of significant use of the external auditors in performing non-audit services within the Group, considering both the types of services rendered and the fees, such that their position as auditors are not deemed to be compromised.
12. To review the external auditors' findings arising from audits, particularly any comments and responses in Management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.
13. To recommend to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors and from the consultations of the Audit Committee itself.
14. To review with the external auditors the Statement of Internal Controls of the Group for inclusion in the annual report.
15. To prepare the annual Audit Committee report to the Board which includes the composition of the Audit Committee, its Terms of Reference, number of meetings held, a summary of its activities and the existence of an internal audit function and summary of the activities of that function for inclusion in the annual report.
16. To review the Board's statements on compliance with the Malaysian Code on Corporate Governance for inclusion in the annual report.
17. To review dividend payments.
18. To act on any other matters as may be directed by the Board.

# Statement of Internal Control

## BOARD RESPONSIBILITY

The Board of Directors recognises the importance of a sound system of internal controls which covers risk management, financial, organisational, operational, and compliance controls. The Board acknowledges its overall responsibility for the Group's system of internal controls which includes the establishment of an appropriate control environment and framework as well as reviewing the effectiveness, adequacy and integrity of this system. Such a system is designed to safeguard shareholders' investments and the Group's assets. It should be noted, however, that such a system is designed to manage rather than eliminate the risk of failure to meet the Group's business objectives. Accordingly, this system can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing the principal risks affecting the achievement of its business objectives throughout the period. This process is embedded in the conduct of the day-to-day business operations and is regularly reviewed by the Board to ensure the adequacy and integrity of the system.

## RISK MANAGEMENT FRAMEWORK

The Board has established an organisational structure with clearly defined lines of accountability and delegated authority as part of its Risk Management Framework. This is achieved through a clearly defined operating structure made up of lines of responsibility and delegated authority. Written policies and procedures have been issued with clearly defined limits of delegated authority and provide a framework for management to deal with areas of significant risk.

The risk profile of the Group is established during risk assessment sessions facilitated by the Risk and Control Workgroup ("RCW"). The risk responses and internal controls that the Management have taken and/or is taking are documented in the minutes of the RCW meetings. For each of the risks identified, a risk owner is assigned to ensure appropriate risk response actions are carried out.

A Risk Management Framework has been implemented to promote effective risk management and enhance the corporate governance assurance process. The framework provides an integrated risk management infrastructure with the establishment of the respective risk workgroups to ensure major areas of risks are controlled and coordinated.

The Internal Audit Department monitors compliance with policies and procedures and the effectiveness of the internal control system and highlight significant findings in respect of any non-compliance. Audits are carried out on all operating units, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report on operational and management activities of these units. The annual audit plan is reviewed and approved by the Audit Committee, control issues arising from the assurance process including internal and external audits are discussed at the Audit Committee meetings.

## CONTROL ASSURANCE AND RISK MANAGEMENT

To enhance the Company's corporate governance, the Group has implemented Control Assurance and Risk Management ("CARM"), a web-based self-assessment program. It involves each business unit to evaluate and ensure that it has appropriate controls in place to manage a broad range of risks arising from day-to-day business activities within the Group. CARM emphasizes on internal controls over financial reporting for the purpose of compliance with the requirements of the US Sarbanes-Oxley Act and focuses on transparency, accountability and safeguarding of assets in its review mechanism.

The results of the CARM assessment and trend analysis are reported to the Audit Committee annually.

### OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control systems are described below:

- Clearly defined delegation of responsibilities to committees of the Board and to Management Executives and business operating units, including authorisation levels for all aspects of the business.
- Clearly documented internal policies and procedures set out in the Group's Standard Policies and Practices Manual. This Manual is subject to regular review and improvement to reflect changing risks or to resolve operational deficiencies. All standards, policies and guidelines are presented to the RCW and Audit Committee for approval and non-compliance cases, if any, are reported to the Audit Committee without exception. Reliance is also placed on the internal audit function as well as the CARM approach mentioned earlier.
- Management Executives meetings are held on a regular basis to identify, discuss and resolve operational, financial and key management issues.
- Quarterly RCW meetings to review the adequacy of systems, policies and procedures and internal control processes to mitigate the internal control business risk and to follow-up on action plans proposed by Management on the recommendations of the Internal Audit Department.
- An Internal quality audit is conducted every year to monitor compliance with the ISO 9001:2000 Quality Management System requirements.
- A half-yearly Hazard Analysis Critical Control Point internal audit to monitor compliance with product safety requirements.
- A detailed budgeting process where operating units prepare budgets before a new financial year commences was reviewed by the Management Executives and approved by the Board.
- Monthly monitoring of results against budget, with major variances being followed up on and management action taken, where necessary. The Board also conducts similar reviews on a quarterly basis.
- Regular visits to business operating units by members of the Board and the Management team.
- A Code of Conduct to support the business objectives.

A number of internal control weaknesses were identified during the financial year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's annual report.

### REVIEW BY THE EXTERNAL AUDITORS

The external auditors, KPMG, have reviewed this Statement of Internal Control of the Company for the financial year ended 30 June 2009 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

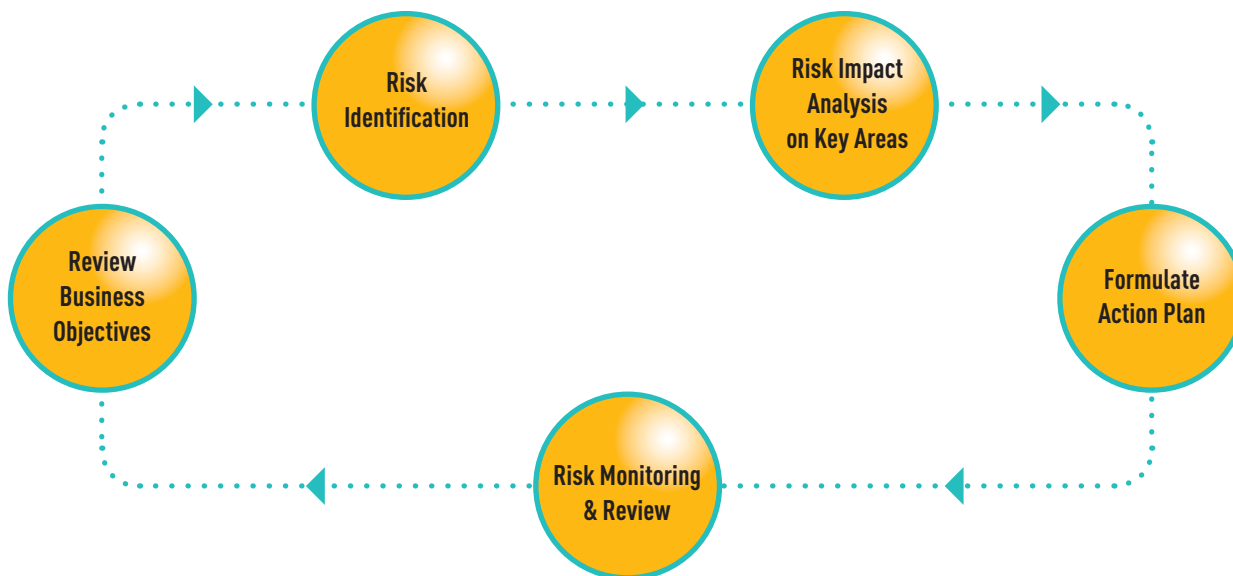
# Risk Management

The Group has in place an on-going process in identifying, evaluating and managing the risks faced by the Group in pursuing its business objectives and strategies throughout the financial year ended 30 June 2009.

The Group's risk management process is managed by the Risk and Control Workgroup ("RCW") which is made up of cross-functional senior managers and is headed by the Finance Director. The RCW reports to the Audit Committee through the Head of Internal Audit. The Group adopts a proactive approach to managing its business risks in a rapidly changing business environment which principally aims at:

- Ensuring the continuity of supply of its products to the consumers at all times.
- Protecting its assets and reputation.
- Preserving the safety and health of its employees.
- Ensuring that the Group's operations do not impact negatively on the business community.
- Improving business performance by improving decision making and planning.
- Protecting the interests of all stakeholders.
- Ensuring compliance with the Malaysian Code on Corporate Governance, brand partners guidelines and all applicable Malaysian laws.
- Promoting an effective risk awareness culture where risk management is an integral aspect of the Group's management systems.

The risk management processes are categorized into five (5) broad processes as follows:-



The Group reviewed its risk profile on a regular basis to identify and re-assess risk events, controls and mitigation plan. Risks identified will be analysed and categorised in the following manner to enable the Group allocates its resources to deal with the different levels of risks:-

Impact	Risk Management Actions		
<b>Significant</b>	Considerable management required	Must manage and monitor risks	Extensive management essential
<b>Moderate</b>	Risks may be worth accepting with monitoring	Management effort worthwhile	Management effort required
<b>Minor</b>	Accept risks	Accept, but monitor risks	Manage and monitor risks
	<b>Low</b>	<b>Medium</b>	<b>High</b>
	<b>Likelihood</b>		

The Group has in place a comprehensive Business Continuity Plan as an integral part of the Group’s strategy to mitigate risks and manage the impact of crisis events. Crisis simulations are conducted periodically to enhance the Group’s preparedness in crisis and emergency response so as to ensure that there is no disruption to its operations and business during a crisis or disaster.

**PROMOTION OF RISK AWARENESS**

In support of the Group’s efforts to promote a risk awareness culture, the RCW communicates the Group’s risk management programme to the appropriate levels of employees and other stakeholders via the appropriate channel. Employees are also encouraged to give feedback on risk management issues and make suggestions for improvement.



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# Directors' Report

for the year ended 30 June 2009

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 30 June 2009.

## PRINCIPAL ACTIVITIES

The Group and the Company are principally engaged in the production, packaging, marketing and distribution of Guinness Stout, Guinness Draught, Anchor Smooth, Anchor Strong Beer, Tiger Beer, Heineken Beer, Kilkenny Draught, Anglia Shandy and Malta. The principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## RESULTS

	Group RM'000	Company RM'000
Profit attributable to:		
Shareholders of the Company	141,988	151,008

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the 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 dividend of 14 sen per 50 sen stock unit tax exempt and 17 sen gross per 50 sen stock unit, less tax at 25%, totalling RM80,811,000, in respect of the year ended 30 June 2008, on 22 December 2008.
- (ii) an interim dividend of 10 sen per 50 sen stock unit tax exempt, totalling RM30,210,000, in respect of the year ended 30 June 2009, on 22 May 2009.

The Directors now recommend the declaration of a final dividend of 31 sen per 50 sen stock unit tax exempt, totalling RM93,650,380 payable on 22 December 2009.

## DIRECTORS OF THE COMPANY

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

Tan Sri Saw Huat Lye (*Chairman*)  
 Charles Henry Ireland (*Managing Director*)  
 Dato' Jaffar Indot  
 Low Teng Lum  
 David Neill Moore  
 David Heginbottom (*Alternate Director to David Neill Moore*)  
 Dr Leslie Buckley  
 Sreesanthan Eliathamby  
 Martin Giles Manen  
 Tan Sri Dato' Alwi Jantan (*Retired on 26 November 2008*)  
 Chin Yoong Chong (*Retired on 26 November 2008*)

**DIRECTORS' INTERESTS**

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	At 1.7.2008	Ordinary stock units of 50 sen each		At 30.6.2009
		Bought	Sold	
Shareholdings in which a Director is deemed to have an interest:				
Tan Sri Saw Huat Lye #	11,000	–	–	<b>11,000</b>

# Deemed interest by virtue of stocks held by spouse.

None of the other Directors holding office at 30 June 2009 had any interest in the ordinary shares/stock units of the Company and of its related corporations during the financial year.

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed 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, other than legal fees paid to firms in which certain Directors are members.

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

**ISSUE OF SHARES AND DEBENTURES**

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

**OPTIONS GRANTED OVER UNISSUED SHARES**

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

**ULTIMATE HOLDING COMPANY**

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

## DIRECTORS' REPORT

for the year ended 30 June 2009

### OTHER STATUTORY INFORMATION

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

- (i) there are no bad debts to be written off and adequate provision made for doubtful debts, and
- (ii) all current assets have been stated at the lower of cost and net realisable value.

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

- (i) that would render it necessary to write off any bad debts, or that would render 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 Group and in the Company financial statements misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2009 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:



**Tan Sri Saw Huat Lye**  
*Director*



**Charles Henry Ireland**  
*Director*

Petaling Jaya,  
28 August 2009

# Balance Sheets

as at 30 June 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3	212,253	210,532	202,151	200,203
Intangible assets	4	6,529	2,953	6,529	2,953
Prepaid lease payments	5	13,857	14,113	13,857	14,113
Investment in subsidiaries	6	–	–	46,718	46,718
Deferred tax assets	7	1,924	2,338	–	–
Receivables	8	1,585	1,858	1,169	1,329
		<b>236,148</b>	<b>231,794</b>	<b>270,424</b>	<b>265,316</b>
<b>Current assets</b>					
Inventories	9	69,453	64,976	33,709	34,931
Receivables, deposits and prepayments	8	176,777	143,305	20,606	18,209
Cash and cash equivalents	10	163,772	183,374	146,792	174,027
		<b>410,002</b>	<b>391,655</b>	<b>201,107</b>	<b>227,167</b>
<b>Total assets</b>		<b>646,150</b>	<b>623,449</b>	<b>471,531</b>	<b>492,483</b>
<b>Equity</b>					
Share capital	12	151,049	151,049	151,049	151,049
Reserves		5,063	4,967	–	–
Retained earnings		286,189	255,318	95,275	55,288
<b>Total equity attributable to shareholders of the Company</b>		<b>442,301</b>	<b>411,334</b>	<b>246,324</b>	<b>206,337</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities	7	31,048	30,266	31,048	30,266
<b>Current liabilities</b>					
Payables and accruals	11	162,970	172,281	187,112	252,965
Current tax liabilities		9,831	9,568	7,047	2,915
		<b>172,801</b>	<b>181,849</b>	<b>194,159</b>	<b>255,880</b>
<b>Total liabilities</b>		<b>203,849</b>	<b>212,115</b>	<b>225,207</b>	<b>286,146</b>
<b>Total equity and liabilities</b>		<b>646,150</b>	<b>623,449</b>	<b>471,531</b>	<b>492,483</b>

The notes on pages 103 to 128 are an integral part of these financial statements.

# Income Statements

for the year ended 30 June 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue		1,285,423	1,194,602	985,630	906,622
Cost of sales		(933,473)	(867,077)	(887,166)	(825,205)
<b>Gross profit</b>		<b>351,950</b>	<b>327,525</b>	<b>98,464</b>	<b>81,417</b>
Other income		5,600	4,054	3,413	813
Distribution, marketing and selling expenses		(132,900)	(130,415)	(4,705)	(4,341)
Administrative expenses		(33,439)	(33,055)	(10,376)	(10,773)
Other expenses		(2,435)	(2,887)	(2,435)	(2,880)
Dividend income		–	–	113,952	113,952
<b>Operating profit</b>	13	<b>188,776</b>	<b>165,222</b>	<b>198,313</b>	<b>178,188</b>
Interest income		3,136	4,278	3,065	4,260
Interest expense		(734)	(602)	(476)	(293)
<b>Profit before tax</b>		<b>191,178</b>	<b>168,898</b>	<b>200,902</b>	<b>182,155</b>
Tax expense	15	(49,190)	(43,041)	(49,894)	(45,489)
<b>Profit for the year</b>		<b>141,988</b>	<b>125,857</b>	<b>151,008</b>	<b>136,666</b>
<b>Attributable to:</b>					
Shareholders of the Company		141,988	125,857	151,008	136,666
<b>Basic/Diluted earnings per ordinary stock unit (sen)</b>	16	<b>47.0</b>	<b>41.7</b>		

The notes on pages 103 to 128 are an integral part of these financial statements.

# Consolidated Statement of Changes in Equity

for the year ended 30 June 2009

Group	Note	Non-distributable		Distributable	Total equity RM'000
		Share capital RM'000	Capital reserve RM'000	Retained earnings RM'000	
<b>At 1 July 2007</b>		151,049	4,695	229,365	385,109
Net losses recognised directly in equity					
– Foreign exchange translation difference		–	272	(272)	–
Total recognised income and expense for the year					
– Profit for the year		–	–	125,857	125,857
Dividends paid	17	–	–	(99,632)	(99,632)
<b>At 30 June 2008</b>		151,049	4,967	255,318	411,334
Net losses recognised directly in equity					
– Foreign exchange translation difference		–	96	(96)	–
Total recognised income and expense for the year					
– Profit for the year		–	–	141,988	141,988
Dividends paid	17	–	–	(111,021)	(111,021)
<b>At 30 June 2009</b>		<b>151,049</b>	<b>5,063</b>	<b>286,189</b>	<b>442,301</b>

The notes on pages 103 to 128 are an integral part of these financial statements.

# Statement of Changes in Equity

for the year ended 30 June 2009

<b>Company</b>	<b>Note</b>	<b>Share capital RM'000</b>	<b>Distributable Retained earnings RM'000</b>	<b>Total equity RM'000</b>
<b>At 1 July 2007</b>		151,049	18,254	169,303
Profit for the year		-	136,666	136,666
Dividends paid	17	-	(99,632)	(99,632)
<b>At 30 June 2008</b>		151,049	55,288	206,337
Profit for the year		-	151,008	151,008
Dividends paid	17	-	(111,021)	(111,021)
<b>At 30 June 2009</b>		<b>151,049</b>	<b>95,275</b>	<b>246,324</b>

# Cash Flow Statements

for the year ended 30 June 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		191,178	168,898	200,902	182,155
<i>Adjustments for:</i>					
Amortisation of intangible assets		1,370	1,961	1,370	1,961
Amortisation of prepaid lease payments		256	256	256	256
Depreciation of property, plant and equipment		27,020	25,859	24,845	23,515
Dividend income		-	-	(113,952)	(113,952)
Gain on disposal of property, plant and equipment		(777)	(1,061)	(134)	(192)
Interest expense		734	602	476	293
Interest income		(3,136)	(4,278)	(3,065)	(4,260)
<b>Operating profit before changes in working capital</b>		<b>216,645</b>	<b>192,237</b>	<b>110,698</b>	<b>89,776</b>
Changes in working capital:					
Inventories		(4,477)	(25,037)	1,222	(3,412)
Receivables, deposits and prepayments		(33,199)	(3,066)	(2,237)	(2,144)
Payables and accruals		(9,311)	32,034	(65,853)	(1,420)
<b>Cash generated from operations</b>		<b>169,658</b>	<b>196,168</b>	<b>43,830</b>	<b>82,800</b>
Tax paid		(47,731)	(39,440)	(44,980)	(45,026)
Interest paid		(734)	(602)	(476)	(293)
<b>Net cash from/(used in) operating activities</b>		<b>121,193</b>	<b>156,126</b>	<b>(1,626)</b>	<b>37,481</b>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	3	(28,825)	(31,320)	(26,851)	(30,170)
Acquisition of intangible assets		(4,946)	(1,766)	(4,946)	(1,766)
Dividends received		-	-	113,952	113,952
Interest received		3,136	4,278	3,065	4,260
Proceeds from disposal of property, plant and equipment		861	1,083	192	194
<b>Net cash (used in)/from investing activities</b>		<b>(29,774)</b>	<b>(27,725)</b>	<b>85,412</b>	<b>86,470</b>
<b>Cash flows from financing activity</b>					
Dividends paid to shareholders of the Company	17	(111,021)	(99,632)	(111,021)	(99,632)
<b>Net cash used in financing activity</b>		<b>(111,021)</b>	<b>(99,632)</b>	<b>(111,021)</b>	<b>(99,632)</b>
Net (decrease)/increase in cash and cash equivalents		(19,602)	28,769	(27,235)	24,319
Cash and cash equivalents at 1 July		183,374	154,605	174,027	149,708
<b>Cash and cash equivalents at 30 June</b>	10	<b>163,772</b>	<b>183,374</b>	<b>146,792</b>	<b>174,027</b>

The notes on pages 103 to 128 are an integral part of these financial statements.

# Notes to the Financial Statements

for the year ended 30 June 2009

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

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

The consolidated financial statements as at and for the financial year ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as the Group).

The Company is principally engaged in the production, packaging and distribution of Guinness Stout, Guinness Draught, Anchor Smooth, Anchor Strong Beer, Tiger Beer, Heineken Beer, Kilkeny Draught, Anglia Shandy and Malta while the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

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

The financial statements were approved by the Board of Directors on 28 August 2009.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

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

FRSs / Interpretations	Effective date
Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> and FRS 127, <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2010
Amendments to FRS 2, <i>Share-based Payment: Vesting Conditions and Cancellations</i>	1 January 2010
FRS 4, <i>Insurance Contracts</i>	1 January 2010

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

### 1. BASIS OF PREPARATION (CONT'D)

#### (a) Statement of compliance (Cont'd)

FRSs / Interpretations	Effective date
FRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 8, <i>Operating Segments</i>	1 July 2009
FRS 123, <i>Borrowing Costs</i>	1 January 2010
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	1 January 2010
IC Interpretation 11, <i>FRS 2 – Group and Treasury Share Transactions</i>	1 January 2010
IC Interpretation 13, <i>Customer Loyalty Programmes</i>	1 January 2010
IC Interpretation 14, <i>FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction</i>	1 January 2010

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations (except for amendments to FRS 2, FRS 4, FRS 8, FRS 123 and IC Interpretations 11, 13 and 14) from the annual period beginning 1 July 2010.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemptions given in the respective FRSs. Other than the implications as discussed below, the initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and of the Company.

Amendments to FRS 2, FRS 4, FRS 123 and IC Interpretations 11, 13 and 14 are not applicable to the Group and the Company. Hence, no further disclosure is warranted.

#### FRS 8, *Operating Segment*

FRS 8 will become effective for financial statements for the year ending 30 June 2010. FRS 8, which replaces FRS 114, *Segment Reporting*, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. FRS 8 also requires disclosures on Group's products, services, geographical areas and major customers. Currently, the Group does not present segmental information as it operates substantially in the brewing industry involving production, packaging, marketing and distribution of its products, principally in Malaysia.

The Group anticipates that the adoption of FRS 8 will not have an impact on reporting.

#### IC Interpretation 10, *Interim Financial Reporting and Impairment (Only if there is material impact)*

IC Interpretation 10 prohibits the reversal of an impairment loss recognised in an interim period during the financial year in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IC Interpretation 10 will become effective for the financial statements for the year ending 30 June 2011, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date the Group first applied the measurement criteria of FRS 136, *Impairment of Assets* and FRS 139, *Financial Instruments: Recognition and Measurement* respectively.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

**1. BASIS OF PREPARATION (CONT'D)****(b) Basis of measurement**

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

**(c) Functional and presentation currency**

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

**(d) Use of estimates and judgements**

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

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

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

**(ii) 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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) Foreign currency

##### (i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

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

The assets and liabilities of operations in functional currencies other than RM, are translated to RM at exchange rates at the balance sheet date. Exchange differences arising on the retranslation at closing rates of the opening balance sheet of overseas subsidiaries are taken to reserves. The income and expenses of operations in functional currencies other than RM, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in capital reserve. On disposal, accumulated translation differences in capital reserve are recognised in the consolidated income statement as part of the gain or loss on sale.

#### (c) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposure.

Forward foreign exchange contracts used are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

#### (d) Property, plant and equipment

##### (i) Recognition and measurement

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

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

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Property, plant and equipment (Cont'd)****(ii) Subsequent costs**

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

**(iii) Depreciation**

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction 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 buildings                      50 years
- plant and machinery                    13 – 20 years
- movable plant                              4 – 10 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

**(e) Leased assets**

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

The prepaid lease payments are amortised evenly over the respective lease term of the land which ranges from 61 to 95 years. The amortisation of prepaid lease payments is recognised as an expense in the income statements.

**Revalued leasehold land**

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

**(f) Intangible assets**

Costs that are directly associated with identifiable computer software and that will probably generate economic benefits exceeding costs beyond one year or cost savings to the Group, and are not integral to other equipment are recognised as intangible assets. These costs include the software development employee costs and an appropriate portion of relevant overheads. The computer software development costs are recognised as assets and are amortised upon completion of the computer software on a straight line basis over its estimated useful life of 4 years.

Costs associated with maintaining computer software programmes are recognised as an expense in the income statements when incurred.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (g) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is arrived at on the following bases:

Raw materials	-	specific
Work-in-progress	-	average
Finished goods	-	average
Packaging materials	-	average
Engineering stores and spares	-	average

Cost includes raw materials, duties where applicable, and other expenses in bringing the inventories into store. For finished goods and work-in-progress, cost also includes direct labour and an appropriate proportion of production overheads. In arriving at net realisable value, due allowance is made for obsolescence, the estimated costs of completion and the estimated costs necessary to make the sale.

#### (h) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

#### (i) Cash and cash equivalents

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

#### (j) Impairment of assets

The carrying amounts of assets except for financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(j) Impairment of assets (Cont'd)**

Impairment losses recognised in prior periods are assessed at each reporting date 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. 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 the income statements in the year in which the reversals are recognised.

**(k) Equity instrument**

All equity instruments are stated at cost on initial recognition and are not measured subsequently.

**(l) Borrowings**

Borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the borrowings using the effective interest method.

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

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

**(ii) Termination benefits**

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

**(n) 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.

**Contingent liabilities**

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

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (o) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

#### (p) Revenue recognition

##### (i) Goods sold

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

##### (ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

#### (q) Lease payments

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease.

#### (r) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred.

#### (s) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. 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 (tax 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 balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

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

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## (t) Earnings per share

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

## (u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

## 3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Leasehold buildings	Plant and machinery	Movable plant	Capital work-in- progress	Total
Cost/Valuation	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2007	4,037	71,917	291,509	110,746	5,225	483,434
Additions	–	155	333	2,459	28,373	31,320
Disposals	–	(9)	(670)	(4,158)	–	(4,837)
Transfers	–	6,316	10,346	15,247	(31,909)	–
At 30 June 2008	4,037	78,379	301,518	124,294	1,689	509,917
Additions	–	116	142	2,631	25,936	28,825
Disposals	–	(1,497)	–	(3,861)	–	(5,358)
Transfers	–	570	4,386	15,304	(20,260)	–
<b>At 30 June 2009</b>	<b>4,037</b>	<b>77,568</b>	<b>306,046</b>	<b>138,368</b>	<b>7,365</b>	<b>533,384</b>
Representing items at:						
Cost	4,037	45,975	306,046	138,368	7,365	501,791
Valuation (1984)	–	31,593	–	–	–	31,593
<b>At 30 June 2009</b>	<b>4,037</b>	<b>77,568</b>	<b>306,046</b>	<b>138,368</b>	<b>7,365</b>	<b>533,384</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

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

Group	Freehold land RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Accumulated depreciation</b>						
At 1 July 2007	–	30,869	168,503	78,969	–	278,341
Depreciation charge for the year	–	1,903	14,257	9,699	–	25,859
Disposals	–	(9)	(670)	(4,136)	–	(4,815)
At 30 June 2008	–	32,763	182,090	84,532	–	299,385
Depreciation charge for the year	–	1,852	14,667	10,501	–	27,020
Disposals	–	(1,436)	–	(3,838)	–	(5,274)
<b>At 30 June 2009</b>	<b>–</b>	<b>33,179</b>	<b>196,757</b>	<b>91,195</b>	<b>–</b>	<b>321,131</b>
<b>Carrying amounts</b>						
At 1 July 2007	4,037	41,048	123,006	31,777	5,225	205,093
At 30 June 2008/1 July 2008	4,037	45,616	119,428	39,762	1,689	210,532
<b>At 30 June 2009</b>	<b>4,037</b>	<b>44,389</b>	<b>109,289</b>	<b>47,173</b>	<b>7,365</b>	<b>212,253</b>
<b>Company</b>						
<b>Cost</b>						
At 1 July 2007		69,600	291,509	93,265	5,225	459,599
Additions		87	333	1,377	28,373	30,170
Disposals		(9)	(670)	(1,647)	–	(2,326)
Transfers		6,316	10,346	15,247	(31,909)	–
At 30 June 2008		75,994	301,518	108,242	1,689	487,443
Additions		98	142	675	25,936	26,851
Disposals		(53)	–	(1,798)	–	(1,851)
Transfers		570	4,386	15,304	(20,260)	–
<b>At 30 June 2009</b>		<b>76,609</b>	<b>306,046</b>	<b>122,423</b>	<b>7,365</b>	<b>512,443</b>
Representing items at:						
Cost		45,016	306,046	122,423	7,365	480,850
Valuation (1984)		31,593	–	–	–	31,593
<b>At 30 June 2009</b>		<b>76,609</b>	<b>306,046</b>	<b>122,423</b>	<b>7,365</b>	<b>512,443</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

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

Company	Leasehold buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Accumulated depreciation</b>					
At 1 July 2007	28,791	168,503	68,755	–	266,049
Depreciation charge for the year	1,784	14,257	7,474	–	23,515
Disposals	(9)	(670)	(1,645)	–	(2,324)
At 30 June 2008	30,566	182,090	74,584	–	287,240
Depreciation charge for the year	1,779	14,667	8,399	–	24,845
Disposals	(15)	–	(1,778)	–	(1,793)
<b>At 30 June 2009</b>	<b>32,330</b>	<b>196,757</b>	<b>81,205</b>	<b>–</b>	<b>310,292</b>
<b>Carrying amounts</b>					
At 1 July 2007	40,809	123,006	24,510	5,225	193,550
At 30 June 2008/1 July 2008	45,428	119,428	33,658	1,689	200,203
<b>At 30 June 2009</b>	<b>44,279</b>	<b>109,289</b>	<b>41,218</b>	<b>7,365</b>	<b>202,151</b>

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

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Long term leasehold buildings	<b>46,531</b>	45,553	<b>46,421</b>	45,365

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

### 4. INTANGIBLE ASSETS

Group and Company	Computer software	
	2009 RM'000	2008 RM'000
<b>Cost</b>		
At 1 July	10,160	8,394
Additions	4,946	1,766
At 30 June	15,106	10,160
<b>Amortisation</b>		
At 1 July	7,207	5,246
Amortisation for the year	1,370	1,961
At 30 June	8,577	7,207
<b>Carrying amounts</b>		
At 30 June	6,529	2,953

### 5. PREPAID LEASE PAYMENTS (LEASEHOLD LAND)

Group and Company	Unexpired period more than 50 years	
	2009 RM'000	2008 RM'000
<b>Cost/Valuation</b>		
At 1 July/30 June	20,191	20,191
<b>Amortisation</b>		
At 1 July	6,078	5,822
Amortisation for the year	256	256
At 30 June	6,334	6,078
<b>Carrying amounts</b>		
At 30 June	13,857	14,113

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## 6. INVESTMENT IN SUBSIDIARIES

	Company	
	2009 RM'000	2008 RM'000
Unquoted shares		
– at cost	32,474	32,474
– at Directors' valuation	14,244	14,244
	<b>46,718</b>	<b>46,718</b>

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2009 %	2008 %
Guinness Anchor Marketing Sdn Bhd	Malaysia	Marketing and promotion of Guinness Stout, Guinness Draught, Anchor Smooth, Anchor Strong Beer, Tiger Beer, Heineken Beer, Kilkenny Draught, Anglia Shandy and Malta in Malaysia	100	100
Ramaha Corporation (M) Sdn Bhd	Malaysia	Property holding and land development	100	100
Guinness Singapore Pte Limited# and its subsidiary:	Singapore	Dormant	100	100
Guinness (B) Sdn Bhd*	Negara Brunei Darussalam	Dormant	100	100
Malayan Breweries (Malaya) Sdn Bhd and its subsidiary:	Malaysia	Dormant	100	100
Malayan Breweries Marketing Sdn Bhd	Malaysia	Dormant	100	100
Guinness Sabah Sdn Bhd	Malaysia	Dormant	100	100
Guinness Sarawak Sdn Bhd	Malaysia	Dormant	100	100

# Not required to be audited, and consolidated using unaudited financial statements.

\* Overseas incorporated subsidiary audited by a member firm of KPMG International.

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

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## 7. DEFERRED TAX ASSETS AND LIABILITIES

## Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Group</b>						
Property, plant and equipment	1,924	2,338	(33,658)	(33,864)	(31,734)	(31,526)
Other items	2,610	3,598	–	–	2,610	3,598
Tax assets/(liabilities)	4,534	5,936	(33,658)	(33,864)	(29,124)	(27,928)
Set off	(2,610)	(3,598)	2,610	3,598	–	–
Net tax assets/ (liabilities)	1,924	2,338	(31,048)	(30,266)	(29,124)	(27,928)
<b>Company</b>						
Property, plant and equipment	–	–	(33,658)	(33,864)	(33,658)	(33,864)
Other items	2,610	3,598	–	–	2,610	3,598
Tax assets/(liabilities)	2,610	3,598	(33,658)	(33,864)	(31,048)	(30,266)
<b>Movement in temporary differences during the year</b>						
	At 1.7.2007 RM'000	Recognised in income statement (Note 15) RM'000	At 30.6.2008 RM'000	Recognised in income statement (Note 15) RM'000	At 30.6.2009 RM'000	
<b>Group</b>						
Property, plant and equipment	32,399	(873)	31,526	208	31,734	
Other items	(3,885)	287	(3,598)	988	(2,610)	
	28,514	(586)	27,928	1,196	29,124	
<b>Company</b>						
Property, plant and equipment	35,208	(1,344)	33,864	(206)	33,658	
Other items	(3,885)	287	(3,598)	988	(2,610)	
	31,323	(1,057)	30,266	782	31,048	

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## 8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Non-current</b>					
Other receivables	8.2	1,585	1,858	1,169	1,329
<b>Current</b>					
<b>Trade</b>					
Trade receivables		185,190	152,134	14,421	11,623
Less: Allowance for doubtful debts		(11,958)	(13,209)	–	–
		173,232	138,925	14,421	11,623
<b>Non-trade</b>					
Other receivables	8.2	2,088	3,190	1,173	1,841
Amount due from subsidiaries	8.3	–	–	4,043	4,043
Deposits		833	744	345	256
Prepayments		624	446	624	446
		3,545	4,380	6,185	6,586
		176,777	143,305	20,606	18,209

## 8.1 Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in the functional currency of the Group entities of Ringgit Malaysia are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Foreign currency</b>				
GBP	–	332	–	332
USD	3,224	4,704	3,224	4,704
SGD	1,244	1,054	1,244	1,054
	4,468	6,090	4,468	6,090

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

### 8. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

#### 8.2 Other receivables

Included in other receivables of the Group and of the Company are staff loans of RM2,253,000 (2008 – RM2,565,000) and RM1,660,000 (2008 – RM1,847,000) of which RM1,585,000 (2008 – RM1,858,000) and RM1,169,000 (2008 – RM1,329,000) are repayable after the next 12 months respectively.

#### 8.3 Amount due from subsidiaries

The amount due from subsidiaries is interest free and has no fixed terms of repayment. The balance arose out of inter-company sales and other current account transactions.

### 9. INVENTORIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Raw materials	14,434	13,950	14,434	13,950
Work-in-progress	3,741	4,789	3,741	4,789
Finished goods	42,289	37,795	6,725	7,871
Packaging materials	4,969	4,535	4,969	4,535
Engineering stores and spares	4,020	3,907	3,840	3,786
	<b>69,453</b>	<b>64,976</b>	<b>33,709</b>	<b>34,931</b>

### 10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits placed with licensed banks	129,627	132,592	129,627	132,592
Cash and bank balances	34,145	50,782	17,165	41,435
	<b>163,772</b>	<b>183,374</b>	<b>146,792</b>	<b>174,027</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## 11. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Trade</b>					
Trade payables		101,493	105,641	49,909	46,132
<b>Non-trade</b>					
Amount due to ultimate holding company	11.2	–	59	–	59
Amount due to subsidiaries	11.2	–	–	106,824	176,521
Other payables		5,754	4,647	5,610	4,288
Accrued expenses		55,723	61,934	24,769	25,965
		61,477	66,640	137,203	206,833
		162,970	172,281	187,112	252,965

## 11.1 Analysis of foreign currency exposure for significant payables

Significant payables outstanding at year end that are not in the functional currency of the Group entities of Ringgit Malaysia are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Foreign currency</b>				
Euro	1,706	677	1,683	540
GBP	2,470	1,539	2,440	1,529
USD	1,785	462	1,740	143
	5,961	2,678	5,863	2,212

## 11.2 Amounts due to ultimate holding company and subsidiaries

The amounts due to ultimate holding company and subsidiaries are interest free and have no fixed terms of repayment. The balances arose out of current account transactions.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

### 12. SHARE CAPITAL AND RESERVES

#### 12.1 Share capital

	Company			
	Amount 2009 RM'000	Number of shares 2009 '000	Amount 2008 RM'000	Number of shares 2008 '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

#### 12.2 Capital reserve

The capital reserve comprises the equity portion of financial instruments issued.

#### 12.3 Single tier system

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. The Company has fully utilized its section 108 tax credit and now automatically moves into the single-tier tax system.

### 13. OPERATING PROFIT

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Operating profit is arrived at after charging:</b>				
Amortisation of intangible assets	1,370	1,961	1,370	1,961
Amortisation of prepaid lease payments	256	256	256	256
Auditors' remuneration				
– Statutory audit	115	115	70	70
– Other services	68	234	47	211
Depreciation of property, plant and equipment	27,020	25,859	24,845	23,515
Hire of equipment	592	454	457	362
Legal fees paid to firms in which certain Directors are members	102	206	99	172
Personnel expenses (including Directors)				
– Contributions to defined contribution plans	7,565	6,779	3,297	2,978
– Wages, salaries and others	50,340	46,448	23,692	21,926
Rental expense on buildings	2,293	2,200	246	473
Unrealised loss on foreign exchange	347	563	347	556

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## 13. OPERATING PROFIT (CONT'D)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>and after crediting:</b>				
Gain on disposal of property, plant and equipment	777	1,061	134	192
Dividend income from unquoted subsidiary	–	–	113,952	113,952
Unrealised gain on foreign exchange	3	–	–	–
Realised gain on foreign exchange	797	188	754	120
Reversal of allowance for doubtful debts	1,251	1,605	–	–

## 14. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors				
– Fees	286	276	280	270
– Remuneration	2,171	2,145	2,171	2,145
– Defined contribution plans	134	127	134	127
– Meeting attendance allowance	88	81	88	81
Other short term benefits (including estimated monetary value of benefit-in-kind)	578	587	578	587
	<b>3,257</b>	3,216	<b>3,251</b>	3,210
Other key management personnel:				
Short-term employee benefits	3,854	3,280	2,191	1,937
	<b>7,111</b>	6,496	<b>5,442</b>	5,147

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

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## 15. TAX EXPENSE

## Recognised in the income statements

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Current tax expense</b>				
Malaysian – current year	48,227	44,327	49,491	46,997
– prior year	(233)	(700)	(379)	(451)
Total current tax	47,994	43,627	49,112	46,546
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	1,185	351	825	135
Under/(Over) provision in prior years	11	(937)	(43)	(1,192)
Total deferred tax	1,196	(586)	782	(1,057)
Total tax expense	49,190	43,041	49,894	45,489
<b>Reconciliation of tax expense</b>				
Profit for the year	141,988	125,857	151,008	136,666
Total tax expense	49,190	43,041	49,894	45,489
Profit excluding tax	191,178	168,898	200,902	182,155
Tax calculated using Malaysian tax rates of 25% (2008: 26%)	47,795	43,913	50,226	47,360
Non-deductible expenses	2,114	1,859	587	866
Tax incentives	(497)	(1,094)	(497)	(1,094)
Overprovision in prior years	(222)	(1,637)	(422)	(1,643)
Tax expense	49,190	43,041	49,894	45,489

## 16. EARNINGS PER ORDINARY STOCK UNIT

## Group

## Basic earnings per ordinary stock unit

The calculation of basic earnings per ordinary stock unit at 30 June 2009 was based on the profit attributable to ordinary shareholders of RM141,988,000 (2008 – RM125,857,000) and a weighted average number of ordinary stock unit outstanding during the year of 302,098,000 (2008 – 302,098,000).

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

**16. EARNINGS PER ORDINARY STOCK UNIT (CONT'D)****Basic earnings per ordinary stock unit (Cont'd)**

Weighted average number of ordinary stock unit

	2009 '000	2008 '000
Issued ordinary stock unit at beginning of the year	302,098	302,098
Basic earnings per ordinary stock unit (sen)	47.0	41.7

**Diluted earnings per ordinary stock unit**

There were no diluted earnings per ordinary stock unit for the Group as at 30 June 2009 and 2008.

**17. DIVIDENDS**

Dividends recognised in the current year by the Company are:

	Sen per stock unit (net of tax)	Total amount RM'000	Date of payment
<b>2009</b>			
Interim 2009 ordinary	10.00	30,210	22 May 2009
Final 2008 ordinary	26.75	80,811	22 December 2008
Total amount		111,021	
<b>2008</b>			
Interim 2008 ordinary	9.62	29,062	16 May 2008
Final 2007 ordinary	23.36	70,570	14 December 2007
Total amount		99,632	

After the balance sheet date, the Directors recommend the declaration of a final dividend of 31 sen per 50 sen stock unit, tax exempt totaling RM93,650,380. The dividend will be recognised in subsequent financial reports upon approval by the shareholders.

**18. SEGMENTAL INFORMATION**

The Group operates principally in the malt liquor brewing industry involving production, packaging, marketing and distribution of its products, principally in Malaysia. Approximately 2% (2008 – 2%) of the total sales are exports, mainly to South East Asian countries based on location of customers.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

### 19. FINANCIAL INSTRUMENTS

#### Financial risk management objectives and policies

Exposure to credit, foreign currency and liquidity risk arises in the normal course of the Group's and the Company's business. The Group and the Company have written risk management policies and guidelines which sets out their overall business strategies, their tolerance to risk and their general risk management philosophy and have established processes to monitor and control the hedging of transactions in a timely and accurate manner.

Derivative financial instruments such as forward foreign exchange contracts are used as hedges to reduce operational exposure to foreign exchange risks.

The accounting policies in relation to derivative financial instruments are set out in Note 2 (c).

#### Credit 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 dealers to cover a percentage of their outstanding balances.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

#### Foreign currency risk

The Group and the Company incur foreign currency risk on purchases denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily the Euro, Sterling Pound and US Dollar.

The Group and the Company are authorised to enter into foreign exchange contracts of not more than twelve months for capital projects and long term committed raw materials supply, and not more than six months for other exposures.

The deferred/unrecognised gain associated with anticipated future transactions are RM Nil (2008 – deferred/unrecognised gain RM34,000) and the expected timing of recognition as income or expense is over the next six months (where necessary, the forward exchange contracts are rolled over at maturity at market rates).

In respect of other monetary assets and liabilities held in currencies other than Ringgit Malaysia, the net exposure is kept to an acceptable level by the buying or selling of foreign currencies at spot rates where necessary to address short-term imbalances.

#### Liquidity risk

The Group and the Company monitor and maintain a level of cash and cash equivalents and bank facilities deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuation in cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## 19. FINANCIAL INSTRUMENTS (CONT'D)

**Effective interest rates**

In respect of interest-earning financial assets, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

Group and Company	Average effective interest rate per annum %	Total RM'000	Within 1 year RM'000
<b>2009</b>			
<b>Financial assets</b>			
Deposits placed with licensed banks	2.4	129,627	129,627
<b>2008</b>			
<b>Financial assets</b>			
Deposits placed with licensed banks	3.1	132,592	132,592

**Fair value****Recognised financial instruments**

The carrying amounts of the financial assets and liabilities recorded at the balance sheet date approximate their fair values.

**Unrecognised financial instruments**

The valuation of financial instruments not recognised in the balance sheets reflects their current market rates at the balance sheet date.

The contracted amount and market value of financial instruments not recognised in the balance sheets as at 30 June are:

Group and Company	2009 Contracted amount RM'000	2009 Market value RM'000	2008 Contracted amount RM'000	2008 Market value RM'000
Forward foreign exchange contracts	-	-	3,111	3,145

These forward foreign exchange contracts expire within a year from balance sheet date.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

### 20. OPERATING LEASES

#### Leases as lessee

Operating lease rentals are payable as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Less than one year	1,064	1,645	227	631
Between one and five years	439	1,108	-	82
	<b>1,503</b>	<b>2,753</b>	<b>227</b>	<b>713</b>

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

### 21. CAPITAL AND OTHER COMMITMENTS

	Group and Company	
	2009 RM'000	2008 RM'000
<b>Capital expenditure commitments</b>		
Property, plant and equipment		
Authorised but not contracted for	11,634	12,531
Authorised and contracted for	1,890	2,306
	<b>13,524</b>	<b>14,837</b>

### 22. MATERIAL LITIGATION

The following is the material litigation in which the Group was involved:

KL High Court D7(D6)-22-1007-00:- Parallel Television (2001) Ltd (formerly known as CNBC Sports International Ltd) & Anor vs Guinness Anchor Berhad and Star Publications (Malaysia) Berhad.

On 4 August 2004, the Plaintiffs filed an appeal to the Court of Appeal. The mention of the appeal was held on 3 July 2009 at the Court of Appeal during which the Plaintiffs withdrew the appeal with no order as to costs.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

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

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

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

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

**Related party transactions**

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

	Diageo Plc and its related corporations RM'000	F&N and its related corporations		Heineken and its related corporations RM'000
		APBL Group RM'000	Other F&N companies RM'000	
<b>2009</b>				
Purchase of goods	15,333	12	24,210	168
Sale of products	11,390	-	-	7,908
Royalties payable	4,249	10,502	-	2,728
Marketing and technical fees payable	2,306	-	-	248
Marketing fees receivable	-	7,929	-	3,308
Amounts due from	2,104	-	-	412
Amounts due to	3,408	2,738	2,420	622

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

### 23. RELATED PARTIES (CONT'D)

#### Related party transactions (Cont'd)

2008	Diageo Plc and its related corporations	F&N and its related corporations		Heineken and its related corporations
	RM'000	APBL Group RM'000	Other F&N companies RM'000	RM'000
Purchase of goods	17,063	2,485	21,598	805
Sale of products	11,914	-	-	8,361
Royalties payable	4,745	6,730	-	1,936
Marketing and technical fees payable	2,676	-	-	596
Marketing fees receivable	-	5,876	-	4,273
Amounts due from	3,299	-	-	384
Amounts due to	3,113	1,551	1,826	475

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

# 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 98 to 128 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2009 and of their financial performance and cash flows for the year then ended.

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



**Tan Sri Saw Huat Lye**

*Director*



**Charles Henry Ireland**

*Director*

Petaling Jaya,  
28 August 2009

# Statutory Declaration

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



I, **Low Teng Lum**, the Director primarily responsible for the financial management of Guinness Anchor Berhad, do solemnly and sincerely declare that the financial statements set out on pages 98 to 128 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 28 August 2009.



**Low Teng Lum**

Before me:

NO. 855, TINGKAT 2,  
BATI 4, JALAN IPOH,  
51200 KUALA LUMPUR.

**Commissioner for Oaths**

# Independent Auditors' Report

to the members of Guinness Anchor Berhad

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Guinness Anchor Berhad, which comprise the balance sheets as at 30 June 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 98 to 128.

### Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### 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 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 Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2009 and of their financial performance and cash flows for the year then ended.

## INDEPENDENT AUDITORS' REPORT

to the members of Guinness Anchor Berhad

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

### OTHER MATTERS

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



**KPMG**

*Firm Number: AF 0758*

*Chartered Accountants*



**Chen Foo Siong**

*Approval Number: 1547/11/10(J/PH)*

*Chartered Accountant*

Petaling Jaya, Malaysia  
28 August 2009

# Analysis of Stockholdings

as at 5 October 2009

Authorised Share Capital	-	400,000,000 shares of 50 sen each
Issued and Paid-up Capital	-	302,098,000 shares of 50 sen each
Class of Shares	-	Ordinary stock units of 50 sen each
Voting Rights	-	One vote per ordinary stock unit

Size of Holdings	No. of stockholders	%	No. of stock units	%
1 – 99	715	6.17	5,669	0.00
100 – 1,000	4,117	35.52	3,351,922	1.11
1,001 – 10,000	5,345	46.12	21,594,178	7.15
10,001 – 100,000	1,268	10.94	36,543,647	12.10
100,001 – 15,104,899	144	1.24	86,532,684	28.64
15,104,900 and above	1	0.01	154,069,900	51.00
<b>TOTAL</b>	<b>11,590</b>	<b>100.00</b>	<b>302,098,000</b>	<b>100.00</b>

## SUBSTANTIAL STOCKHOLDERS AS PER REGISTER OF SUBSTANTIAL STOCKHOLDERS

Name of Stockholder	Direct		Indirect	
	No. of stock units	%	No. of stock units	%
1. GAPL Pte Ltd	154,069,900	51.00	–	–
2. Aberdeen Asset Management PLC and its subsidiaries	15,891,400	5.26	–	–
3. Aberdeen Asset Management Asia Limited	15,182,200	5.03	–	–
4. Credit Suisse Group AG	–	–	15,891,400 <sup>#</sup>	5.26 <sup>#</sup>

<sup>#</sup> Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Aberdeen Asset Management PLC and its subsidiaries

## DIRECTOR'S INTEREST

Name of Director	Direct		Indirect	
	No. of stock units	%	No. of stock units	%
Tan Sri Saw Huat Lye	–	–	11,000 <sup>*</sup>	Negligible

<sup>\*</sup> Deemed interest by virtue of stocks held by spouse.

## ANALYSIS OF STOCKHOLDINGS

as at 5 October 2009

### 30 LARGEST STOCKHOLDERS

	No. of stock units	%
1. GAPL Pte Ltd	154,069,900	51.00
2. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	10,217,480	3.38
3. HSBC Nominees (Asing) Sdn Bhd - BNP Paribas Securities Services Lux for Aberdeen Global	6,577,200	2.18
4. Cartaban Nominees (Asing) Sdn Bhd - State Street London Fund XCP2 for Aberdeen Asian Income Fund Limited	3,700,000	1.22
5. Cartaban Nominees (Asing) Sdn Bhd - State Street London Fund XCB9 for Aberdeen Asian Smaller Companies Investment Trust PLC	2,250,000	0.74
6. TM Asia Life Malaysia Bhd - As beneficial owner (PF)	2,242,000	0.74
7. Tai Tak Estates Sdn Bhd	2,156,000	0.71
8. Cartaban Nominees (Asing) Sdn Bhd - RBC Dexia Investor Services Bank for Vontobel Fund – Emerging Markets Equity	2,001,200	0.66
9. Cartaban Nominees (Asing) Sdn Bhd - RBC Dexia Investor Services Bank for Vontobel Fund – FAR EAST EQUITY	1,888,400	0.63
10. Chinchoo Investment Sdn Berhad	1,865,000	0.62
11. HSBC Nominees (Asing) Sdn Bhd - Exempt An for JPMorgan Chase Bank, National Association (Norges Bank)	1,680,000	0.56
12. Citigroup Nominees (Asing) Sdn Bhd - Exempt An for OCBC Securities Private Limited (Client A/C-NR)	1,676,804	0.56
13. HSBC Nominees (Asing) Sdn Bhd - Exempt An for BNP Paribas Securities Services (Singapore – SGD)	1,478,000	0.49
14. Kam Loong Mining Sdn Bhd	1,368,000	0.45
15. Cimsec Nominees (Asing) Sdn Bhd - Exempt An for CIMB-GK Securities Pte Ltd (Retail Clients)	1,340,070	0.44

## ANALYSIS OF STOCKHOLDINGS

as at 5 October 2009

## 30 LARGEST STOCKHOLDERS (CONT'D)

	No. of stock units	%
16. Ho Sim Guan	1,330,000	0.44
17. Citigroup Nominees (Tempatan) Sdn Bhd - ING Insurance Berhad (INV-IL Par)	1,298,800	0.43
18. HSBC Nominees (Asing) Sdn Bhd - Exempt An for JPMorgan Chase Bank, National Association (Taiwan)	1,283,800	0.42
19. Gan Teng Siew Realty Sdn. Berhad	1,277,000	0.42
20. Key Development Sdn Berhad	1,250,000	0.41
21. Citigroup Nominees (Asing) Sdn Bhd - Exempt An for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)	1,201,800	0.40
22. HSBC Nominees (Asing) Sdn Bhd - BBH and Co. Boston for Unidynamicfonds: Asia	1,200,000	0.40
23. HSBC Nominees (Asing) Sdn Bhd - Exempt An for JPMorgan Chase Bank, National Association (Mineworkers PS)	1,085,500	0.36
24. Chan Emily	1,052,000	0.35
25. Cimsec Nominees (Tempatan) Sdn Bhd - Exempt An for CIMB-GK Securities Pte Ltd (Retail Clients)	1,043,700	0.35
26. HLG Nominee (Asing) Sdn Bhd - Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	1,009,860	0.33
27. Citigroup Nominees (Asing) Sdn Bhd - CB Spore GW for Bukit Sembawang Estates Limited (OCB33879-000MIS)	980,000	0.32
28. Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	897,100	0.30
29. Mrs Chan Lam Choon Nee Mun Swee Heong	896,400	0.30
30. Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An for American International Assurance Berhad	832,400	0.28
	<b>211,148,414</b>	<b>69.89</b>

# Other Information

## UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposal during the financial year ended 30 June 2009.

## SHARE BUYBACK

There was no share buyback exercise carried out by the Company during the financial year ended 30 June 2009.

## OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities issued by the Company during the financial year ended 30 June 2009.

## DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year ended 30 June 2009.

## SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries by the relevant regulatory bodies during the financial year ended 30 June 2009.

## NON-AUDIT FEES

The amount of non-audit fees paid by the Group to external auditors, Messrs KPMG and its affiliated companies for the financial year ended 30 June 2009 amounted to RM68,000. This payment was in respect of advisory services for the Group's taxation matters and filing of tax returns, and the review of the Statement of Internal Control.

## VARIATION IN RESULTS

There were no profit estimate, forecast or projection issued by the Company during the financial year ended 30 June 2009.

## PROFIT GUARANTEE

There were no profit guarantees given by the Company and its subsidiaries during the financial year ended 30 June 2009.

## MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving the interest of Directors and major Shareholders, either still subsisting at the end of the financial year ended 30 June 2009 or entered into since the end of the previous financial year.

## CONFLICT OF INTEREST

None of the Directors have any family relationship with other Directors and/or major Shareholder of the Company, nor any personal interest in any business arrangement involving the Company. None of the Directors have had conviction for any offences within the past ten years.

## REVALUATION POLICY

The Company does not have a revaluation policy on its landed properties.

## Properties Owned by the Group

Address/Location	Land area (acres)	Existing use	Tenure	Approximate age of building (years)	Net Book Value At 30 June 2009 RM'000	Date of Acquisition / Revaluation *
Lot 1135, Batu 9 Jalan Kelang Lama 46710 Petaling Jaya Selangor	20.84	Office building & factory	Leasehold expiring 23 Sept 2063	43	<b>59,647</b>	30 Sept 1984*
120, Air Keroh Industrial Estate 75710 Melaka	1.07	Office building & store	Leasehold expiring 13 Jan 2080	27	<b>587</b>	30 Sept 1984*
Lot 123, Semambu Industrial Site 25350 Kuantan Pahang	0.52	Office building & store	Leasehold expiring 5 Mar 2046	27	<b>399</b>	30 Sept 1984*
Lot 1136, Batu 9 Jalan Kelang Lama 46710 Petaling Jaya Selangor	2.88	Storage	Freehold	Not applicable	<b>4,037</b>	31 Dec 1991
					<b>64,670</b>	

\* The revaluation of properties was carried out primarily for the purpose of bonus issue in 1984.

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 45th Annual General Meeting of Guinness Anchor Berhad (the Company) will be held at Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 26 November 2009 at 11.00 a.m. for the following purposes:-

## AGENDA

### As Ordinary Business

- |   |                               |
|---|-------------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 30 June 2009 together with the Directors' and Auditors' Reports thereon.  | <b>Ordinary Resolution 1</b>  |
| 2. To approve the declaration of a final dividend of 31 sen per 50 sen stock unit tax exempt in respect of the financial year ended 30 June 2009 as recommended by the Directors.   | <b>Ordinary Resolution 2</b>  |
| 3. To approve the payment of Directors' Fees of RM280,242 to the Non-Executive Directors for the financial year ended 30 June 2009.   | <b>Ordinary Resolution 3</b>  |
| 4. To approve the proposed increase of Directors' Fees to RM359,000 payable to the Non-Executive Directors for the financial year ending 30 June 2010.  | <b>Ordinary Resolution 4</b>  |
| 5. To approve the payment of up to RM20,000 each to Tan Sri Dato' Alwi Jantan and Mr Chin Yoong Chong, who were formerly the Independent Non-Executive Directors of the Company who retired pursuant to Section 129 of the Companies Act, 1965 during the course of the financial year ended 30 June 2009.            | <b>Ordinary Resolution 5</b>  |
| 6. To approve the proposed payment of up to RM20,000 each to any of the Company's Non-Executive Directors who will be retiring pursuant to Section 129 of the Companies Act, 1965 and will not be seeking re-appointment or not re-appointed at the forthcoming or any future Annual General Meetings of the Company. | <b>Ordinary Resolution 6</b>  |
| 7. To re-elect Mr. Charles Ireland who retires by rotation pursuant to Article 89 of the Company's Articles of Association as a Director of the Company.  | <b>Ordinary Resolution 7</b>  |
| 8. To re-elect Dr Leslie Buckley who retires by rotation pursuant to Article 89 of the Company's Articles of Association as a Director of the Company.  | <b>Ordinary Resolution 8</b>  |
| 9. To re-appoint Tan Sri Saw Huat Lye who retires pursuant to Section 129 of the Companies Act, 1965 as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.  | <b>Ordinary Resolution 9</b>  |
| 10. To re-appoint Dato' Jaffar Indot who retires pursuant to Section 129 of the Companies Act, 1965 as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.   | <b>Ordinary Resolution 10</b> |
| 11. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.  | <b>Ordinary Resolution 11</b> |

**As Special Business**

12. To consider and, if thought fit, to pass the following resolutions:

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (PROPOSED SHAREHOLDERS' MANDATE)**

"**THAT**, pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), the Company and/or its subsidiaries (the Group) be and are hereby authorised to enter into any of the recurrent transactions of a revenue or trading nature as set out in Section 2.3 of the Circular to Shareholders dated 4 November 2009 with the related parties mentioned therein which are necessary for the Group's day-to-day operations, subject further to the following:-

- (i) the transactions are in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) disclosure of the aggregate value of the transactions of the Proposed Shareholders' Mandate conducted during the financial year will be disclosed in the Annual Report for the said financial year,

**AND THAT** such approval shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting (AGM) of the Company at which time it will lapse, unless by a resolution passed at the Meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the Act) (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by the Company in a general meeting,

whichever is earlier;

**AND THAT** the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

**Ordinary Resolution 12**

13. To consider any other business of which due notice shall have been given.

## NOTICE OF ANNUAL GENERAL MEETING

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Subject to the approval of Stockholders, a final dividend of 31 sen per 50 sen stock unit tax exempt in respect of the financial year ended 30 June 2009 will be paid on 22 December 2009 to Stockholders registered at the close of business on 3 December 2009.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares deposited into the Depositor's securities account before 12.30 pm on 1 December 2009 in respect of shares which are exempted from mandatory deposit;
- (b) Shares transferred into the Depositor's securities account before 4.00 pm on 3 December 2009 in respect of ordinary transfers; and
- (c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

**Low Teng Lum** (MAICSA 0728175)

**Ng Sow Hoong** (MAICSA 7027552)

Company Secretaries

Petaling Jaya

4 November 2009

#### NOTES:

1. Further notice is hereby given that for purposes of determining who shall be entitled to attend the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 56 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, a Record of Depositors as at **12 November 2009** and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the meeting.
2. Any Member entitled to attend and vote at the meeting may only appoint **one (1) proxy** to attend and vote in his stead. A proxy may but need not be a Member of the Company. A Form of Proxy is enclosed for Members to appoint a proxy if they are unable to attend the meeting. In the case of a corporation, the Form of Proxy must be executed under the corporation's Common Seal or under the hand of an officer or attorney duly authorised.
3. To be valid, the **original** Form of Proxy must be lodged at the Share Registrar's Office, Tricor Investor Services Sdn Bhd (formerly known as Tenaga Koperat Sdn Bhd), Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

#### EXPLANATORY NOTES ON SPECIAL BUSINESS

##### Ordinary Resolution 12

##### - Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Ordinary Resolution 12, if passed, will allow the Group to enter into the recurrent related party transactions in the ordinary course of business and the necessity to convene separate general meetings from time to time to seek Shareholders' approval as and when such recurrent related party transactions occur, would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group. The Shareholders' Mandate is subject to renewal on an annual basis.

Further information on the Proposed Shareholders' Mandate are set out in the Circular to Shareholders of the Company dated 4 November 2009.

# Statement Accompanying the Notice of Annual General Meeting

## 1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION OR RE-APPOINTMENT AT THE 45TH ANNUAL GENERAL MEETING

The Directors retiring by rotation and standing for re-election pursuant to Article 89 of the Company's Articles of Association are:

- Mr Charles Henry Ireland
- Dr Leslie Buckley

The Directors who are over the age of 70 and standing for re-appointment pursuant to Section 129 of the Companies Act, 1965 are:

- Tan Sri Saw Huat Lye
- Dato' Jaffar Indot

The profiles of the above Directors are presented in the "Directors' Profile" section on pages 66 to 69.

## 2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Four (4) Board Meetings were held during the financial year ended 30 June 2009 and all the Directors attended the said meetings.

## 3. PLACE, DATE AND TIME OF THE 45TH ANNUAL GENERAL MEETING

The 45th Annual General Meeting of Guinness Anchor Berhad will be held at Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 26 November 2009 at 11.00 a.m.

## 4. REGISTRATION AND DOOR GIFTS

Registration will commence at 8.30 a.m. and close promptly at 11.30 a.m. Members and Proxies are requested to be punctual. For verification purpose, Members and Proxies are required to produce their original identity card at the registration counter.

Door gifts will be distributed to Members and/or Proxies upon their registration as a token of appreciation for their continued support to the Company.

**Please take note that this year we have changed our door gifts distribution practice. Each Member and/or Proxy who is present shall be entitled to one (1) door gift only upon registration, irrespective of the number of Members he/she represents. For example, in the event that a Proxy represents two or more Members, he/she shall be entitled to one (1) door gift only.**

Sime Darby Convention Centre  
1A, Jalan Bukit Kiara 1,  
60000 Kuala Lumpur, Malaysia



# Form of Proxy\*

## Guinness Anchor Berhad

(Company No. 5350-X) Incorporated in Malaysia



No. of stock units held:
CDS Account No.:

I/We \_\_\_\_\_  
I/C No. \_\_\_\_\_ (new) \_\_\_\_\_ (old) / Certificate of Incorporation No. \_\_\_\_\_  
of \_\_\_\_\_

being a Member of GUINNESS ANCHOR BERHAD, hereby appoint \_\_\_\_\_  
I/C No. \_\_\_\_\_ (new) \_\_\_\_\_ (old)  
of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the 45th Annual General Meeting of the Company to be held at Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 26 November 2009 at 11.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

[Please indicate with an 'X' in the appropriate space as to how you wish your votes to be cast in respect of each Resolution. In the absence of specific directions, your proxy will vote or abstain from voting as he or she thinks fit.]

RESOLUTIONS	FOR	AGAINST
ORDINARY RESOLUTION 1		
ORDINARY RESOLUTION 2		
ORDINARY RESOLUTION 3		
ORDINARY RESOLUTION 4		
ORDINARY RESOLUTION 5		
ORDINARY RESOLUTION 6		
ORDINARY RESOLUTION 7		
ORDINARY RESOLUTION 8		
ORDINARY RESOLUTION 9		
ORDINARY RESOLUTION 10		
ORDINARY RESOLUTION 11		
ORDINARY RESOLUTION 12		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

\_\_\_\_\_  
Signature or Common Seal of Member

**\* Only original Forms are valid. Photocopies are not acceptable.** Any change on the proxy form must be countersigned by the Member or authorised signatory representing the Member accordingly.

NOTES:-

1. For purposes of determining who shall be entitled to attend the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 56 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, a Record of Depositors as of **12 November 2009** and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the meeting.
2. Any Member entitled to attend and vote at the meeting may only appoint **one (1) proxy** to attend and vote in his stead. A proxy may but need not be a Member of the Company. The Form of Proxy is for Members to appoint a proxy if they are unable to attend the meeting. In the case of a corporation, the Form of Proxy must be executed under the corporation's Common Seal or under the hand of an officer or attorney duly authorised.
3. The original Form of Proxy must be lodged at the Share Registrar's Office, Tricor Investor Services Sdn Bhd (formerly known as Tenaga Koperat Sdn Bhd), Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

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Affix  
Stamp Here

Company Secretary  
**Guinness Anchor Berhad**  
c/o Tricor Investor Services Sdn Bhd  
(formerly known as Tenaga Koperat Sdn Bhd)  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
Malaysia

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# Group Directory

## CORPORATE OFFICE

### Guinness Anchor Berhad

Sungei Way Brewery  
Lot 1135, Batu 9  
Jalan Klang Lama  
P.O. Box 144  
46710 Petaling Jaya  
Selangor, Malaysia  
Tel : 603-7861 4688  
Fax : 603-7861 4602

## REGIONAL SALES OFFICES

### Guinness Anchor Marketing Sdn Bhd

#### Kuala Lumpur

134C Jalan 2  
Off Jalan Chan Sow Lin  
55200 Kuala Lumpur  
Tel : 603-9223 5388  
Fax : 603-9223 6388

#### Shah Alam

No. 7 Jalan Pemaju U1/15, Seksyen U 1  
Hicom-Glenmarie Industrial Park  
40150 Shah Alam  
Selangor  
Tel : 603-5569 3520  
Fax : 603-5569 3521

#### Kedah

No. 8 Lorong Perusahaan Maju 11  
Taman Perusahaan Pelangi  
13600 Seberang Prai  
Butterworth  
Kedah  
Tel : 604-508 6288  
Fax : 604-508 7288

#### Penang

50-J, Ground Floor, Wisma Hong Bee  
Pengkalan Weld  
10300 Penang  
Tel : 604-2645 227/228  
Fax : 604-2630 227

#### Johor Bahru

No. 4 Jalan Bukit 7  
Kawasan MIEL Bandar Baru Seri Alam Phase V  
81750 Masai  
Johor  
Tel : 607-386 4999  
Fax : 607-386 5222

#### Batu Pahat

17 Jalan Kota Murni  
Taman Perindustrian Kota Murni  
83000 Batu Pahat  
Johor  
Tel : 607-433 5223/4  
Fax : 607-433 6225

#### Ipoh

Lot 93, IGB International Industrial Park  
Jalan Kuala Kangsar  
31200 Ipoh  
Perak  
Tel : 605-291 9768  
Fax : 605-291 9776

#### Kuantan

Lot 123, Semambu Industrial Site  
25350 Kuantan  
Pahang  
Tel : 609-566 1967/00/09  
Fax : 609-566 2523

#### Mentakab

No. 1 Jalan Seraya, Taman Rimba  
28400 Mentakab  
Pahang  
Tel : 609-277 1649  
Fax : 609-277 9868

#### Seremban

613 Jalan Haruan 4/8  
Oakland Commercial Centre  
70300 Seremban  
Negeri Sembilan  
Tel : 606-633 4647/4648/4649  
Fax : 606-633 4650

#### Malacca

Lot 120, Ayer Keroh Industrial Estate  
75450 Malacca  
Tel : 606-232 5772/8249/4986/9308/9309  
Fax : 606-232 2771

#### Sarawak

Lot 310, Section 9 KTLD  
Lorong 7, Rubber Road  
P.O. Box 633  
93712 Kuching  
Sarawak  
Tel : 6082-240 099/500  
6082-244 043/046  
Fax : 6082-246 787

No. 4D, 1st Floor Jalan Kampung Datu  
96008 Sibu  
Sarawak  
Tel : 6084-325 809  
Fax : 6084-328 990

1st Floor, Lot 2302 Bulatan Commercial Centre  
Jalan Dato Permaisuri  
P.O. Box 1125  
98008 Miri  
Sarawak  
Tel : 6085-650 755  
Fax : 6085-658 775

#### Sabah

Lot 79, Lorong Kilang D  
Sedco Light Industrial Estate  
Mile 5 1/2 Tuaran Road  
P.O. Box 14219  
88848 Kota Kinabalu  
Sabah  
Tel : 6088-435 541  
6088-438 862  
Fax : 6088-422 552

Block C, Lot 5, Taman Grand View  
Jalan Sim Sim  
90000 Sandakan  
Sabah  
Tel : 6089-271 214/ 210 968  
Fax : 6089-274 082

Lot 3, TB 4478 Ground & First Floors, Block A  
Pusat Komersil Ba Zhong  
Jalan Tawau Lama  
91000 Tawau  
Sabah  
Tel : 6089-771 202/774 383  
Fax : 6089-773 275

**Guinness Anchor Berhad** (5350-X)

Sungei Way Brewery

Lot 1135, Batu 9, Jalan Klang Lama

P.O. Box 144, 46710 Petaling Jaya

Selangor Darul Ehsan

Tel : 03-78614688

Fax : 03-78614602

[www.gab.com.my](http://www.gab.com.my)