

# ANNUAL REPORT 2014

**G.A.B.**  
GUINNESS  
ANCHOR  
BERHAD



BREAKING BOUNDARIES  
& INNOVATING FOR THE FUTURE

# 5 YEARS, 16 AWARDS AND COUNTING

As Malaysia's leading brewer, GAB says thank you for choosing  
our brands once again for this prestigious accolade.



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# ABOUT GAB

Listed on the Main Market of Bursa Malaysia, GAB's principal shareholder is GAPL Pte Ltd based in Singapore. GAPL Pte Ltd is a joint venture company whose ultimate owners are Diageo Plc, a company incorporated in England and Wales, and Heineken Asia Pacific Pte Ltd (HAPPL) (formerly known as Asia Pacific Breweries Limited), a company incorporated in Singapore. HAPPL is 100% owned by Heineken NV through its subsidiary, Heineken International BV.

## Vision

To be Malaysia's most celebrated drinks company

## Mission

Brewing great moments with great drinks

Guinness Malaysia Bhd incorporated

1964

Sungei Way Brewery officially launched

1966

The brewery receives ISO 9002 certification

1995

The Sungei Way Brewery, which sits on 23.72 acres of land, starts operations

1965

Guinness Malaysia Bhd and Malayan Breweries (Malaya) Sdn Bhd merge to form Guinness Anchor Bhd

1989

The brewery is the first in Malaysia to receive MS 1480:2007 Hazard Analysis Critical Control Point (HACCP) Certification from Ministry of Health

2002



GAB wins its first 3 Putra Brand Awards – Tiger (Gold), Heineken (Silver) and Guinness (Bronze)

Brewery's ISO certification upgraded to MS ISO 9001:2008

Receives the most number of wins in the Beverage (Alcoholic) category of Putra Brand Awards. Tiger and Heineken (Gold), Anchor (Silver) and Guinness (Bronze)

Another 3 wins at the Putra Brand Awards, making it 16 wins in 5 years

2010

2011

2012

2013

2014

Wins Silver at the Malaysia HR Awards for second year in a row

Wins Distinction Award at Malaysia Corporate Governance Index Awards

Wins for the third time at the Malaysian Dutch Business Council (MDBC) Sustainability Awards for Best Sustainable Supply Chain Management or Logistics Project

Wins ACCA Malaysia Sustainability Reporting Awards

# GROUP FINANCIAL HIGHLIGHTS

Key Figures for Financial Year Ended 30 June

<b>Key Financial Ratios for Financial Year Ended 30 June</b>			
	<b>2013</b>	<b>2014</b>	<b>Change %</b>
Revenue in RM'000	1,676,348	1,610,587	(3.9)
EBITDA margin %	19.9	19.4	(2.5)
PBIT in RM'000	292,746	270,609	(7.6)
Total equity in RM'000	365,540	356,809	(2.4)
Market capitalisation in RM'000	5,757,988	3,969,568	(31.1)
Earnings per share in sen	72.0	65.6	(8.9)
Net dividend per 50 sen stock unit	68.5	64.5	(5.8)
Dividend yield %	3.6	4.9	36.1
Operating working capital % of revenue	11.4	13.0	14.0
Net cash from operating activities in RM'000	225,608	236,225	4.7
Capital expenditures in RM'000	45,555	39,280	(13.8)
PBIT/Total equity %	80.1	75.8	(5.4)
PAT/Revenue %	13.0	12.3	(5.4)

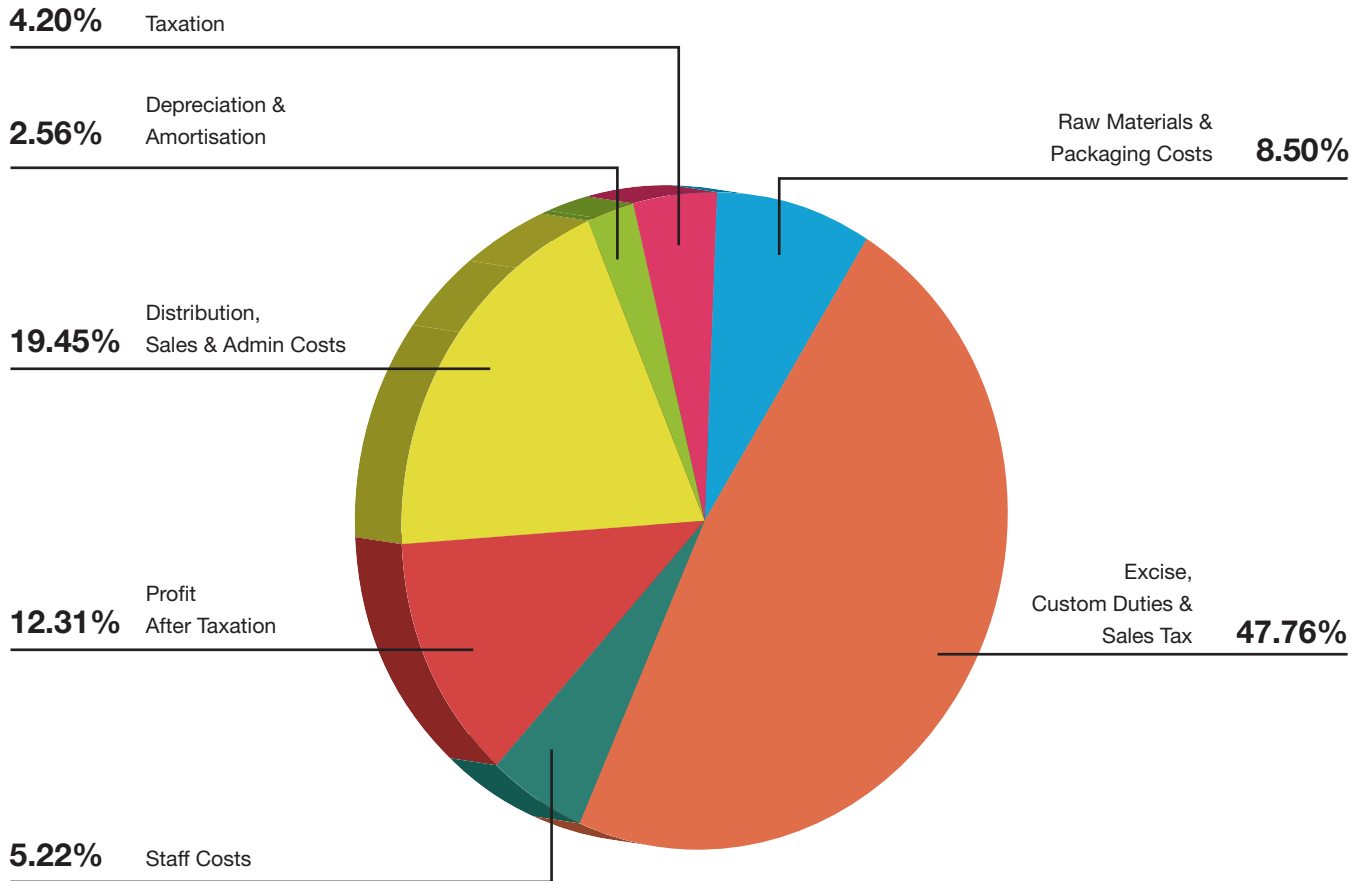
EBITDA : Earnings before interest, tax, depreciation and amortisation

PBIT : Profit before interest and tax

PAT : Profit after tax

## Analysis of Group Revenue

for financial year ended 30 June 2014



# 5 YEARS FINANCIAL HIGHLIGHTS

Key Figures for Financial Year Ended 30 June

## Revenue (RM'000)

FY14	1,610,587
FY13	1,676,348
FY12	1,623,687
FY11	1,488,720
FY10	1,358,633

## Profit before tax (RM'000)

FY14	265,787
FY13	288,736
FY12	276,981
FY11	242,883
FY10	204,991

## Profit after tax (RM'000)

FY14	198,206
FY13	217,604
FY12	207,399
FY11	181,378
FY10	152,691

## Earnings per 50 sen stock unit (sen)

FY14	65.6
FY13	72.0
FY12	68.7
FY11	60.0
FY10	50.5

## Net dividends per 50 sen stock unit (sen)

FY14	64.5
FY13	68.5
FY12	125.0
FY11	54.0
FY10	45.0

	Financial Year Ended 30 June				
	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Revenue	1,358,633	1,488,720	1,623,687	1,676,348	<b>1,610,587</b>
Profit before tax	204,991	242,883	276,981	288,736	<b>265,787</b>
Tax expense	(52,300)	(61,505)	(69,582)	(71,132)	<b>(67,581)</b>
Profit after tax	152,691	181,378	207,399	217,604	<b>198,206</b>
Dividends	135,944	163,133	377,623 <sup>#</sup>	206,937	<b>194,853</b>
Net dividends per 50 sen stock unit (sen)	45.0	54.0	125.0 <sup>#</sup>	68.5	<b>64.5</b>
Earnings per 50 sen stock unit (sen)	50.5	60.0	68.7	72.0	<b>65.6</b>
Reserves	319,879	365,567	228,654	214,491	<b>205,760</b>
Total equity	470,928	516,616	379,703	365,540	<b>356,809</b>
Net assets per 50 sen stock unit (sen)	155.9	171.0	126.0	121.0	<b>118.0</b>

<sup>#</sup> Includes special dividend

ENJOY RESPONSIBLY

JUST WHEN YOU THOUGHT ALL  
THE BEST-TASTING BEERS  
CAME FROM THE WEST.



Change is here with Tiger Beer. It's where you want to be right now. With its refreshing taste, it has been winning gold medals the world over and adding to the buzz of major cities across the globe. Be part of it all. Be seen with Asia's world beer.



IT'S WHERE YOU WANT TO BE





“Investing for  
the long term”

**Dato' Saw Choo Boon**  
Chairman

# CHAIRMAN SAYS...

A key strategic focus for the Company is to continuously improve our product mix to respond to the evolving demands of our consumers.



## Dear Respected Shareholders,

This marks the second year that I am updating you on Guinness Anchor Berhad's (GAB) performance. Financial Year 2014 (FY14) has been particularly challenging. Over the course of the year, your Board worked very closely with Managing Director Hans Essaadi and his Management Team to map out and execute strategies and actions to see the Company through the tough market conditions with focus on long term success.

For FY14, GAB achieved total revenue of RM1.6 billion, a decline of 3.9% compared to the preceding financial year. As for profit before tax, it also slipped 7.9% to RM265.8 million from RM288.7 million in the previous financial year. We have declared an interim dividend of 20 sen which was paid in April 2014, and proposed a final dividend of 44.5 sen, which will be tabled at the Annual General Meeting scheduled for 28 November 2014 for approval by shareholders.

## Operating Under Challenging Circumstances

There were several key factors that contributed to our FY14 performance.

The first was weak domestic consumption as Malaysian consumers adopted a more cautious attitude towards their spending due to inflationary pressures and other economic challenges.

Secondly, the Company faced increased cost pressures due to the weakening of the Ringgit which led to a rise in cost for raw material purchases from foreign vendors. The Company also had to pay more for imported products in our portfolio which are billed in foreign currency.

As market trends change, the business must also evolve and the management together with the Board have a sound strategy to maneuver through the challenges so that we may be in the best shape to celebrate GAB's 50 years of brewing excellence in FY16.

Another key challenge was the visible increase in the availability of contraband beers. These contraband beers, which pay no duties, pose an unfair competition to our business as they are priced significantly lower, by up to 60%. We believe our high excise duty rates, highest in Asia and the second highest in the world, is a main factor behind the increase in contraband goods. On that front, we are engaging with the relevant government bodies to urge them to step up enforcement, and maintain current excise duty levels whilst taking a longer term view of reviewing and revising the current alcohol tax structure so that it is more in line with global best practices.

## CHAIRMAN SAYS...

Moreover, last financial year, from 1 November 2013, the Royal Malaysian Customs introduced a new method of valuation of our products for the purpose of determining excise duty and sales tax, which included advertising and promotion expenditure. This has resulted in higher duty payment for the Group and despite the difficult market circumstance, the Company decided not to pass on the increase to consumers as this would affect the competitiveness of our brands, particularly against imported beer products which are not affected by this change. The new valuation method has negatively impacted the Group's profit by approximately RM18 million or 80% of the 7.6% decline in profit from operations for FY14.

### **Investing for the Long Term**

In light of the challenges, GAB worked hard to enhance cost management efficiency to free up resources to invest in our brands for sustainable growth. A key strategic focus for the Company is to continuously improve our product mix to respond to the evolving demands of our consumers. In FY14, we added new brands to our portfolio, the first time that we have done so in five years. Kirin Ichiban, Japan's No. 1 100% malt beer and Smirnoff Ice, the World's No. 1 ready-to-drink alcoholic beverage have both been well received since their introduction.

Apart from new brands, we also leveraged on the legacy of our core brands by introducing line extensions. Tiger Radler combines the crisp and easy-drinking taste of Tiger Beer with the zesty flavour of natural lemon juice to produce a beverage which is doubly refreshing.

GAB also continued to play host to some of the most prominent marketing events found in the country from *Tiger Street Football* to *Guinness Arthur's Day* and *Heineken Thirst*.

### **Fresh Insights and Advice**

New brands were not the only additions; the Company also welcomed several new members to the GAB Board. Apurvi Sheth and Alvaro Cardenas both joined the Board on 1 July 2014 replacing Siobhan Hamilton and Edward McShane who resigned from the Board. On behalf of the Board, I would like to thank Siobhan and Edward for their contribution and dedication to the Company.

Both Apurvi and Alvaro have extensive experience in the beer business as well as the fast moving consumer goods industry. Hence, I am sure they will both provide valuable insights and advice to the Company.

### **Contributing Amidst Adversity**

I am proud to say that even with the business environment being so tough, GAB continued its commitment to enrich the communities where we operate through initiatives spearheaded by the GAB Foundation and via our *Big Day Out* annual event.

Following the Foundation's success in rehabilitating Sungei Way, a tributary of Sungai Penchala, we extended our Working Actively Through Education & Rehabilitation (W.A.T.E.R) initiative to Perak focusing on the three tributaries of Sungai Kinta. The Foundation is investing RM1 million over a period of 3 years on the initiative. With the support of the various local government agencies such as Department of Irrigation and Drainage (DID) Perak, Department of Environment (DOE) Perak as well as our partner, Global Environment Centre (GEC) we have been able to attain considerable success in Perak.

On the education front, we continued to champion the importance of English language competency by equipping the language teachers with new teaching methods to enhance student engagement. The initiative called *English Enrichment Training Programme* (EETP) has been engaging teachers since 2008. Over the past financial year, 74 teachers participated in the programme and over 1,300 students benefitted from their enhanced skills.

And finally, GAB Foundation organised the Company's annual *Big Day Out* Campaign, where all the employees from GAB get together to enrich communities around our operations. Last year, the Company's fourth *Big Day Out*, was themed "School Makeover" and the 600 GAB employees and 190 business partners were delighted to have had the opportunity to "makeover" 24 schools across Malaysia. Activities included repainting of schools, cleaning up as well as carrying out simple hardware improvements.

You can read more about GAB Foundation's initiatives in the section 'Community Outreach' as well as in the Corporate Responsibility Overview pull-out.

## **Striving for Sustainable Performance**

FY15 is expected to remain challenging, as consumer sentiment remains fragile due to expectations of rising inflation brought on by the implementation of Goods and Services Tax (GST) and further pressures on costs.

As market trends change, the business must also evolve and the management together with the Board have a sound strategy to maneuver through the challenges so that we may be in the best shape to celebrate GAB's 50 years of brewing excellence in FY16.

GAB is a company with strong foundation and sound strategies, and coupled with the iconic portfolio and continued support from our shareholders, distributors, suppliers, trade partners and employees, we are confident we will continue to grow.

I would like to thank the Board, management and staff for their commitment and hard work and our customers, shareholders and business partners for their undying support, without which all our achievements would not have been possible.

## **Dato' Saw Choo Boon**

Chairman

20 October 2014

# MANAGING DIRECTOR SAYS...



By the end of the FY14, our portfolio  
grew to an amazing 14 products  
and by enhancing our product mix,  
we are effectively making our  
business future ready.

In Financial Year 2014 (FY14), apart from a more challenging operating environment, there were also numerous unforeseen circumstances that had an impact on Guinness Anchor Berhad (GAB). Malaysia saw one of its driest and haziest periods. The country also experienced an unprecedented aviation tragedy.

In FY14, there was also a marked decline in consumer sentiment as prices of petrol and groceries rose due to reductions in various government subsidies. The beer market, already soft, was made even more difficult by contraband beers that are able to price themselves a lot cheaper than our products. The demand of contraband beers has increased over the course of time, as consumers are becoming more cost conscious. Consumers might not realise that these contraband beers may not be able to guarantee the same quality, health and safety standards that GAB products warrant. We appreciate the work that the Royal Malaysian Customs have done to combat contraband beers but much more needs to be done. Therefore, we will continue to engage the relevant authorities on this issue.

The Company was also hit hard with an increase in excise duty payment due to a new valuation method introduced by the Royal Malaysian Customs that came into effect on 1 November 2013. The new method included advertising and promotions expenditure in the valuation and that change has resulted in higher duty payment for the Group.

Under the difficult circumstances, GAB's FY14 profit before tax slipped 7.9% to RM265.8 million.

## Challenging the Status Quo

Last financial year is not the first time that GAB has had to face such adversity; the Company, which has been in operation for almost five decades, has had its fair share of ups and downs. To ensure that we achieve

healthy and sustainable financial returns, we have had to really take a hard look at ourselves, challenge the status quo, re-evaluate our long term strategy and recharge our growth engine with the goal of sustainable financial success for years to come.

With the long term view in mind, we made the conscious decision to continue investing significantly in our brands. I am delighted to say that our investments have paid off as GAB received yet another three prestigious Putra Brand Awards in 2014 - Gold for Tiger and Heineken, and Silver for Guinness. These awards are particularly meaningful as they are measured by consumer preference in Malaysia.

Regardless of the hurdles that we will be encountering, I do believe that GAB has strong fundamentals and a sound strategic vision for us to overcome challenges and leverage on opportunities to maximise shareholder return.

Our core brands have certainly come a long way since they were launched in Malaysia decades ago. Today, apart from having iconic status; they have also come to be known for being host to world-class marketing events. FY14 marked *Tiger FC's* 10<sup>th</sup> anniversary of uniting football fans across Malaysia through its various *Big Away Game* viewing parties. The brand also introduced an exciting new consumer platform called *Tiger Translate* to our shores. *Guinness Arthur's Day* and *Heineken Thirst* continued to attract its legion of fans at its respective celebrations. Moreover, all these consumer engagements reinforces our core brands' positions – Tiger Beer as the fastest growing brand in Asia, Guinness as the World's No. 1 stout and Heineken as the World's No. 1 international premium beer.



“Brewing success  
with innovation”

**Hans Essaadi**  
Managing Director

## MANAGING DIRECTOR SAYS...

Another brand highlight in FY14 that I am very proud of is the progress we made on the innovation front. With consumers becoming increasingly discerning and demanding, it made strategic sense for GAB to add more icons into our portfolio so that we may meet consumers changing taste buds. In November 2013, we introduced a line extension called Tiger Radler, which combines the award winning taste of Tiger Beer and zesty flavour of natural lemon juice.

Not content with just line extensions, GAB went a step further and added our first new brand to the portfolio in five years. Kirin Ichiban is Japan's No. 1 100% malt beer and Malaysians have responded well to this super-premium product. In June 2014, we also launched our first ever ready-to-drink alcoholic beverage, Smirnoff Ice. We felt Smirnoff Ice is a good fit for GAB because it introduces a whole new drinking experience to our consumers, further widening our reach. Besides that, Smirnoff Ice also has a proven track record of being the World's No. 1 ready-to-drink alcoholic beverage.

By the end of the FY14, our portfolio grew to an amazing 14 products and by enhancing our product mix, we are effectively making our business future ready.

### **A Culture of Focus and Drive**

When times are tough you can really see what people are made of and by that notion, I must say that I am indeed privileged to be working with such a resilient team. Each and every one of our employees have been facing the challenges head on and are all on board to make the Company more efficient, more focused and more driven. In fact, when the Heineken NV Chairman and CEO, Jean Francois Van Boxmeer and Executive Board Member and Chief Financial Officer, Rene Hooft Graafland made a visit to GAB in October 2013, they were especially struck by the level of energy and drive demonstrated by the employees here.

Over the financial year under review, we made every effort to streamline our processes and systems whilst looking at ways to address gaps in the organisational front. At the same time, we also made every effort to ensure that our employees remain motivated and empowered. Part of that motivation and empowerment comes from our culture of transparency where employees have several platforms to air their concerns and suggestions. Apart from the quarterly townhalls and department updates, employees are also able to have regular casual catch-ups with the Management Team at

the Tavern, our in-house bar. The Tavern went through a major renovation in September 2013 and the employees and our guests have given positive feedback of the new décor, which features a hybrid of industrial modernity and historical elements.

Infrastructure aside, in FY14, we also enhanced our performance management scheme for management employees. The change enabled more weightage to be given to personal performance for reward assessment.

The HR team has also worked hard to encourage employees to adopt a balanced and healthy lifestyle. Our employees have the option of attending yoga, kickboxing and basic workout classes run by qualified instructors at no cost. Healthier menus were also introduced at our in-house cafeteria, with those ordering healthy meals entitled to additional staff discounts. The Company is and will continue to look at ways to enhance our HR policies and initiatives to retain and attract the best of local talents.

### **Making Partnerships Count**

GAB is the country's leading brewer, but we would not be where we are without the support of our partners. As such, year on year we make considerable investment to strengthen our relations with our distributors as well as our trade partners.

In FY14, we held our 7<sup>th</sup> Distributor Engagement, where we presented our plans, changes in policies and discussed further opportunities. Last financial year, we also invited a tax expert to the session to give our distributors an update on Goods and Services Tax (GST) so that they may be encouraged to get ready in time. In essence, these engagements serve as a key arena for us to share best practices and seek feedback on how we may improve as a partner.

In the same year, we also hosted the 2<sup>nd</sup> HAPA-GAB Excellence Awards to recognise and reward the crème de la crème of the hospitality industry. The number of entries almost tripled this time round as compared to when the awards programme was launched in 2012. It is encouraging to see the growing number of outlet owners who are taking an active interest to raise their quality and service standards.

GAB Professional Solutions (GABPS) continued to make headway by providing training to outlets all across Malaysia. To date, GABPS has trained more than 12,000 individuals over the past 5 years.

## Corporate Responsibility is Central

Our commitment to corporate responsibility (CR) remains. A key CR focus is product safety and that means we only produce the highest quality of product, using only pure and safe ingredients. GAB is the first brewer in Malaysia to be certified the HACCP standard, which means our supply chain and production processes meet the highest hygiene and safety standards.

Over the past financial year, we also actively looked for ways to reduce our environmental impact. As in past years, we continue to track our electricity, thermal energy and water consumption against a benchmark that is based on Heineken's Utilities Benchmark model.

As a reputable and trusted corporation, we also make head way in leading the responsible drinking agenda with our Drink Sensibly (DS) initiative. FY14 marks the initiative's 3<sup>rd</sup> year and over the past financial year, we continued to spread sensible drinking messages at all our major events. To drive home the message of sensible drinking, we also leveraged on our DS mobile app to run a festive campaign themed *Be a DS Angel*.

In terms of corporate social responsibility, GAB Foundation made substantial progress in all three pillars – Environment, Education and Community. The flagship initiative, the W.A.T.E.R Project continued to gain traction both in Selangor as well as in Perak. GAB Foundation also took the water conservation cause to the public with the *#bewaterwise* campaign which ran over a period of two months kicking off with World Water Day which fell on 22 March 2014.

The priority we place on corporate responsibility is reflected in the way we report and disclose our efforts in the areas of sustainability, environment and social impact. I am pleased to say that we were awarded the ACCA Malaysia Sustainability Reporting Award (MaSRA) for our 2013 reporting efforts in "Product Responsibility".

You may refer to our Corporate Responsibility Overview pull-out for more details on our CR efforts. You may also refer to the section "Community Outreach" in this annual report for more details on GAB Foundation's efforts.

## Taking Charge of Change

Over the past financial year, GAB has conducted a comprehensive assessment of our business, evaluating what has worked well in the past and exploring what the Company needs to do to stay ahead the curve.

With the Company evolving, it seems apt for us to also revisit the Company's Vision and Mission. After careful consideration, discussion and several brainstorming sessions involving representatives from all levels with the Company, we decided to modify GAB's Vision and Mission so that it is fully representative of the way the Company is moving forward.

Our Vision is to be Malaysia's Most Celebrated Drinks Company and our Mission is Brewing Great Moments with Great Drinks.

We do expect Financial Year 2015 (FY15) to remain challenging and with the introduction of GST in April 2015, there is an air of uncertainty.

To mitigate key challenges, we have in place 5 strategic areas that we will be focusing on to raise GAB's game:

- 1) We will continue to put investment behind our core brands – Tiger, Guinness, Heineken and Anchor
- 2) We will further increase investment behind innovation
- 3) We will continue to enhance cost effectiveness and efficiencies in our processes and systems
- 4) We will drive excellent outlet execution in all channels
- 5) We will do what we can to support the government's fight against contraband beers

Regardless of the hurdles that we will be encountering, I do believe that GAB has strong fundamentals and a sound strategic vision for us to overcome challenges and leverage on opportunities to maximise shareholders returns.

On a final note, I would like to thank shareholders, our business partners and our employees for supporting GAB through this challenging year.

**Hans Essaadi**  
Managing Director

20 October 2014

# OPERATIONAL OVERVIEW

The year in review has been a challenging but eventful one for GAB. In order for the Company to achieve long term sustainable growth, we have made innovation a core strategy for our business. Apart from launching new products and creating new consumer experiences, we also reviewed our processes and systems to bring the Company's efficiency and productivity to the next level.

## **Growing Brands**

At the heart of GAB is our portfolio of world-renowned brands, but with our consumer base being so diverse and evolving so quickly, we must constantly up the consumer game and that means expanding our portfolio to maximise opportunities. Over the past financial year, we introduced our first new brand in five years with Kirin Ichiban, Japan's No. 1 100% malt beer. Malaysia consumers were also presented with a whole new drinking experience with Smirnoff Ice, the World's No. 1 ready-to-drink alcoholic beverage.

In the main arena, Tiger Beer continued to take the lead as one of Malaysia's top beer brands, and its brand appeal was further widened with the launch of Tiger Radler. This new variant, which combines the crisp and easy-drinking taste of Tiger Beer with the zesty flavour of natural lemon juice, is doubly refreshing and very well received. Another major highlight for Tiger Beer fans was the debut of its multi-sensory campaign *Tiger Translate*. The campaign launch featured an unconventional fusion of art and music that attracted about 5,000 Tiger Beer fans. Finally, *Tiger FC* continued to bring football fans fantastic viewing parties. In its 10<sup>th</sup> year, Tiger Beer organised the biggest viewing yet with the *Tiger FC Big Away Game* in various venues nationwide.

The World's No. 1 stout, Guinness, also gave its fans much to shout about over the past year. Thousands were treated to 'live' performances from world leading performers like *Five for Fighting* and *The Wanted* at the

*Guinness Arthur's Day* last September. This five-hour long party at Sepang International Circuit was the perfect end to a month long celebration commemorating Arthur Guinness for being the founding father of the world's favourite stout.

In the world of premium beers, Heineken, continued to make its presence felt. 2013 marked Heineken's first year as the official beer partner for *CIMB Classic Pro-Am*, PGA Tour's first ever official *FedEx Cup Tournament* in Asia. To celebrate the milestone, Heineken organised its first golf Championship which saw the top two players playing in the *CIMB Classic Pro-Am*. Another high point for the World's No. 1 international premium beer was *Heineken Thirst*. The annual electronic dance festival has built a reputation for providing uncompromising and unconventional music experiences. Last year, headlining *Heineken Thirst* was prominent French House DJ and producer *David Guetta* who delivered chart topping hits to a crowd of 20,000. The event which also had *Afrojack*, *W&W*, *Nervo*, *Madeon*, *R3hab* and *Example + DJ Wire* bringing the house down was named the 'Most Talked About Upcoming Event' in the leading nightlife and lifestyle magazine, *Juice*.

## **Perfecting Brews**

In our quest to become a World Class Brewery Organisation, we expanded the Total Productive Management (TPM) methodology from seven to nine pillars. The implementation of TPM is key to our continued growth and success, as it aims to eliminate losses in all processes of the supply chain. The full rollout of the Logistics pillar, together with the new pillars Demand Planning and Returnable Packaging Material (RPM), resulted in an improvement in forecast accuracy, better warehouse productivity and efficiency, lower delivery costs, optimised materials inventory, and improved the Returnable Package Management (RPM) circulation time and returns rate.

We also continued carrying out the Energy Saving Programme (ESP), which is a comprehensive and systematic programme to reduce the consumption of electricity, water and thermal energy. First initiated in 2009, the ESP requires us to measure, control, optimise and monitor all the natural resources related processes to achieve the brewery's UBM (Utility Benchmark Module) target.

### **Strengthening Partnerships**

We recognised long time ago that for GAB to enjoy long-term success, we must have long-term business partners who share our vision, beliefs and goals. We are so serious about establishing relations that we have a dedicated arm focused on doing just that. GAB Professional Solutions (GABPS), in existence since 2012, has been providing consultancy services as well as training services to our outlets across Malaysia. The training programme, which aims to raise the service standards of F&B outlets, has seen 12,000 graduates and they include front line staff to restaurant and bar managers. As a company that is committed to raise food and beverage service standards in Malaysia, it seems a natural extension for us to recognise the best in the industry. The 2<sup>nd</sup> HAPA-GAB Excellence Awards took place last year and three times more outlets vied for the position *Best Outlet of The Year*.

### **Community Outreach**

For GAB, apart from financial success, we place equal importance on being a positive and responsible corporate. To create real impact, we set up a Foundation seven years ago to focus on carrying out corporate social responsibility initiatives under three priorities – Environment, Education and Community.

Over the past year, we continued to progress in all three areas. The flagship project for Environment is the W.A.T.E.R (Working Actively Through Education & Rehabilitation) Project. W.A.T.E.R Project has been highly successful in Selangor where we have

rehabilitated Sungei Way River from a Class IV-V (Extremely polluted) to a Class III (Suitable for living organism) river. A huge part of that success comes from making the local community aware that they have an important role to play in the rehabilitation process, especially in terms of pollution prevention. The success we have achieved is now being replicated in Perak where our W.A.T.E.R Project education outreach has been in motion for two years. In the past year, we were able to reach 41 schools, 18 grassroot communities and 10 business communities, highlighting to them the importance of water source conservation as well as river rehabilitation. Together with our NGO partner, Global Environment Centre, we were able to work with the local community on how to maintain Sungai Kinta by conducting educational outreach programmes. Our efforts have proven to be complimentary to the rehabilitation work that is being carried out by the Department of Irrigation and Drainage (DID) Perak and other local government agencies.

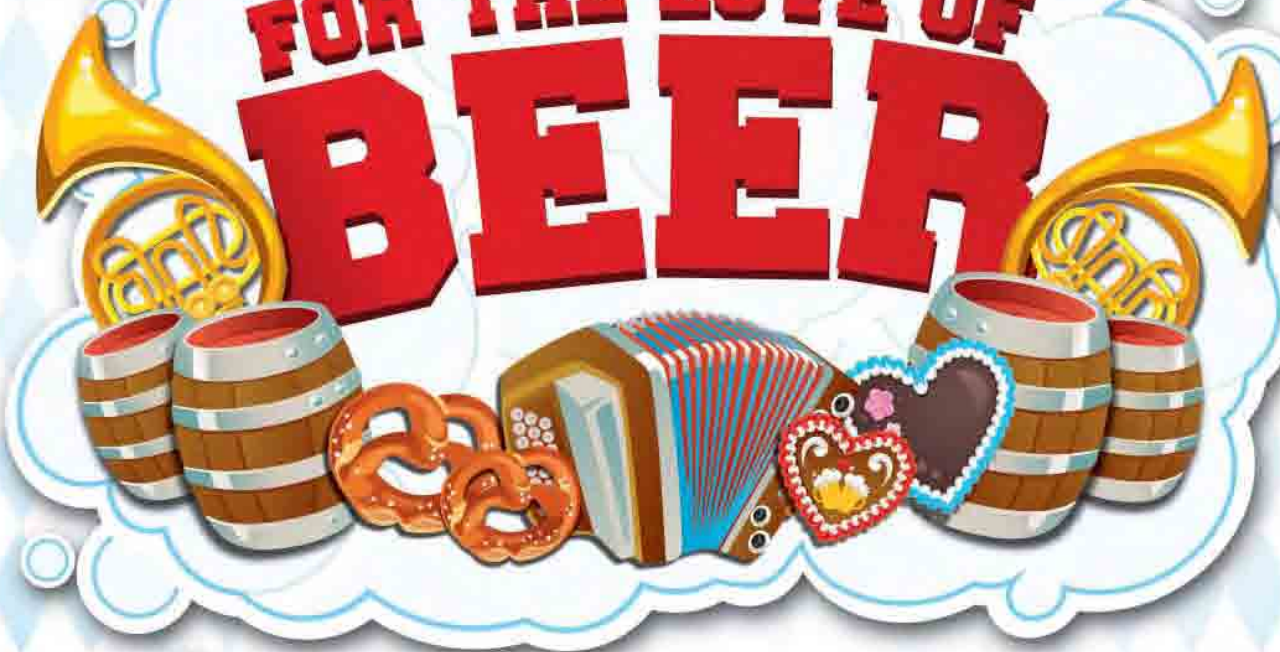
On the Education front, we continued our commitment with the *English Enrichment Training Programme*, this year we enhanced the initiative by conducting the training in smaller groups so that teachers have greater access with the mentors for one-on-one guidance. We reflected this change after receiving feedback from the previous participants. We also widen the reach of the programme by making the programme available to teachers from the state of Kedah. Previously, only teachers from Perak, Malacca, and Negeri Sembilan, Sabah and Sarawak participated.

In terms of local community, the GAB Foundation is delighted to have had the opportunity to makeover 24 schools across Malaysia as part of the Company's annual *Big Day Out*. The initiatives include, repainting of schools, as well as carrying out simple hardware improvements. Through this effort, more than 5,000 students were able to benefit from the changes that we made.



**Oktoberfest**  
2013

**FOR THE LOVE OF  
BEER**



# GROWING BRANDS



The GAB team is all smiles after winning two Golds and a Silver at the Putra Brand Awards 2014. This brings our tally to 16 wins over 5 years.

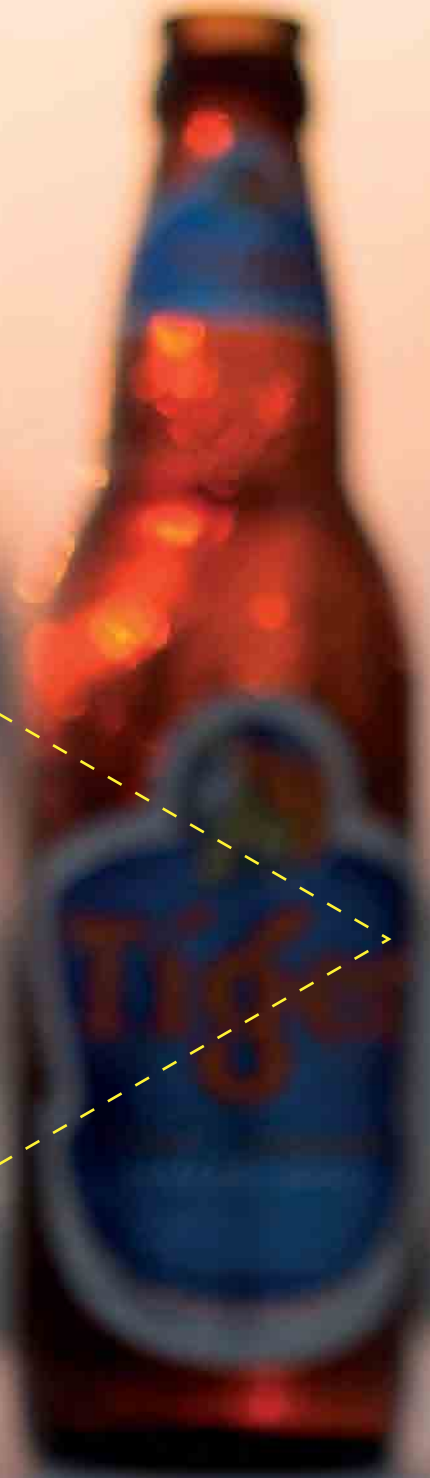
GAB is proud to have an iconic portfolio loved by consumers across Malaysia. We really felt the love of our consumers when we were honoured with another three Putra Brand Awards in the last financial year – two Golds for Tiger and Heineken and a Silver for Guinness. This brings our tally for the prestigious awards to 16 wins over 5 years.

We have always taken pride in hosting world-class events, and the past year is no different. Consumers mark their calendars many months in advance in anticipation of our flagship events such as *Tiger FC Big Away Games*, *Guinness Arthur's Day* and *Heineken Thirst*. To show our gratitude for such overwhelming support, we rewarded our consumers by coming up with even more great events, such as *Tiger Translate* and *Heineken Championships* and ramped up the ever popular *Guinness Made of More* campaign.

Another brand highlight over the past year is our innovation initiative. Apart from introducing brand extensions such as Tiger Radler, we also added new brands to our portfolio, a first in five years. Kirin Ichiban and Smirnoff Ice may be new to our portfolio but they are already icons in their own right.

Over the next few pages, we shine the spotlight on all our brands and their world-class consumer campaigns which we are known for.

- World acclaimed iconic Asian beer
- Malaysia's leading beer brand
- Gold winner at the 2014 Putra Brand Awards







*Tiger Translate*, an unconventional multi-sensory fusion of arts and music, made its debut in Kuala Lumpur on 14 June 2014.

Tiger, with its Asian roots and heritage coupled with its international success, continues to generate exciting entertainment to consumers nationwide with great experiential activities like *Tiger FC*, *Tiger Street Football* and *Tiger Translate*.

*Tiger Translate*, an unconventional multi-sensory fusion of arts and music, made its debut on 14 June 2014. It was headlined by British indie rock band – *Editors* alongside *Chochukmo* from Hong Kong, *Manic Sheep* of Taiwan and our very own *OJ Law*, *Mad August* and *IndieGO*.

On the art front, the event saw artistic collaboration between three homegrown artists – graffiti artist *Kenji Chai*, tattoo artist *Lynda Chean* and graphic artists *Tsu Ann* and *Jaemy of Kickatomic*. The artists designed limited edition *Tiger Translate* beer bottle sleeves which were showcased at the event.



*Tiger FC Big Away Games* have been uniting football fans for 10 years at various venues nationwide.

The *Tiger FC Big Away Games* continue to be a crowd puller. Imagine the roar of thousands of fans, fun, food and beer! During its 10<sup>th</sup> year, Tiger continued to unite fans of the beautiful game via the screening of these football matches in various venues nationwide. Nothing beats sitting with your friends enjoying a couple of cold Tiger beers while watching the game unfold on a giant screen. If you cannot be in the stands, this was the best alternative!

Fans also had the chance to be featured on the front cover of a football “magazine” at the *Tiger FC* photobooth during the *Tiger FC Big Away Games*. They were delighted to be snapped striking a heroic pose at the booth, and by the marvels of modern technology, have their pose inserted as their very own football front page.

There were further treats for football fans as the *Tiger Street Football* event made a return to Malaysia in August 2013, with teams from the Netherlands, England, Thailand and Singapore competing in the Malaysian leg of the tournament. Players pit their skills against each other under the watchful eyes of Tournament Ambassador, former World Cup-winning captain and 2006 Ballon d’Or winner Fabio Cannavaro – who is one of the greatest defenders of his generation, and a huge inspiration for aspiring footballers around the world.



A total of 27 Malaysian teams pit their skills against each other at the *Tiger Street Football* event.

Held in partnership with Fox Sports, 27 Malaysian teams participated in the 5-a-side tournament, of which the top four advanced to play against the international teams. Unique to *Tiger Street Football*, is the oval-shaped “Street Football Cage” that is covered by a net suspended some two-and-a-half meters above the ground which guarantees continuous play. There are no sidelines and the style of play is quite simple - non-stop and high-octane explosive football action.

Tiger continued to collaborate with Sin Chew Daily and Guang Ming Daily through the *Tiger-Sin Chew Chinese Education Charity Concert (CECC)*, where proceeds were used to improve facilities of Chinese vernacular schools. Initiatives include the provision of basic amenities such as new school buildings, additional classrooms, canteens, multi-purpose halls and even bicycle sheds to modern technology such as computer labs and smart classrooms. Initiated in 1994, the financial year saw more than RM17 million raised through 13 concerts attended by about 21,000 people. Over the past 21 years, we have raised more than RM253 million.



ESTD  
1759

ST. JAMES'S GATE  
DUBLIN, IRELAND

**GUINNESS**

FOREIGN EXTRA

SELECTIVE QUALITY  
STOUT

- The No. 1 stout in Malaysia and around the world
- The iconic brand sells more than 10 million pints daily worldwide
- Guinness is the world's most distinctive beer, born out of determination, courage, ingenuity and passion





Fans were treated to five hours of live performances featuring some of the hottest international music stars at *Guinness Arthur's Day 2013*.

Guinness, the preferred choice of premium black beer for drinkers around the world since 1759, continues to thrill consumers with its flagship *Guinness Arthur's Day* celebration and its bold *Made of More* campaign. We also unveiled a new look for the Guinness Foreign Extra last November, which generated excitement throughout the holiday season as it was the first major redesign for Guinness in decades.

Going by the tagline, "A Signature Style for a Signature Brand", the bold new design appeals to the modern consumer with metallic gold finishes, yellow racetracks of colour and layering of contemporary typography. The iconic "bull dog" remains on the neck label as the classic icon of Guinness in Malaysia complete with a sweep of Arthur Guinness' signature which adds to its premium contemporary aesthetics.

Fans are no strangers to our *Guinness Arthur's Day* celebration, with five hours of live performances rocking the Sepang International Circuit on 27 September 2013. Some of the hottest international music stars, *Five for Fighting*, *All American Rejects* and *The Wanted*, as well as local artists *Once Upon A Time There Was A Sausage Named Bob* and *Prema Yin*, took to the stage to celebrate the remarkable legacy of Arthur Guinness, the founder of Guinness.



As part of the *Made of More* campaign, the Bold Truck went to several locations in Kuala Lumpur to reward Malaysians who are bold enough to leave work on time.



Social entrepreneurs received support valued at RM240,000 via the *Entrepreneurs For Good 2014* programme, organised by *Arthur Guinness Projects* in partnership with British Council.

The crowd at Sepang International Circuit sang along when smash hits such as *Five For Fighting's* "Superman", *The All American Rejects'* "Dirty Little Secret" and *The Wanted's* "Chasing The Sun" played.

Upon arrival, fans were introduced to Guinness' historical journey with the Guinness timeline wall. With one foot on the concert area, the huge *Guinness Arthur's Day* stage could be seen from afar as the architectural marvel spanned 150ft across. Together with their pints of Guinness, fans soaked in the lights, the sound and the atmosphere of people coming together to celebrate the legacy of Arthur Guinness.

Back in the concrete jungle, Guinness gave an incentive to Malaysians to leave work on time through its *Made of More* campaign, as the workforce in three locations were rewarded with a cold pint from the Bold Truck exactly at 17:59, which is Guinness Time! At the stroke of 17:59, the truck, a portable 'pop-up mobile pub' complete with taps dispensing Guinness Draught, opened up to reveal the bar hidden inside. Guinness brand ambassadors alighted, ready to serve the bold, deserving consumers a cold pint of the world's favourite black brew as their reward for showing they were *Made of More* by leaving work on time.

Guinness also encouraged boldness by providing business and financial support to social entrepreneurs via the *Entrepreneurs For Good 2014*, a programme organised by *Arthur Guinness Projects* in partnership with the British Council. As part of the programme, a nationwide roadshow was conducted to find the best of the best Malaysian social entrepreneurs – those who made the bold choice to set up businesses that are not focused just on profit, but on benefitting the lives and livelihoods of the communities around them.

A shortlist of 20 of the country's best social entrepreneurs pitched their ideas to a panel of judges comprising industry leaders and leading social enterprises. Six teams, *The MAD Experience*, *CleanBites*, *Catama Craft Enterprise*, *BYOB Green Concepts*, *Ecocentric Transitions* and *Shuttle Go*, convinced the judges to receive business and financial support. This year long programme came at a cost of RM240,000 and it includes training, mentoring as well as various forms of assistance.




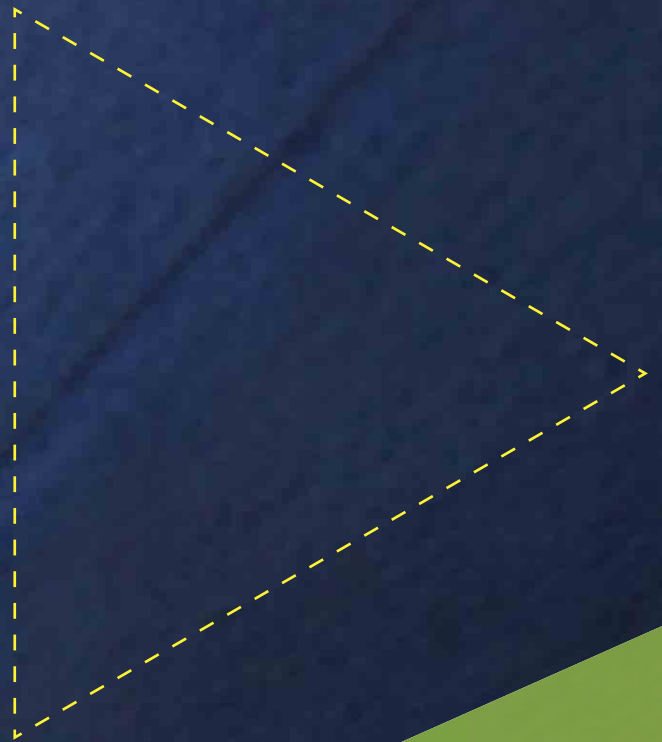
HEINEKEN LAGER BEER

**Heineken**

PREMIUM QUALITY

BREWED WITH PASSION FOR QUALITY

- 
- The World's No. 1 international premium beer brand
  - Renowned for its progressive, innovative personality built on its core values: Open Minded, Cosmopolitan, Inventive and Witty
  - Gold winner at the 2014 Putra Brand Awards





Fans at *Heineken Thirst 2013* were thrilled by performances from international superstars such as *David Guetta*, *Afrojack*, *W&W*, *Nervo*, *Madeon*, and *Example+DJ Wire*.

Heineken, the beer with the legendary five-pointed star, continues to host world class premier events that are in line with its status as the World's No 1 international premium beer. Heineken has always been proud of its association with the *UEFA Champions League* and is the official beer partner of the *CIMB Classic*, PGA Tour's first ever official *FedEx Cup Tournament* in Asia.

After a month of pre-*Thirst* parties, the Sepang International Circuit opened its doors on 14 December 2013 to excited Heineken fans who danced the night away to the beats of seven international superstars. Headlining the lineup was famed world-class DJ and music producer *David Guetta*. Other artists include *Afrojack*, *W&W*, *Nervo*, *Madeon*, *R3hab* and *Example + DJ Wire*.



Winners of the *Road to the Ibiza Final* campaign were flown to Ibiza, Spain, to watch the *UEFA Champions League Final*.



Gregory Eu was one of the two winners of the *Heineken Championship 2013* who secured places to play at the prestigious *CIMB Classic Pro-Am 2013*.

*Heineken Thirst* also saw the debut of the Club Bottle in Malaysia. Its vector-funk style became the inspiration behind the amazing *Heineken Thirst* landscape which was designed to glow, excite and astound. It was indeed a night of electrifying music experiences as *Heineken Thirst* was named the 'Most Talked About Upcoming Event' in the leading nightlife and lifestyle magazine, *Juice*, in its "Best of 2013" issue. In the social mediascape, the *Heineken Thirst* hashtag (#Thirst2013) was trending at second place for almost eight hours, while there were 7,904 organic Instagram *Thirst* posts.

For the 10<sup>th</sup> consecutive year, Heineken was the proud sponsor of the prestigious *UEFA Champions League*. To mark this milestone, Heineken unveiled the legendary *Road to the Ibiza Final* campaign. The winners of this campaign were flown to the party capital of the world, Ibiza, Spain, to watch the *UEFA Champions League Final* in an extraordinary screening setting.

All they needed to do was to enjoy a Heineken to secure a "Half Ticket". The code on the Half Ticket was then submitted via the campaign website, and before they

could blink twice, they were on the flight to Ibiza. The campaign also saw the launch of a limited edition *UEFA Champions League* can, which includes an exclusive glass packaged with a promotional 12-pack.

Aside from being a long-term sponsor of *UEFA Champions League*, Heineken is also proud to be the official beer sponsor of the *CIMB Classic*, PGA Tour's first ever official *FedEx Cup Tournament* in Asia. As a prelude to the *CIMB Classic*, Heineken also hosted its first *Heineken Championship* last October. Held at the Glenmarie Golf & Country Club, the two best grossing winners of *Heineken Championship* secured places to play with some of the world's best international golfing stars at the prestigious *CIMB Classic*.

Heineken also brought the unique flavour of prestigious hospitality to the *CIMB Classic*. Dubbed the *Green Experience*, the public hospitality marquee featured a well-designed setting for golf enthusiasts to lounge in style as they enjoyed a grandstand view of the game.



### **KILKENNY**

The No. 1 selling ale in Malaysia

- The Cream of Irish ales
- The silky smooth alternative to lagers and stouts
- The red velvety ale that is savored the world over
- The perfectly crafted pint with Irish origins dating back to 1710; a journey that is worth it



### **PAULANER**

The No. 1 German wheat beer

- Leading the German wheat beer segment in Malaysia
- Paulaner is brewed according to the “The German Purity Law” which states that it must be brewed from only the purest water, malted wheat and barley, hops and yeast
- Famed the world over for its unique flavour and highest quality
- Rapidly growing in popularity among the younger crowd in Malaysia



### **STRONGBOW**

The World's No. 1 cider

- World's best-selling cider
- The sparkling nature of the product and the over ice serving ritual gives Strongbow a crisp, refreshing taste
- Achieved 6 years of consistent growth
- Recognised as the first drink of the evening



## ANCHOR

A Malaysian favourite, enjoyed since 1933

- A popular brew with a smooth, refreshing taste
- Anchor Smooth was awarded Gold at the Monde Selection for 3 consecutive years from 2010 to 2012
- Anchor Strong is the bolder variant of the Anchor brand, brewed using cold filtration process resulting in a brew that is strong yet refreshing



## MALTA

The preferred non-alcoholic malt beverage

- A healthy malt drink ideal for people with active lifestyles
- A non-alcoholic malt beverage that boosts energy and alertness
- Contains all the goodness of malt, including a high concentration of Vitamin B (B1, B3 & B6)



## ANGLIA SHANDY

The Real Shandy

- The Real Shandy, an all-time Chinese New Year favourite
- Appeals to light drinkers with its refreshing buzz and unique blend of beer mixed with fizzy lemonade



1

1 Kilkenny set the mood for a merry Christmas by hosting a night of laughter with funny men Kavin Jay, Dr Jason Leong and Phoon Chi Ho.



2

2 Fans had a good time at the *Borneo Jazz Festival 2013*, where Strongbow was a key sponsor.

3 More than 164,000 fans enjoyed themselves at our *Oktoberfest* celebrations at 14 historically themed parties across Malaysia.

4 We gave away six new BMW 3-series cars at our *Chinese New Year Celebration of Abundance*.



3



4

### **Kilkenny**

Kilkenny, Malaysia's best-selling ale, hosted a night of laughter and fun during Christmas week last year. Appropriately themed "Spreading cheers and laughter this Christmas", guests were treated to not only the finest Irish ale; they were also entertained by the funny antics of Kavin Jay, Dr Jason Leong and Phoon Chi Ho. The presence of Malaysia's funny men certainly set the mood for a merry yuletide season. Another highlight of the night was the "Kilkenny Masterclass Experience", where guests learnt more on how to truly enjoy a pint of Kilkenny, from the right glassware, to the pour and the different taste notes that can be found in the Irish ale.

### **Strongbow**

Strongbow, the World's No. 1 cider, returned as a key sponsor of the *Penang Island Jazz Festival* in December and *Borneo Jazz Festival* in May. The festivals provided a welcoming atmosphere for visitors to kick back and relax to the smooth sounds of both local and international jazz musicians. Strongbow was also the sponsor of Lot 36, a weekly music gig at The Bee Publika.

### **Portfolio events**

During the past financial year, there was also a series of portfolio campaigns such as *Oktoberfest* and Chinese New Year. More than 164,000 fans took part in the *Oktoberfest* celebrations as 14 themed parties were held throughout Malaysia. During the festival, consumers were treated to a limited edition *Oktoberfest* 1-litre ceramic mug. They were also given the opportunity to taste the Paulaner Oktoberfest Bier.

Last year's Chinese New Year campaign also created a huge buzz as we gave away six new BMW 3-series cars! Called the *Celebration of Abundance*, consumers also had the opportunity to receive Samsung smartphones and vouchers after purchasing large bottles of Tiger, Guinness, Heineken, Anchor and Tiger Radler.



# INNOVATION

Consumers in Malaysia are becoming increasingly discerning, and for GAB to stay ahead of the game, we have made innovation a core strategy. In FY14, we added three new products to our iconic portfolio – one line extension and two new brands.



**DOUBLE REFRESHMENT  
WITH TIGER RADLER**



Tiger Radler combines the crisp and easy-drinking taste of Tiger Beer with the zesty flavour of natural lemon juice to produce a beverage that is doubly refreshing.

Radler has a distinguished pedigree in Europe: it has long been a favourite beverage during the sunny summer months on the continent. Renowned for its unique and refreshing flavour, Radler has been the go-to choice for generations of Europeans seeking to slake their thirst while socialising in the sun.

GAB introduced Tiger Radler in November 2013 at a party attended by over 500 people consisting of media, bloggers and Tiger Beer fans raring to try the refreshing taste of Tiger Radler for the first time. This exhilarating party featured invigorating performances from a smorgasbord of local comedians, bands and DJ's to provide an eclectic evening of double refreshment.

# Tiger Radler



The fun continued in 2014, with fans in Kuala Lumpur and Penang being treated to *Tiger Radler Pop Up Parties* in April and May. A barbecue night was held in the heart of Kuala Lumpur, whilst a beach party was held in Penang. During both events, fans were treated to bottles of Tiger Radler complemented by a splendid array of good food. The night went on with fun activities and contests, where fans brought home limited-edition Tiger Radler merchandise.



# KIRIN ICHIBAN BEER AT ITS PUREST



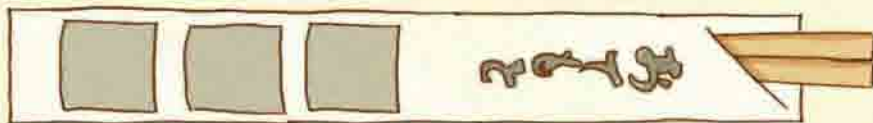
## THE "FIRST PRESS" METHOD



Our first new brand in five years, Kirin Ichiban is Japan's No. 1 100% malt beer. Brewed using the innovative "First Press" method, where only the finest ingredients – including the purest malt, and extracts from the first strain only are used in the brewing process. This results in a premium beer that is crisp, rich in flavour yet leaves little aftertaste due to its purity.



This makes Kirin Ichiban an excellent companion for any type of cuisine, regardless whether Asian or Western. Hence, it is no surprise that Kirin Ichiban is already available in more than 40 countries and the brand has enjoyed healthy growth in those markets.



Kirin Ichiban officially joined GAB's portfolio on 9 April 2014. We were delighted to have the Japanese Ambassador to Malaysia, His Excellency Makio Miyagawa to grace the celebrations. To mark the occasion, we hosted a Japanese-themed cultural festival, with the venue recreated to look like a Japanese food street. This was the perfect backdrop for over 400 guests to enjoy and appreciate the unique flavours of Kirin Ichiban.

Guests were entertained by Yosakoi dancers while enjoying Kirin Ichiban. Japanese food such as Yakitori (grilled skewered meat) were served at Yatais (traditional Japanese mobile food stalls), making it the perfect food pairing for Kirin Ichiban.





**FOR PRE-PARTIES, VISIVELY  
HOUSE PARTIES AND  
THE AFTER, AFTER PARTIES**



Exclusively for everyone



Suitable for any occasion and anywhere



World's No. 1 ready-to-drink beverage

Smirnoff Ice, a refreshing and crisp pre-mixed alcoholic drink with lemon flavour, is the World's No. 1 ready-to-drink (RTD) beverage.

Suitable for any occasion and anywhere, Smirnoff Ice is a drink for you – whether you are in shorts and sandals at a backyard barbecue, in your power suit after a long day of work or grooving to the tunes on the dance floor. Smirnoff Ice is indeed a drink “Exclusively for Everyone”.

Smirnoff Ice pioneered the RTD category in 1999, and more than 69.6 billion bottles are sold worldwide annually. It is currently the No. 1 pre-mixed alcoholic drink in countries such as the United States of America, Canada and Brazil.

In June 2014, to celebrate the addition of Smirnoff Ice to our portfolio, we threw a launch party that demonstrated the brand's manifesto: a celebration of honest, effortless, good times.

More than 400 guests arrived at a chilled out backyard barbecue, complete with an inflatable wading pool and a Kombi van-turned-mobile bar. But the party really leveled up when guests were ushered indoors to a club scene with tunes from electropop go-to-guy *Darren Ashley* and DJ trio *Indiego & Co.*

**Smirnoff Ice**





# PERFECTING BREWS

Our staff and brewery capabilities are key to keeping GAB at the forefront of the industry. In this section, we share with you an overview of the initiatives taken to enhance production efficiency and staff safety.



We continue to enhance systems and processes, improve efficiency, drive workforce performance and help cultivate a zero-loss mindset.

In FY14, we expanded the Total Productive Management (TPM) methodology from seven to nine pillars as GAB continued with its drive to become a World Class Brewery Organisation. The implementation of TPM is key to our continued growth and success, as it aims to eliminate losses in all processes of the supply chain. We promote a culture of consistent improvements, and our efforts are focused on resolving problems at the root cause throughout the company. With TPM, we are able to enhance systems and processes, improve efficiency, drive workforce performance and help cultivate a zero-loss mindset.

The nine pillars of the TPM methodology are:

- 1) Safety
- 2) Focus Improvement
- 3) Autonomous Maintenance
- 4) Planned Maintenance
- 5) Progressive Quality
- 6) Learning and Development
- 7) Logistics
- 8) Demand Planning
- 9) Returnable Packaging Material (RPM)

Over the past financial year, we made considerable progress in terms of Logistics. The full rollout of the Logistics pillar started in October 2013, and resulted in improved warehouse productivity and efficiency, lower delivery costs, and reduced waiting time for transportation trucks. We also experienced better supply of materials from vendor, and delivered our products on time and in full or what we refer to as OTIF.

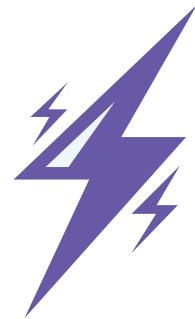
The new pillars, Demand Planning and RPM, kicked off in October 2013. Through the initiatives taken under these two pillars, we were able to keep our inventory level low, which contributes directly to the freshness of the products. This was possible as steps were taken to improve forecast accuracy, demand and production planning and optimised materials inventory. We also improved utilisation of storage space by encouraging distributors to return RPM, particularly bottles, kegs and pallets, according to the production plan.



## Thermal



## Water



## Electricity

In line with the TPM concept, an initiative called Energy Saving Programme (ESP) was implemented in 2009, which is a comprehensive and systematic approach aimed at reducing the consumption of electricity, water and thermal energy. The ESP requires us to measure, control, optimise and monitor all the natural resources related processes in order to achieve the desired target and against the brewery's UBM (Utility Benchmark Module) target. In FY14, to bring about greater awareness and efficiency, the measurements, controls, monitors and analysis of the various processes were made part of daily operations meetings.

In relation to ESP, we also invested in a few key projects in FY14:

- 1) Addition of a cooling tower for the bottling line
- 2) Replacing the evaporative condensers at the ammonia cooling plant
- 3) Replacing the de-chlorination carbon filters at the main water plant

All these projects contributed to lower water consumption and reduced electricity and thermal energy consumption. The estimate saving from these investments is about RM300,000 a year.

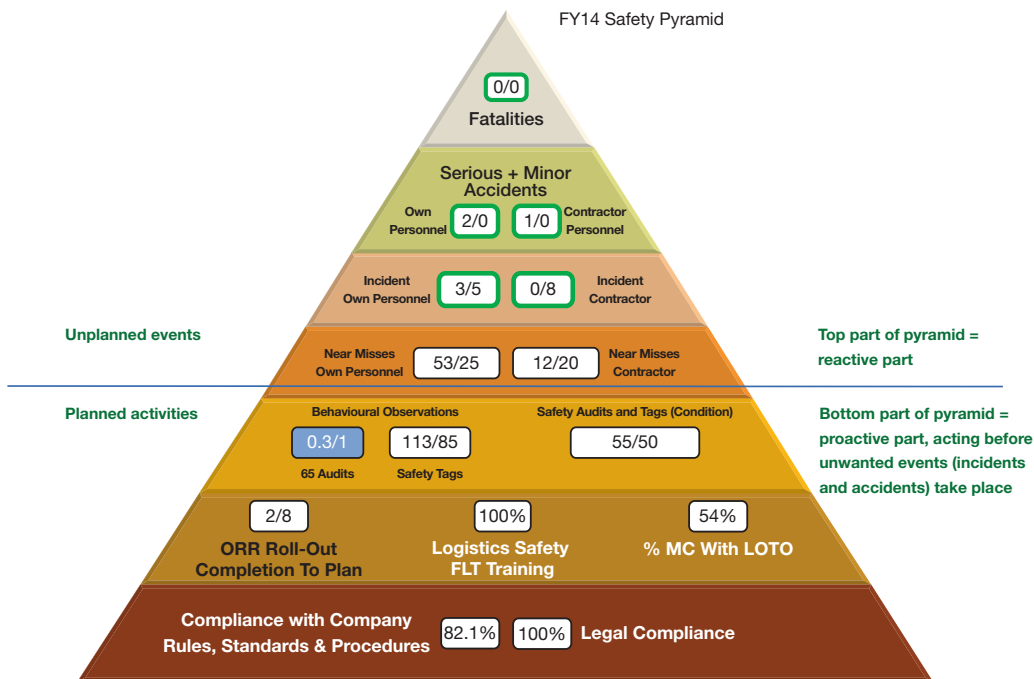
Further saving, both in terms of cost as well as environmental impact, was achieved when we opted for a different kind of aluminium can lid (from lid 206 to lid 202) for all our canned products. The new lids are smaller in diameter, and as such, we were able to reduce our aluminium consumption by approximately 5%, resulting in savings of about RM700,000 per year.

### **The Safety of Our Staff Comes First**

One of our key values is 'value and respect each other' and that means caring for one another. We have constantly taken proactive measures to improve staff safety. This ranged from awareness campaigns, improved near accident reporting process as well as improving operations and machinery.

In September 2013, we launched a *Safety Vision* campaign to raise awareness on the importance of safety at work in order to achieve our goal of Achieving Zero Accident.

To achieve our goal of Achieving Zero Accident, we implemented two key initiatives:



Ideally, the base of the pyramid, which represents safety initiatives and compliance, should be broad, while the tip – reflecting the number of fatalities and accidents – should be as narrow as possible.

i) Safety Pyramid

The model encourages employees to take more accountability by recognising and reporting near-miss accidents. These reports are invaluable as they help identify potential accidents spots, malfunctioning machines or unsafe practices promptly to prevent accidents from happening.

Our staff responded positively, as they diligently noted down potential dangers at the workplace. By the end of FY14, we received 65 near-miss reports, up from just 14 in FY13. To round off the campaign, a “Hall of Good Practices”, featuring safety tips and photos, was set up in May 2014 to remind employees of the importance of safety at work.

ii) Behavioural Based Safety

To further enhance our safety efforts, we also introduced the Behavioural Based Safety approach. This approach consists of managers reviewing

work methods and behaviours through regular on-site observations. The managers conducting the observation will do it in 30-minute blocks and during that time, they will be able to find out if potential accidents are being caused by unsafe acts and behaviour or due to working conditions and equipment. By recognising the root cause, we are then able to rectify the problem accurately and efficiently. Besides promoting a culture of anticipation, it also encourages teams to look out for one another.

In FY14, we also increased the number of signage in the brewery, including mounting signboards at essential areas and safety alerts to keep employees updated on safety related news and information. Over the last financial year, we managed to maintain 178 accident-free days bringing us closer to our goal of Achieving Zero Accident.



# STRENGTHENING PARTNERSHIPS



We recognised and rewarded the crème de la crème of the hospitality industry at the HAPA-GAB Excellence Awards 2014.

Strong long-term relationships with our external stakeholders are vital in ensuring the continued growth and expansion of our business. In this section, we share with you the initiatives taken to build, maintain and manage these relationships for sustainable and mutually beneficial results.

The financial year saw the return of the HAPA-GAB Excellence Awards, where we recognised and rewarded the crème de la crème of the hospitality industry. We are happy to highlight that the number of entries for one of Malaysia's most prestigious hospitality awards almost tripled since the inaugural awards in 2012. This shows that F&B outlet owners are increasingly committed and dedicated to raise service and quality standards in the hospitality industry.

The biennial event is a collaboration between GAB and Hospitality Asia Platinum Awards (HAPA), an independent body and leading regional hospitality awards programme. This is the second time that we were hosting the awards, which attracted entries from almost 200 top F&B establishments in the country.

## STRENGTHENING PARTNERSHIPS



Jimmy Goh Teong Hock in action at the inaugural Heineken Global Bartender Finals.

There were eight awards up for grabs: *Best Bar*, *Best Restaurant*, *Best Resto-Bar*, *Best Club*, *Best Product Quality*, *Most Innovative Guest Experience*, *Service Excellence*, and the most coveted *Outlet of the Year Award*. The outlets were judged on five key attributes: Product Quality, Service Quality, F&B Innovation, General Operations and Ambience.

To ensure that the highest standards of judging would be held, the panel of judges, a confidential group of experts and influential tastemakers selected by HAPA, visited the nominated outlets anonymously within a five-month period as part of the stringent judging process.

The top prize – the coveted *Outlet of the Year Award* for 2013-2014 went to *SOULed OUT* from Sri Hartamas, Kuala Lumpur. *SOULed OUT* also claimed the *Best Resto-Bar Award*, while the *Best Bar Award* went to *Never Mine*, Kuala Lumpur.

*The Bierhaus* in Taman Sentosa, Johor, won the *Best Restaurant Award* and the *Most Innovative Guest Experience Award*, while the *Best Club Award* was claimed by Johor's *Aruku The Walk*. *Malones Irish Bar*

located at the Pavilion Mall, Kuala Lumpur bagged the *Service Excellence Award*, while the *Best Product Quality Award* was given to *The Brazzo Restaurant and Lounge*, Johor.

### **GABPS Academy Hero of the Year**

The evening also saw Jimmy Goh, bar manager of Patio Bar and Lounge crowned GAB Professional Solutions (GABPS) Hero of the Year. The title was the result of him emerging as the national champion of GABPS inaugural Championship Series.

The Championship Series is open to all graduates of last financial year's GABPS training. These graduates consisted of front line service staff from various F&B outlets. There are three stages to the series; the first is the Regional Finals where 26 graduates were chosen based on their performance in six rigorous tests comprising intense interviews, written test, sensory test, beer pouring test, speed test and the customer order test. Second stage is the National Finals where six made the cut. They had to demonstrate a wide array of skills from perfect serve to service quality. They had to also

# GABPS ACADEMY

AT GABPS ACADEMY, IT IS NOT MERE TRAINING WE PROVIDE.  
WE PROVIDE AN INTENSIVE COURSE THAT SHAPES ONE TO BECOME THE CRÈME DE LE CRÈME OF THE HOSPITALITY INDUSTRY.

## | GABPS TRAINING



Before a star is born, the fundamentals of Product and Service Quality has to be mastered.

## | GABPS CHAMPIONSHIP SERIES



The journey begins where you battle your way to the global arena with the perfect serve.

## | GABPS HERO OF THE YEAR



Be the winner of the most esteemed Award known to mankind. The GABPS Hero of the Year.

showcase determination and charisma to make the cut. In the final stage, only three qualified and they were put through an intensive 3-day, 2-night boot camp to further enhance their skills.

Jimmy Goh not only survived the boot camp, but excelled in it and that led him to become overall champion – GABPS Hero of the Year! With the title, he was sent to Amsterdam to take part in Heineken's first Global Bartender Finals (GBF). He was amongst 20 finalists from 20 countries challenging to be world's best Heineken bartender. Jimmy Goh emerged as first runner-up, a great achievement by all counts.

Since 2012, GABPS Academy has been providing counsel and training to 12,000 members of the F&B industry. Over the past financial year, 1,400 F&B professionals were able to benefit from the academy's trainings which covered topics such as perfect serve, beer brewing as well as responsible serving.



Bartenders were put through rigorous tests at the GABPS Championships Series.



# COMMUNITY OUTREACH

For GAB, apart from financial success, we place equal importance on being a positive and responsible company. To create real impact, we set up a Foundation seven years ago to focus on carrying out corporate social responsibility initiatives with emphasis on three priorities – Environment, Education and Community. To date, we have been able to reach out to 22,000 people, 132 schools and 64 communities.



With the Mobile River Care Unit (MRCU), we are able to widen our education outreach of the W.A.T.E.R Project to raise awareness of the importance of preserving our water resources.

Total investments (July 2013 – June 2014)	
Environment	– RM1,135,000
Education	– RM856,000
Community	– RM276,000

**W.A.T.E.R Project Goes Beyond Selangor**

W.A.T.E.R (Working Actively Through Education & Rehabilitation) Project is our flagship initiative for the Environment. It is also GAB Foundation’s largest initiative as we believe we need to lead in creating more awareness on water as a valuable and finite resource. With the help of our NGO partner, Global Environment Centre, GAB Foundation has been able to make great strides with the W.A.T.E.R Project in Selangor where we successfully rehabilitated Sungei Way River from a Class IV - V to a Class III river. A huge part of our success comes from engaging the local community through a series of educational workshops, hands-on-training and active engagement. Through these sessions, we were able to raise their awareness and commitment to prevent the Sungei Way River from pollution and misuse.

The success which we have received from our local community engagement approach in Selangor is currently being replicated in Perak where our W.A.T.E.R Project education outreach has been in progress for two years. The overall aim in Perak is to protect the three main tributaries of Sungai Kinta – Sungai Buntong, Sungai Kledang and Sungai Senam. In the past year, we were able to reach local business communities, grass-root communities as well as schools. Through our engagement, they took away valuable lessons on how to upcycle waste products such as used oil into candles. They also learnt about composting as well as recycling. During the engagement sessions, they were also taught how grease traps work so that they can play an active role in monitoring pollution levels as well as clearing the grease traps on a daily basis.

We started W.A.T.E.R Project Perak in 2012 and have committed RM1 million to the project over three years, starting from 2012. An additional RM450,000.00 was committed for the upcoming initiatives to engage the wider community in Perak. Based on the overwhelming support and cooperation from the local government agencies, private sector and community, the W.A.T.E.R Project is planning to extend involvement in Perak by another year to 2016.

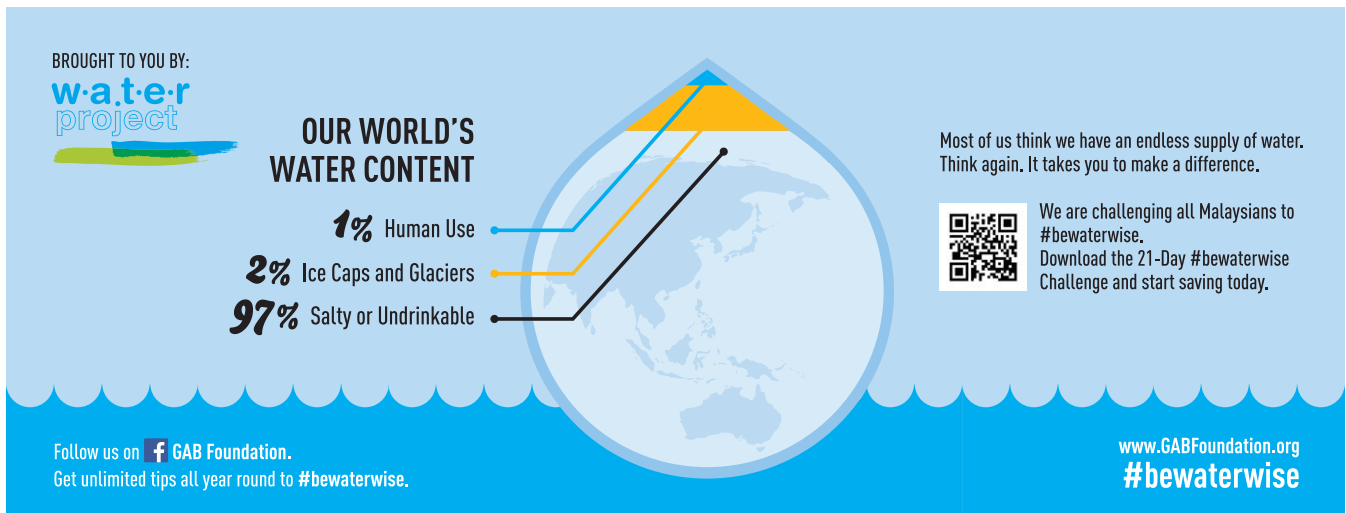
## COMMUNITY OUTREACH

Our efforts in Perak are complimentary to the work that is being carried out by the Department of Irrigation and Drainage Perak.

### Snapshot of W.A.T.E.R Project Perak Activities

1. Engaged 41 schools, 18 communities and 10 business communities
2. Funded the installation of 27 grease traps in business premises and schools across Perak
3. Secured 10 local government agencies to be on board and to participate in education outreach

In the past year, GAB Foundation also took the water conservation cause to the public. We launched the *#bewaterwise* campaign which ran over a period of two months kicking off on World Water Day which fell on 22 March 2014. During the campaign, GAB Foundation, in the capacity of W.A.T.E.R Project shared 21 tips on how individuals can conserve water. The tips were provided for a period of three weeks as that is how long it takes to form a habit. This campaign proved to be timely as the nation was experiencing a water crisis and the feedback we received was that the tips were very helpful.



W.A.T.E.R Project has also played an active supporting role for the River of Life Public Outreach Programme (ROLPOP) organised by PEMANDU. In the past year, our W.A.T.E.R Project Mobile River Care Unit (MRCU) was used by ROLPOP to reach out to communities and schools.

### Enriching Teachers Outside the Classroom

The second pillar for GAB Foundation is Education, and under that pillar is the *English Enrichment Training Programme* (EETP). In the last financial year, we enhanced the initiative by conducting the training in smaller groups so that teachers have greater accessibility to the mentors as well as more time for one-on-one guidance. We reflected this change after receiving feedback from the previous participants. This year, we widened the reach of the programme by making it available to teachers from Kedah. Previously, teachers from Perak, Malacca, Negeri Sembilan, Sabah and Sarawak participated. In the last training session, we also had an increase in the number of participants.



Teachers were equipped with creative teaching skills and class management skills at the *English Enrichment Training Programme (EETP)*.



At the Company's fourth *Big Day Out*, GAB employees gave 24 schools across Malaysia a makeover.

### Snapshot of EETP

1. Started in 2012
2. Reached out to 3,800 students through 206 teachers in 70 schools, in 3 years
3. Participants are from Perak, Negeri Sembilan, Malacca, Sabah, Sarawak and Kedah

As with previous years, teachers were equipped with creative teaching skills and class management skills during the training session. Presentations were also made to the teachers. This year's key speakers include Encik Jaul Anak Bunyau, a highly acclaimed principal of a top performing rural school in Sarawak and Dr Irene Ong, an early childhood education expert with 30 years of experience.

Equipped with new skills, the 74 participants were able to put what they learnt into practice in the classroom by conducting supplementary English lessons to Year 1 to Year 3 students from vernacular schools over a 22-week period. Through these supplementary classes, over 1,500 students benefitted from having more coaching from their teachers and as a result, were more comfortable in the use of the English language. What has worked well during these supplementary classes was that the EETP mentors were on hand to advise and guide the teachers to further their teaching expertise.

### Makeover with a Difference

Community is a key priority for GAB Foundation and the anchor project is the annual *Big Day Out*, where all the employees from GAB get together on a set date to enrich the surrounding communities where we operate from. Last year, the company's fourth *Big Day Out*, was themed "School Makeover" and 600 GAB employees were delighted to have had the opportunity to makeover 24 schools across Malaysia. Activities included repainting of schools, cleaning up as well as carrying out simple hardware improvements. What made the *Big Day Out* extra special was the increase in participation from business partners. We had a total of 190 business partners participating in the efforts, and one of them was Akzo Nobel Paints (Malaysia) Sdn Bhd who also sponsored paint for the makeovers across Malaysia. By giving the schools a makeover, we were able to benefit more than 5,000 students as they are enjoying the changes that we made at last year's *Big Day Out*.

GAB Foundation is very heartened by the support that we have received from all our initiatives over the past years. In our 7<sup>th</sup> year, apart from reaching out to the respective communities, we also gained a 100% increase in fans for our GAB Foundation Facebook page. To date, we have more than 8,000 fans of our work who are actively keeping track of our progress.

For more information on GAB Foundation, please visit [www.gabfoundation.org](http://www.gabfoundation.org).

# CORPORATE INFORMATION

## DIRECTORS

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

## SECRETARY

Ng Sow Hoong  
(MAICSA 7027552)

## AUDITORS

KPMG  
Chartered Accountants  
Level 10, KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor, Malaysia  
Tel : 603-77213388  
Fax : 603-77213399

## REGISTERED OFFICE

Sungei Way Brewery  
Lot 1135, Batu 9, Jalan Klang Lama  
P O Box 144, 46710 Petaling Jaya  
Selangor, Malaysia  
Tel : 603-78614688  
Fax : 603-78614602  
Website : [www.gab.com.my](http://www.gab.com.my)  
Email : [general.enquiry@gab.com.my](mailto:general.enquiry@gab.com.my)

## SHARE REGISTRAR

Tricor Investor Services Sdn Bhd  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur, Malaysia  
Tel : 603-22643883  
Fax : 603-22821886

## PRINCIPAL BANKERS

Standard Chartered Bank  
Malaysia Berhad  
HSBC Bank Malaysia Berhad

## STOCK EXCHANGE LISTING

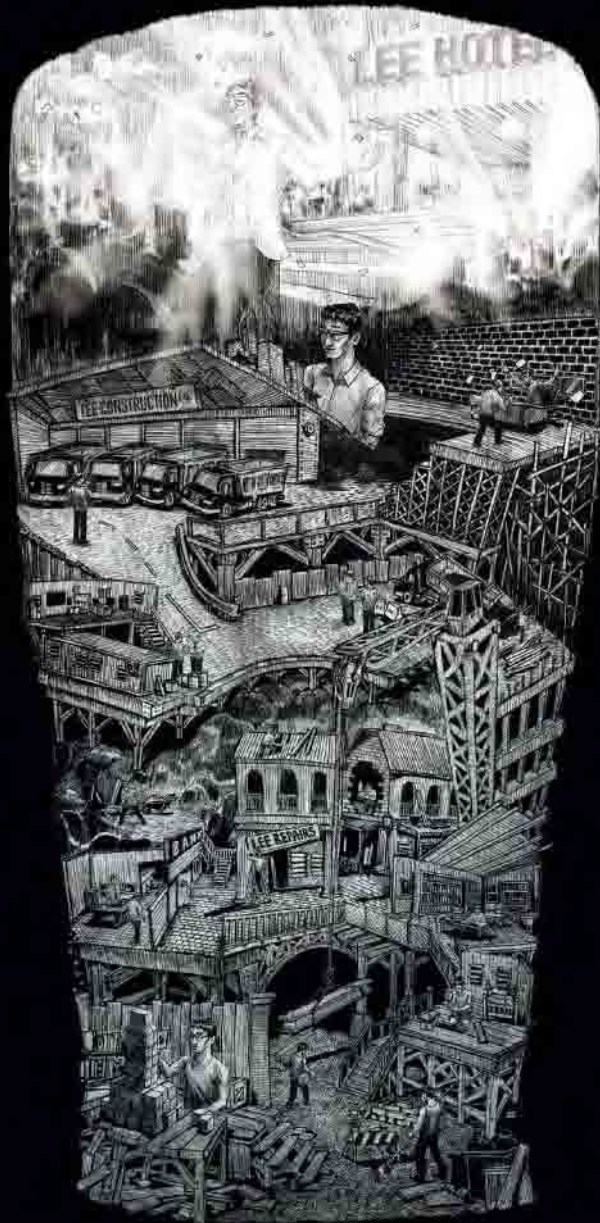
Listed on the Main Market of  
Bursa Malaysia  
Stock short name : GAB  
Stock number : 3255

## WEBSITE

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

The Company's Annual Report 2014  
is available on the Company's  
website at [www.gab.com.my](http://www.gab.com.my) and  
also on Bursa Malaysia's website at  
[www.bursamalaysia.com](http://www.bursamalaysia.com)

# LIFE REWARDS THE BOLD.



## WHAT ARE YOU MADE OF?

Create a 'Bold Pint' of your own and 'SHARE' it with us for a chance to win a trip to Dublin, Ireland. Make the move at [madeofmore.com.my](http://madeofmore.com.my) now.



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[TWITTER.COM/GUINNESSMY](https://twitter.com/GUINNESSMY)



**GUINNESS**  
MADE OF MORE

# BOARD OF DIRECTORS



**Dato' Saw Choo Boon**

Independent Non-Executive Director  
Chairman

**Hans Essaadi**  
Managing Director



**Martin Giles Manen**  
Senior Independent  
Non-Executive Director



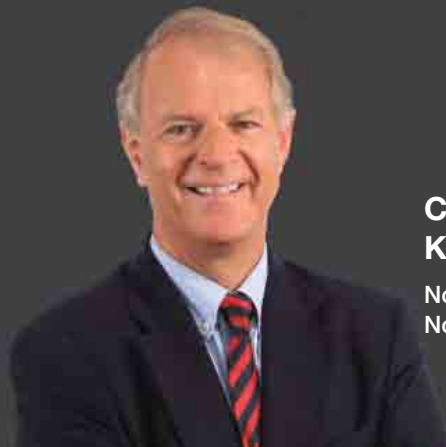
**Dato' Syed Salleh bin  
Syed Othman**  
Independent  
Non-Executive Director



**Datin Ngiam Pick Ngoh,  
Linda**  
Independent  
Non-Executive Director



**Michiel Egeler**  
Non-Independent  
Non-Executive Director



**Choo Tay Sian,  
Kenneth**  
Non-Independent  
Non-Executive Director



**Apurvi Haridas Sheth  
@ Apurvi Sheth  
Mirpuri**  
Non-Independent  
Non-Executive Director



**Alvaro Andres  
Cardenas Munoz**  
Non-Independent  
Non-Executive Director



## Dato' Saw Choo Boon

Bachelor of Science (Hons) (Chemistry) (University of Malaya)

Independent Non-Executive Director  
Chairman

Dato' Saw Choo Boon, Malaysian, aged 68, was appointed to the Board on 21 May 2012 and was elected Chairman of the Board on 22 November 2012.

Dato' Saw joined Shell in 1970 as a Refinery Technologist in Shell Refining Company (Federation of Malaya) Bhd. He then served in various capacities in manufacturing, supply, trading and planning in Malaysia, Singapore and the Netherlands. In 1996, Dato' Saw was appointed Managing Director of Shell MDS (Malaysia) Sdn Bhd and in 1998, he assumed the position of Managing Director for Oil Products (Downstream) at Shell Malaysia. In 1999, with the globalisation of Shell Oil Products business, he was appointed the Vice-President of the Commercial business in the Asia-Pacific region. In 2005, he assumed the position of Vice-President of the Global Marine division to manage the marketing of oil products to shipping companies globally. He was appointed the Chairman of Shell Malaysia from 2006 until 2009, and Senior Adviser until 30 June 2010 when he retired after 40 years of continuous service.

Dato' Saw also sits on the Board of Shell Refining Company (Federation of Malaya) Bhd, RHB Capital Bhd, RHB Investment Bank Bhd, Digi.Com Bhd and Ranhill Energy and Resources Bhd. In addition, he is the Co-Chairman of the Government's Public-Private Sector Special Task Force on Facilitating Business (PEMUDAH), President of Federation of Malaysian Manufacturers (FMM) Council, and a Director of the Socio-Economic Research Centre (SERC) Board of the Associated Chinese Chambers of Commerce and Industry Malaysia.

## Hans Essaadi

Bachelor's Degree, Major in Finance (Hotelschool the Hague)

Managing Director

Hans Essaadi, a Dutch national, aged 48, was appointed as Managing Director on 1 March 2013. He joined GAB on 4 January 2013 as Managing Director Designate and was appointed to the Board on 1 March 2013.

Hans started his career in 1991 as a Sales Representative with Heineken Netherlands and in 1995, he moved to Heineken Germany as Sales Manager. He returned to Heineken Netherlands in 1997, first serving as Heineken Export Manager with the Heineken Export Group and then as Senior Brand Manager until the end of 2002.

In early 2003, Hans was appointed Country Manager of Heineken Puerto Rico, a key market for Heineken Group as the No. 10 Heineken beer market in the world. By the end of 2005, he was appointed General Manager of Brau Union International based in Vienna, Austria, part of Heineken Region – Central and Eastern Europe.

Subsequently, in 2008, Hans was appointed General Manager of Sirocco, a joint venture between Heineken and Emirates in Heineken Region – Africa and Middle East, his most recent role prior to joining GAB. In this role, he oversaw several key markets in the Gulf Region and managed a portfolio of brands from various principals including Heineken International, AB InBev, Molson Coors and Asia Pacific Breweries.

Hans currently serves as a Governing Council Member of the Confederation of Malaysian Brewers Berhad, and as a member of the General Committee of the Malaysian International Chamber of Commerce and Industry (MICCI).

# DIRECTORS' PROFILE

## Martin Giles Manen

Chartered Accountant

Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants

Senior Independent Non-Executive Director

Martin Giles Manen, Malaysian, aged 59, was appointed to the Board on 29 August 2008.

Martin 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. After leaving the Sime Darby Group in 2007, he served as chief executive officer of a public relations and communications consultancy until May 2009.

Martin 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 and the Executive Committee of the International Fiscal Association (Malaysia Branch).

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

## Dato' Syed Salleh bin Syed Othman

Bachelor of Science Degree in Biochemistry (University of Malaya)

Independent Non-Executive Director

Dato' Syed Salleh bin Syed Othman, Malaysian, aged 67, was appointed to the Board on 1 February 2011.

Dato' Syed Salleh started his career in 1970 in Cold Storage Holdings, a British company, in which he was posted to Singapore and KL, working in their dairy division.

In 1972, he joined the ICI Group of Companies in Malaysia. In a career spanning 35 years, he served in various capacities locally and overseas within the ICI Group of Companies and positions held by him include:

- General Manager of ICI Industrial Chemicals Malaysia (1988-1992)
- Managing Director of ICI Paints Malaysia (1992-2004)
- Director of ICI Paints Singapore, ICI Swire Paints - Hong Kong, National Starch, Esterol and Uniqema
- Malaysia and Tioxide Asia (1995-2006)
- Chairman of ICI-NOF Powder Coatings Malaysia (1995-2001), ICI Paints Vietnam Ltd (1997-2006), ICI Swire Paints, China (1998-2005) and ICI (Malaysia) Holdings Sdn Bhd (1999-2006)
- ICI Country Head for Malaysia (2005-2006)

Dato' Syed Salleh has also been actively involved in various business and trade associations. He was a Council Member of the Federation of Malaysian Manufacturers (2002-2006), a member of the Executive Council of Chemical Industry Council of Malaysia (2002-2006) and a Founder Member of the Asian Paint Industry Council (1997-2006). He was also the Chairman of the Malaysian Paint Manufacturing Association ("MPMA") (1992-2007) and was later an advisor to MPMA until end April 2012.

Dato' Syed Salleh currently sits on the Board of Nippon Paint (Malaysia) Sdn Bhd.

## DIRECTORS' PROFILE

### **Datin Ngiam Pick Ngoh, Linda**

Bachelor of Arts (Hons) in Social Sciences (University of Malaya)  
Diploma in Advertising and Marketing (Institute of Communications, Advertising and Marketing (CAM) of United Kingdom)

Independent Non-Executive Director

Datin Ngiam Pick Ngoh, Linda, Malaysian, aged 59, was appointed to the Board on 3 December 2012.

Datin Ngiam was the Group Managing Director/Chief Executive Officer of Star Publications (M) Bhd from 1 July 2008 to 30 June 2011. She was first employed in The Star as Advertising Sales Promotions Manager in 1985 before serving as General Manager, Advertising and Business Development in 1995. In 2004, she was appointed as Deputy Group General Manager and in 2007 she was promoted to Executive Director/Group Chief Operating Officer before assuming the office as Group Managing Director/Chief Executive Officer in 2008, a position she held till her retirement in 2011.

She was a Board Member of the Audit Bureau of Circulations (ABC) Malaysia and Chairperson of the ABC Content & Communications Committee. She represented The Star on the Malaysian Newspapers Publishers Association (MNPA) as its Honorary Secretary and was a Board Member of the Advertising Standards Authority (ASA) Malaysia.

Currently, Datin Ngiam sits on the Board of the following public companies:

- Star Publications (Malaysia) Bhd
- MUI Properties Bhd
- Hong Leong Assurance Bhd

Datin Ngiam also serves as a Trustee of Yayasan Sin Chew.

### **Michiel Egeler**

Master of Business Administration (Interfaculteit Bedrijfskunde (Graduate School of Management), Delft, the Netherlands)  
Bachelor of Economics (Erasmus University in Rotterdam, the Netherlands)

Non-Independent Non-Executive Director

Michiel Egeler, a Dutch national, aged 63, was appointed to the Board on 1 April 2013.

Michiel Egeler is the Regional Director (Southeast Asia/Oceania) of Heineken Asia Pacific Pte Ltd ("HAPPL") since 1 April 2013. In his capacity, he oversees the operating companies within HAPPL Group in following regions:

New Zealand/Australia, Malaysia, Mongolia, Papua New Guinea/Solomon Islands, Sri Lanka, New Caledonia, South Korea and Indonesia

Michiel has more than 35 years of experience within Heineken where he held various management positions in the Dutch operations in his early years. Between 1988 and 1990, he was General Manager Beer Division of South Pacific Holding Limited in Papua New Guinea. Twelve years and several leadership positions later, he was appointed General Manager of Multi Bintang Indonesia, a position which he held until 2006. Michiel gathered additional general management experience in Curacao and Hungary, in the export business for Africa, Middle East, Caribbean, South America and also as Regional Director Latin America. Before joining Heineken Asia Pacific, he was Regional Director of Heineken Central Europe.

### **Choo Tay Sian, Kenneth**

Bachelor of Accountancy Degree (Hons) (Nanyang Technological University, Singapore)  
Advanced Management Program (Harvard Business School)

Non-Independent Non-Executive Director

Choo Tay Sian, Kenneth, Singaporean, aged 47, was appointed to the Board on 15 August 2013.

Kenneth Choo is the Regional Director for Singapore, Indochina and Exports Cluster at Heineken Asia Pacific Pte Ltd.

Kenneth joined Heineken in 2003 as Business Development Manager and has held senior positions in Finance and Business Development with Heineken Asia Pacific based in Singapore.

Since 2013, Kenneth has been Senior Director Regional Finance at Heineken Asia Pacific, responsible for leading the Finance function across Asia Pacific overseeing planning and control, strategy development, accounting and reporting, tax and treasury as well as people and competency development. He played a key leadership role during Heineken's acquisition of Asia Pacific Breweries Limited ("APB") and following that, the successful integration of APB.

Prior to this, Kenneth was Director of Regional Finance & Business Development at Heineken Asia Pacific where he had similar responsibilities and also led the business development function for close to 10 years. He successfully led several M&A deals and was a board member of both listed and privately held companies in the APB Group. Before joining Heineken, Kenneth was the Regional Business Development Director of global retailer, Royal Ahold NV.

**Apurvi Haridas Sheth @  
Apurvi Sheth Mirpuri**

Master of Business Administration (Indian Institute of Management, Ahmedabad, India)  
Bachelor of Commerce and Economics (Sydenham College, Mumbai, India)

Non-Independent Non-Executive Director

Apurvi Haridas Sheth @ Apurvi Sheth Mirpuri, Singaporean, aged 47, was appointed to the Board on 1 July 2014.

Apurvi has over 23 years of experience in marketing, innovation, sales and customer marketing across leading FMCGs namely Nestle, Coca-Cola, Pepsico and Diageo. She is currently the Managing Director, Southeast Asia Emerging Markets and Joint Ventures in Diageo where she is leading the business in many markets including Singapore, Malaysia, Philippines, Sri Lanka and other emerging markets. Prior to assuming her present role in Diageo, she was the General Manager, Innovation for Diageo Asia Pacific where she led a team of 40 highly motivated managers across Innovation, Finance, Design, Technical and Supply.

**Alvaro Andres  
Cardenas Munoz**

Master in Marketing and Business Administration (Javeriana University, Cali, Colombia)

Non-Independent Non-Executive Director

Alvaro Andres Cardenas Munoz, Colombian, aged 35, was appointed to the Board on 1 July 2014.

Alvaro is the Finance Director for Diageo Southeast Asia. He joined Diageo in 2007 as Finance Manager in his home country Colombia. In 2009, he moved to Venezuela and served as Finance Director for the Andean Region (Venezuela, Colombia, Peru and Bolivia) before taking on the role of Finance Director for the Paraguay, Uruguay and Brazil Region in 2011. Prior to joining Diageo, Alvaro worked for multi-national companies across Latin America and the US including Quaker Oats, Polar, Wyeth Pharmaceutical and Coca-Cola.



# MANAGEMENT TEAM



From left seated:

**Thum Chee Yuen** (Sales Director), **Renuka Indrarajah** (Corporate Relations & Legal Director),  
**Hans Essaadi** (Managing Director)

From left standing:

**Bruce Ryan Dallas** (Marketing Director), **Lim Kwan-Sek** (Human Resources Director),  
**Atul Chhparwal** (Finance Director), **Bernard Marie Eloy** (Supply Chain Director)

## Hans Essaadi

Bachelor's Degree, Major in Finance  
(Hotelschool the Hague)

Managing Director

---

Hans Essaadi, a Dutch national, was appointed as Managing Director on 1 March 2013. He joined GAB on 4 January 2013 as Managing Director Designate and was appointed to the Board on 1 March 2013.

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In early 2003, Hans was appointed Country Manager of Heineken Puerto Rico, a key market for Heineken Group as the No. 10 Heineken beer market in the world. By the end of 2005, he was appointed General Manager of Brau Union International based in Vienna, Austria, part of Heineken Region – Central and Eastern Europe.

Subsequently, in 2008, Hans was appointed General Manager of Sirocco, a joint venture between Heineken and Emirates in Heineken Region – Africa and Middle East, his most recent role prior to joining GAB. In this role, he oversaw several key markets in the Gulf Region and managed a portfolio of brands from various principals including Heineken International, AB InBev, Molson Coors and Asia Pacific Breweries.

Hans currently serves as a Governing Council Member of the Confederation of Malaysian Brewers Berhad, and as a member of the General Committee of the Malaysian International Chamber of Commerce and Industry (MICCI).

## Atul Chhapparwal

Chartered Accountant  
Master of Business Administration (MBA)

Finance Director

---

Atul Chhapparwal, Indian, has held several senior finance roles within the Diageo Group in his tenure of more than 13 years.

He has led finance teams in various Asian markets. He has a proven track record of consistently delivering holistic business performance, maintaining the high standards of controls, compliance and motivating teams.

Prior to joining GAB, Atul was the Finance Director for Diageo Moet Hennessy Thailand, a Diageo managed Joint Venture between Diageo and Moet Hennessy distributing brands owned by both shareholders in Thailand.

He was the Regional Finance Director for Singapore, Malaysia and Indonesia from December 2007 to July 2011 in Diageo and Assistant General Manager – Commercial Finance and Finance Controller for Diageo's India Hub operations prior to that.

# MANAGEMENT TEAM PROFILE

## Bruce Ryan Dallas

Master of Business Administration (MBA)  
(Henley Management College, UK)  
Bachelor of Commerce in Economics and  
Marketing (University of Natal, South Africa)  
Bachelor of Commerce (Hons), Marketing  
(University of Natal, South Africa)

Marketing Director

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Bruce Ryan Dallas, South African, was appointed as GAB's Marketing Director on 15 March 2013.

Prior to joining GAB, Bruce was with Diageo Asia Pacific based in Singapore as Category Director, Beer and subsequently as Category Director, Beer and Baileys.

He began his career in 1997 in South Africa and over the next few years worked on several brands such as Carmel, Monate, Bestfoods, Marmite, Knorrox and Skippy.

He was seconded to Bestfoods European Head Office in Brussels, Belgium in 2000 and subsequently returned to South Africa as Group Product Manager for Knorr South Africa.

Bruce was made Regional Marketing Manager for Unilever Africa, Middle East & Turkey in 2003. Bruce joined Brandhouse Beverages South Africa, a joint venture between Diageo, Heineken and Namibian Breweries in 2006, as Portfolio Manager, Innovation and Renovation and two years later he was appointed Group Portfolio Manager, Innovation, Vodka and ready-to-drink (RTD).

He joined Diageo Africa in 2010 as Marketing Director of West Africa Spirits (maternity cover) before moving to Asia in 2011.

## Thum Chee Yuen

Master of Business Administration (MBA)  
(Nottingham Trent University)  
B.A. (Hons) (Universiti Sains Malaysia)

Sales Director

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Thum Chee Yuen, Malaysian, joined GAB in May 2010. He has 20 years of commercial experience in diverse industries, including property, pharmaceutical, fast moving consumer goods and telecommunications.

He began his career as a Sales & Marketing Executive for Lion Group in 1996 and subsequently joined Boehringer Ingelheim Malaysia as a Product Specialist in 1997.

He then joined Unilever as Key Account Manager in 2001 and progressed to Regional Sales Manager. Thum joined Celcom Axiata Berhad in 2007 in the position of Vice President – Sales Planning and Operations.

## Renuka Indrarajah

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

Corporate Relations & Legal Director

---

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

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 Pacific region under her purview.

In her role as Corporate Relations and Legal Director, Renuka is responsible for leading GAB's Corporate Relations and Legal Team in safeguarding and building the corporate reputation of the Company. The divisions within the Corporate Relations and Legal Department are External Affairs, Legal and Secretarial, Corporate Communications and Responsibility and the GAB Foundation.

Renuka currently serves as a Governing Council Member of the Confederation of Malaysian Brewers Berhad and as Trustee of the GAB Foundation.

## MANAGEMENT TEAM PROFILE

### Lim Kwan-Sek

MSc. (Econs) Management  
(London School of Economics, UK)  
B.A. (Hons) Sociology,  
(Reading University, UK)

Human Resources Director

---

Lim Kwan-Sek, Malaysian, joined GAB on 1 January 2014. He has 18 years of work experience, having worked in diverse industries both locally and overseas.

Kwan-Sek began his career as a Management Consultant with Accenture in 1996. He was involved in the design and implementation of business solutions for a wide range of clients in the areas of Organisational Development, Strategy and Business Development, Business Transformation, Process Re-engineering, Mergers and Acquisition and Change Management.

He subsequently joined Maybank as Head of Organisational Development in Group HR and later took on lead roles in talent management. Kwan-Sek was also involved in Maybank's group-wide transformation exercise. His next role was in Sime Darby as Head of Organisational Performance managing various Group HR functions.

Prior to GAB, Kwan-Sek was the Chief HR Officer of AIA Malaysia.

### Bernard Marie Eloy

Higher National Diploma, Food Technology  
Food Industry Higher National Diploma  
(ENSIAA), Massy and Douai, France

Supply Chain Director

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Bernard Marie Eloy, a French national, joined GAB in September 2010. He started his career as a plant manager in Consolidated Breweries and moved on to be a Business Manager in Nordon & Cie in 1990.

He further expanded his career as the General Manager (GM) of Plant Awo Omamma and GM Coy Technical in the years 1992 to 2000.

Bernard was Senior Product Consultant in Heineken Netherland Beer Services and Heineken Netherland Beer from 2001, overlooking the Africa and Middle East region, and by mid 2003 went on to be a Production Manager in Burundi.

He became the Technical Manager at Brarudi, Burundi for five years from end 2003. Prior to joining GAB, Bernard was Brewery Manager of Nigerian Breweries AMA Greenfield, an ultra modern brewery of 3 million his capacity from 2008 to 2010.



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# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“the Board”) of Guinness Anchor Berhad (“GAB” or “the Company”) is committed to ensuring that high standards of business ethics and corporate governance are practised throughout the Company and its subsidiaries (“the Group”) through the implementation of effective policies and adoption of good governance practices. The Company adheres to the principles of good corporate governance which has helped in contributing towards the achievement of the Group’s strategic goals and values in business. This has led the Group to achieve long term sustainable financial performance and growth.

The principles adopted by the Company are in line with the principles and recommendations stipulated in the Malaysian Code on Corporate Governance 2012 (“CG Code”).

This Corporate Governance Statement outlines the Company’s application of the underlying principles and recommendations provided in the CG Code and the extent to which the Company has complied with the Code and the rationale for non-observance of specific recommendations in the CG Code during the financial year ended 30 June 2014.

## 1. ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

### 1.1 Clear Functions of the Board and Management

The Board’s role is to lead and control the Group’s business and affairs on behalf of shareholders. The Board takes into consideration the interests of all stakeholders in their decision making so as to ensure the Group’s objectives of creating

long term shareholder value are met. The Board also monitors the Group performance and operations progress towards the corporate objectives.

The Board delegates the authority and responsibility for managing the day-to-day affairs of the Group to the Managing Director. The Managing Director is also responsible for the implementation of business plans and strategies, policies and decisions approved by the Board and communicating matters to the Board. He is supported by the following members of the Management Team:

- Finance Director
- Marketing Director
- Sales Director
- Supply Chain Director
- Corporate Relations and Legal Director
- Human Resources Director

The responsibilities and authorities of the Management Team are clearly defined in the Group’s Policies and Procedures Manual.

There is a schedule of key matters reserved specifically for the Board deliberation and decision to ensure the direction and control of the Group are in its hands. They include, amongst others:

- Appointment to the Board/Board Committees

- Appointment of Managing Director and Finance Director
- Business strategy formulation and planning
- Decision on emerging business issues
- Challenges arising from regulatory changes and changes in business environment
- Succession planning for Managing Director and senior management
- Dividend payment
- Decision on material transactions/major investments and matters that have significant impact to the Group
- Major acquisitions or disposal of a business or assets
- Changes to management and control structure of the Group, including key policies and authority limits

### 1.2 Principle Responsibilities of the Board

The Board has the overall responsibility in leading and determining the Group’s strategic direction. It provides an effective oversight of the conduct of the Group’s businesses, ensuring an appropriate risk management and internal control system is in place as well as regularly reviewing such system to ensure its adequacy and integrity.

The Board assumes the following principal responsibilities in discharging its fiduciary and leadership functions:

- Reviewing and adopting a strategic plan for the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- Succession planning, including appointing, training, fixing of compensation and where appropriate, replacing Senior Management;
- Overseeing the development and implementation of a shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

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. The Board reviews the Board Committee's authority and terms of reference from time to time to ensure their relevance.

There are four (4) Board Committees namely the Executive Committee, Nomination Committee, Remuneration Committee and Audit Committee. These Committees examine specific issues and report to the Board with their recommendations. At each Board meeting, the Chairman of the relevant Board Committees report to the Board on key issues deliberated at the respective Committee meetings. The ultimate responsibility for decision-making lies with the Board.

### 1.3 Ethical Standards and Code of Conduct

The Group has in place a Code of Conduct which governs the conduct of all the GAB Group employees including the Board members. It sets out principles on conducting

business and dealings with business partners, customers, government and community and general work place behavior. It also provides guidance on maintaining confidentiality and disclosure of information, disclosure of conflict of interest, good practices and internal control, and the duty to protect the Group's assets and to report where there is a breach of the Group's policies and procedures. All employees are required to provide a declaration in writing that they have read and understood the Code of Conduct which is made available on the Group Document Repository Portal.

The Company has also in place a Vendor Code which outlines the Company's expectations of the Group's suppliers and service providers in respect of the commercial requirements, labour standards and policies, environmental policies, health and safety regulations, applicable laws as well as the standard for ethical and business conduct in their business relationship with the Group. The Group engages the suppliers and service providers to raise their awareness on the Group's expectation on the standards of business ethics and to review their performance based on the obligations committed to the Group.

## STATEMENT ON CORPORATE GOVERNANCE

During the financial year 2014, a Compliance Champion Workgroup (“CCW”) was established with the objectives to drive the compliance agenda of the Group. The CCW comprises of selected members of the Group’s Leadership Team from all functions. It is responsible for implementing relevant programme to create an exemplary compliance environment and an ethical framework to ensure that the Group operates and conducts its business with integrity.

The Company has also adopted the Malaysian International Chamber of Commerce and Industry’s Ethics Charter since 2006. The Company strives to abide by the guide when conducting business while pursuing its corporate and business interests with VIGOUR, which represents the business values of Value Creation, Integrity, Governance, Obligation, Understanding and Responsibility.

The Group established a Speak Up policy to provide an avenue for employees, suppliers and business partners to raise concerns to the appropriate parties about unethical practices affecting GAB without repercussions in a safe and confidential manner. Concerns can be reported anonymously through a Speak Up hotline or link or email managed by an independent external service provider appointed

by the Company. A Speak Up Workgroup comprising the Head of Compliance, Head of Internal Audit and the Head of Industrial Relations of GAB has been formed. The workgroup is responsible to ensure all reports received are investigated and appropriate actions are taken.

### 1.4 Strategies Promoting Sustainability

The Board is committed to implementing responsible and sustainable corporate practices that maintain the equilibrium between the Company’s bottom line performance and environmental and social performance. GAB has fully embraced good corporate responsibility practices in the areas of stakeholder engagement, the community, workplace, marketplace and environment. Every business decision that the Group makes pertaining to growth and profitability is consistent with its social and environmental goals for sustainability. The corporate responsibility initiatives undertaken by the Company for the financial year ended 30 June 2014 are disclosed in the Corporate Responsibility Overview.

### 1.5 Access to Information and Advice

The Directors are provided with a structured agenda together with comprehensive Management reports and proposal papers on a

timely manner prior to the scheduled Board/Board Committee meeting. This is to accord sufficient time for the Directors to peruse the meeting papers and enable them to effectively discharge their duties and responsibilities. Management reports presented to the Board include the following information:

- Business and financial performance of the Group
- Productivity and product quality measures
- Marketing and sales activities
- Market developments and consumer trends
- Developments on human resources
- Environmental and industry issues
- Legal and regulatory update
- Information systems update

Where necessary, Senior Management will be invited to attend Board/Board Committee meetings to report and update on areas of business within their responsibility to provide Board members insights into the business, and clarify any issues raised by the Directors in relation to the Group operations. Directors are encouraged to share their views and insight in the course of deliberation and partake in discussions.

All issues discussed and all decisions made during the Board/Board Committee Meeting will be properly recorded by the Company Secretary. Minutes of Board Meetings are circulated to all Directors for their perusal prior to it being tabled for confirmation at the following Board Meeting. Upon receiving confirmation from all the Board members, the minutes will be signed by the Chairman of the meeting as a correct record of the proceedings of the meeting. Decisions made and policies approved by the Board at Board Meetings will be communicated to the Senior Management for action after the meeting.

The Board is regularly updated and kept informed of the latest developments in the legislation and regulatory framework affecting the Group. All members of the Board have unrestricted and constant access to and interaction with the Senior Management on issues under their respective purview.

#### **1.6 Access to Independent and Professional Advice**

All Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary advises the Board on any new statutory and regulatory requirements relating to corporate governance.

The Company Secretary, who is qualified, experienced and competent, organises and attends all Board meetings and most of the Board Committee meetings and ensures meetings are properly convened; accurate and proper records of the proceedings and resolutions passed are maintained accordingly. The removal of Company Secretary, if any, is a matter for the Board to decide collectively.

The Board, whether as a full Board or in their individual capacity, may seek independent professional advice on specific issues at the Company's expense, where necessary, to enable them to discharge their duties.

#### **1.7 Board Charter**

The Board is guided by the terms of reference which sets out the principles and processes in the discharge of their responsibility. It provides the Board strategic intent and outlines the Board's roles and responsibilities, the Board's rights to establish committees to assist in the discharge of its duties and its meetings requirements.

The Board's terms of reference is accessible in GAB's corporate website: [www.gab.com.my](http://www.gab.com.my)

## **2. STRENGTHEN COMPOSITION OF THE BOARD**

### **2.1 Nomination Committee**

The Nomination Committee is charged with the responsibility to oversee the selection and assessment of Directors for appointment/re-appointment to the Board and Board Committees.

The Nomination Committee comprises entirely of Non-Executive Directors with the majority being Independent, as follows:

- Dato' Syed Salleh bin Syed Othman (Chairman, Independent Non-Executive Director)
- Martin Giles Manen (Senior Independent Non-Executive Director)
- Dato' Saw Choo Boon (Independent Non-Executive Director)
- Michiel Egeler (Non-Independent Non-Executive Director)
- Apurvi Haridas Sheth @ Apurvi Sheth Mirpuri (Non-Independent Non-Executive Director) – Appointed on 1 July 2014

## STATEMENT ON 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 reports to the Board of Directors on the following matters:

- (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.

Meetings of the Nomination Committee are held at least once a year and as and when required. During the financial year ended 30 June 2014, the Nomination Committee met once. The details of attendance of the members are as follows:

Name	Attendance
Dato' Syed Salleh bin Syed Othman (Chairman)	1/1
Martin Giles Manen	1/1
Dato' Saw Choo Boon	1/1
Michiel Egeler	1/1
Siobhan Mary Hamilton	Nil
– On maternity leave from May 2013 until November 2013 and resigned with effect from 1 July 2014	

Note: Apurvi Haridas Sheth @ Apurvi Sheth Mirpuri was appointed on 1 July 2014

### 2.2 Recruitment of Directors and Annual Assessment

#### Appointments and Re-election to the Board

The Nomination Committee is empowered to identify and recommend to the Board, candidates for new appointments to the Board. The Nomination Committee has established specific criteria for assessing candidature for directorship. The suitability of a candidate will be assessed by taking into consideration the individual's background, competencies, knowledge, expertise and experience, personal qualities and commitment. Considerations will also be given on whether the candidate meets the requirements for independence as defined in the Listing Requirements; the candidate's understanding of the Group business and market; and factors that promote boardroom diversity, including gender diversity and other qualities of the Board. The Nomination Committee is also responsible to ensure that the procedures for appointing new Directors are transparent and that appointments are made on merit.

The Company's Articles of Association provides that the total number of Directors shall not be less than two (2) nor more than twelve (12). The Board may appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not exceed the said limit. Any new Director appointed by the Board during the year shall hold office only until the next Annual General Meeting ("AGM") of the Company and shall be eligible for re-election.

The Company's Articles of Association further provides that one-third of the Directors shall retire from office by rotation at each AGM and all Directors, including the Managing Director, shall retire from office at least once every three years but shall be eligible for re-election. A Director seeking re-election or re-appointment shall abstain from all deliberations regarding his/her re-election or re-appointment to the Board.

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

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 AGM. In determining whether to recommend a Director for re-election or re-appointment, the Director's effectiveness and contribution to the activities of the Board will be duly considered by the Nomination Committee. 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.

The following Directors are due to retire at the coming AGM. They have offered themselves for re-appointment/re-election: Pursuant to Article 89 of the Company's Articles of Association

- Dato' Saw Choo Boon
- Martin Giles Manen

Pursuant to Article 96 of the Company's Articles of Association

- Apurvi Haridas Sheth @ Apurvi Sheth Mirpuri
- Alvaro Andres Cardenas Munoz

The Nomination Committee has assessed and recommended to the Board for the re-appointment/re-election of the above Directors at the coming AGM to be held on 28 November 2014.

#### Annual Assessment

On a yearly basis, the Nomination Committee conducts the Board Effectiveness Evaluation via questionnaires, which comprises Board and Board Committees effectiveness assessment and Directors self and peer assessment. The Nomination Committee assessed the effectiveness in terms of composition, conduct, accountability and responsibility of the Board and Board Committees in accordance with the terms of reference. The Directors self and peer assessment was conducted to evaluate the mix of skills, experience and the individual Director's ability to contribute to the development of strategy and exercise independent judgement towards the effective functioning of the Board. The Nomination Committee also evaluates the independence of Independent Directors based on the criteria of "Independence" as prescribed by the Bursa Securities Main Market Listing Requirements.

The evaluation process is led by the Nomination Committee Chairman with the support from the Company Secretary. The Nomination Committee will review the feedback gathered from the evaluation; identify areas for improvements to enhance the effectiveness of the Board and recommend actions to be taken by the Board.

## STATEMENT ON CORPORATE GOVERNANCE

The Nomination Committee, pursuant to its recent annual evaluation, 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 that 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 and creditability with necessary skills and qualifications which will enable the Board to discharge its responsibility effectively. Through the Directors self and peer assessment, the Non-Executive Directors have indicated their satisfaction with the level of independence of each of their peers and their ability to act in the best interest of the Company in decision-making.

### 2.3 Remuneration Committee

The Remuneration Committee comprises entirely of Non-Executive Directors, namely:

- Dato' Saw Choo Boon  
(Chairman, Independent Non-Executive Director)
- Michiel Egeler  
(Non-Independent Non-Executive Director)
- Datin Ngiam Pick Ngoh, Linda  
(Independent Non-Executive Director)

- Apurvi Haridas Sheth @ Apurvi Sheth Mirpuri  
(Non-Independent Non-Executive Director) –  
Appointed on 1 July 2014

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 based on their KPIs achievements. Remuneration of Non-Executive Directors is decided by the Board as a whole. A Director whose remuneration package is being considered shall abstain from deliberating and voting on his/her own remuneration at the Board and Remuneration Committee meetings.

The Remuneration Committee is also entrusted with the responsibility to review and formulate the succession plans and policies for the Group.

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 at least once a year, and as and when required. During the financial year ended 30 June 2014, two (2) meetings were held and the details of attendance of the members of the Remuneration Committee are as follows:

Name	Attendance
Dato' Saw Choo Boon (Chairman)	2/2
Michiel Egeler	2/2
Datin Ngiam Pick Ngoh, Linda	2/2
Siobhan Mary Hamilton	Nil
– On maternity leave from May 2013 to November 2013 and resigned with effect from 1 July 2014	

Note: Apurvi Haridas Sheth @ Apurvi Sheth Mirpuri was appointed on 1 July 2014

Amongst the items deliberated by the Remuneration Committee at its meetings held during the financial year ended 30 June 2014 were:

- Payment of performance bonus for Senior Management and Management staff of the Group for the financial year ended 30 June 2013
- Salary increment, bonus KPIs and structure for Management staff for the financial year ended 30 June 2014
- Review of the Group's market position in respect of its employee remuneration policy
- Review of the new performance management and reward system
- Review of the remuneration package for Non-Executive Directors of the Company.

#### Directors' 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 Policy

The current remuneration policy for the Directors is as follows:

##### **(a) Basic Salary for Executive Director**

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**

The fees and allowances payable to the Non-Executive Directors are determined by the Board as authorised by the shareholders of the Company. The current remuneration package for the Non-Executive Directors is as follows:

Directors' fee	RM60,000 per annum
Allowance for the Chairman of the Board	RM100,000 per annum
Allowance for the Chairman of the Audit Committee	RM6,500 per annum
Allowance for the Chairman of other Board Committees	RM2,000 per annum
Meeting attendance allowance	RM1,200 per meeting

## STATEMENT ON CORPORATE GOVERNANCE

### (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 Group'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

Certain customary benefits (such as motor vehicles, mobile phones and club memberships) are made available to the Chairman of the Board and the Executive Directors of the Company 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.

#### Details of the Directors' Remuneration

The details of the remuneration paid to Directors (including former Directors who resigned from the Company during the year) for the financial year ended 30 June 2014 are as follows:

Remuneration	Financial year ended 30 June 2014	
	Executive Director RM	Non-Executive Directors RM
Fees & Chairman allowance	–	590,500
Meeting attendance allowance	–	92,400
Benefits in kind*	482,741	7,200
Salary & Other emoluments**	1,289,089	–
<b>Total</b>	<b>1,771,830</b>	<b>690,100</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.

The number of Directors of the Company (including former Directors who resigned from the Company during the year) whose total remuneration including benefits-in-kind for the financial year ended 30 June 2014 which fall within the required disclosure bands are as follows:

Range of Remuneration RM	Financial year ended 30 June 2014	
	Executive Director	Non-Executive Directors
1 - 50,000	–	1
50,001 - 100,000	–	7
150,001 - 200,000	–	1
1,750,001 - 1,800,000	1	–

### 3. INDEPENDENT DIRECTORS

#### 3.1 Assessment of Independent Directors

The Independent Non-Executive Directors play an important role in bringing impartiality and scrutiny to Board deliberations and decision-making, and also serve to stimulate and challenge the Management in an objective manner. They do not participate in the day-to-day management of the Company and do not involve themselves in business transactions or other relationship which could materially compromise their independent judgement. 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 four (4) Independent Non-Executive Directors of the Company fulfill the criteria of independence as defined in the Bursa Securities Main Market Listing Requirements. The Company meets the minimum requirement prescribed by the Bursa Securities Main Market Listing Requirements to have at least one-third of the Board comprised of Independent Non-Executive Directors.

The Chairman of the Audit Committee, Martin Giles Manen, is the designated Senior Independent Non-Executive Director, to whom concerns pertaining to the Group may be conveyed by shareholders and other stakeholders.

#### 3.2 Tenure of Independent Directors

The Company does not have term limits for Independent Directors but the Board does evaluate the contribution and the tenure of the Independent Directors. The Board believes that valuable contribution can be obtained from Directors who have, over a period of time, developed valuable insight of the Company and its business. Their experience enables them to discharge their duties and responsibilities independently and effectively in the decision making processes of the Board notwithstanding their tenure on the Board. The Board therefore was of the view that imposing a fixed term limit for Independent Directors does not necessary promote independence and objectivity.

#### 3.3 Re-appointment of Independent Director who has served for nine years or more

As of 10 October 2014, none of the existing Independent Director has served on the Board for a cumulative term of nine years or more.

#### 3.4 Separation of positions of the Chairman and Managing Director

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 in the Board, such that no one individual has unfettered powers of decision-making. The Chairman of the Board is primarily responsible for ensuring the effective functioning of the Board and leading the Board in the oversight of management. He engages directly with the Managing Director to monitor performance and oversees the implementation of strategies.

The Managing Director is responsible for the day-to-day management of the Group operations and business as well as implementation of business plans and strategies, policies and decisions approved by the Board.

#### 3.5 Board Composition and Balance

The Board currently comprises nine (9) members, of whom four (4) (including the Chairman) are Independent Non-Executive Directors, four (4) are Non-Independent Non-Executive Directors, and one (1) is an Executive Director. The Board considers various aspects of diversity when assessing the Board's size and mix each time a vacancy arises. The Board is satisfied that the current size of the Board is appropriate and commensurate with the complexity, scope and operations of the Group and that it has an appropriate mix of relevant skills, knowledge and experience. It also has a balanced composition with adequate Board independence that represents the minority interest.

A brief profile of the Board members is presented on pages 56 to 59 of this Annual Report.

## 4. DIRECTORS' COMMITMENT

### 4.1 Time Commitment

The annual meetings schedule which sets out the dates for meetings of the Board, Board Committees and shareholders, as well as the closed period for dealings in the Company's stocks by Directors based on the targeted date of announcement of quarterly results of the Group, is prepared and circulated to Directors before the beginning of each year to facilitate the Directors to plan ahead.

The Board meets on a quarterly basis and additional meetings are convened as and when necessary, to consider urgent proposals or matters that require the Board's consideration.

The Board met four (4) times during the financial year ended 30 June 2014 and attendance of Directors at Board meetings, was as follows:

Name	Attendance
Dato' Saw Choo Boon Chairman, Independent Non-Executive Director	4/4
Hans Essaadi Managing Director	4/4
Martin Giles Manen Senior Independent Non-Executive Director	4/4
Dato' Syed Salleh bin Syed Othman Independent Non-Executive Director	4/4
Datin Ngiam Pick Ngoh, Linda Independent Non-Executive Director	4/4
Michiel Egeler Non-Independent Non-Executive Director	4/4
Kenneth Choo Tay Sian Non-Independent Non-Executive Director – Appointed on 15 August 2013	3/4
Siobhan Mary Hamilton Non-Independent Non-Executive Director – On maternity leave from May 2013 to November 2013 and resigned with effect from 1 July 2014	2/2
Edward McShane Non-Independent Non-Executive Director – Resigned with effect from 1 July 2014	4/4

Note: Both Apurvi Haridas Sheth @ Apurvi Sheth Mirpuri and Alvaro Andres Cardenas Munoz were appointed on 1 July 2014

At Board meetings, the Board reviews Management reports on the business and financial performance of the Group and discusses major operational and financial issues. Off-site Board meeting to discuss specific topics will be arranged, when necessary, to facilitate more time for discussion and view sharing.

Directors are encouraged to pose queries (if any) to Management prior to each Board meeting to enable them to better prepare for the meeting.

Directors are expected to devote sufficient time and effort to carry out their responsibilities. The Board will seek commitment from Directors at the time of appointment. Directors are advised to notify the Chairman/Board before accepting any new directorship.

### 4.2 Directors' Training and Induction

Any Director appointed to the Board is required to complete the Mandatory Accreditation Programme ("MAP") within 4 months from the date of appointment. Apurvi Haridas Sheth @ Apurvi Sheth Mirpuri and Alvaro Andres Cardenas Munoz who were appointed to the Board on 1 July 2014, both have signed up and will complete the MAP scheduled for 19 and 20 November 2014.

Induction programme is arranged for newly appointed 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.

The Company Secretary organizes and co-ordinates training programmes for the Directors. The Directors may request to attend training courses according to their needs from time to time to keep abreast with relevant changes in laws and regulations, and the business environment.

During the financial year 2014, two in-house training programmes which covered the following topics were held on 29 October 2013 and 27 June 2014 respectively and attended by the Directors of the Company:

#### 29 October 2013

- The Importance of Government Relations to the bottom line.
- The Importance of the wider stakeholder environment – civil society and the community
- Practical application of Government Relations design and strategy, lessons and best practices
- Managing Asia's New Competitive Games

#### 27 June 2014

- Economic review and outlook
- Retail therapy – The true value of happiness in shopping
- Goods and Services Tax – Facts and Myths
- The impact of social media in crisis communications

The Directors have also attended other training courses, seminars or conferences in the areas of commercial, corporate governance, risk management, legal and regulatory framework, leadership and management, economic and financial.

The Directors are mindful of the need to continue to refresh their skills and knowledge to assist them in the discharge of their duties as Directors. The Board will, on a continuous basis, evaluate and determine the training needs of the Directors.

## **5. INTEGRITY IN FINANCIAL REPORTING**

### **5.1 Financial Reporting**

In presenting the quarterly and annual financial statements to shareholders and investors, the Board is committed to providing a clear, balanced and meaningful assessment of the Group's financial position and prospects.

The Board, assisted by the Audit Committee, oversees the financial reporting of the Group. The Audit Committee reviews the Group's annual and quarterly financial statements and the appropriateness of the Group's accounting policies and the changes to these policies to ensure that these financial statements comply with accounting standards and regulatory requirements.

The Chairman's message and the reviews from the Managing Director on pages 8 to 15 of this Annual Report provide additional analysis and commentary on the state of the Group's business. The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 140 of the Financial Statements section of this Annual Report.

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 Bursa Securities Listing Requirements, and give a true and fair view of the financial position of the Group at the end of the financial year.

## STATEMENT ON CORPORATE GOVERNANCE

The Directors are satisfied that in preparing the financial statements for the financial year ended 30 June 2014, the Group has adopted and applied consistently appropriate accounting policies, supported by reasonable and prudent judgements and estimates; and implemented relevant internal controls to ensure the financial statements are free from material misstatement. The Directors also consider that all applicable approved accounting standards in Malaysia have been adopted and the financial statements have been prepared on a going concern basis.

### Related Party Transactions

The Group has in place a Related Party Policy and established the appropriate procedures to ensure that the Company meets its obligations under 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 AGM of the Company on a yearly basis. The recurrent related party transactions entered into by the Group with its related parties during the financial year ended 30 June 2014 were for the purchase of manufacturing and marketing materials, payment of engineering, technical, marketing and advertising services fees, payment of royalties for licence to brew our products and the sale and purchase of beverage products.

Details of these transactions are set out under Note 24 to the audited financial statements on page 137 of this Annual Report.

### **5.2 Suitability and Independence of External Auditors**

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

The Audit Committee meets with the external auditors at least twice a year to discuss their audit plan and audit findings in relation to the Group's financial statements. Prior to some Audit Committee Meetings, private sessions between the Audit Committee and the external auditors were held without the presence of the Executive Director, Management and the Head of Internal Audit to discuss the audit findings and any other observations they may have during the audit process. In addition, the external auditors are invited to attend the AGM of the Company and are available to answer shareholders' queries on the conduct of the statutory audit and the preparation and content of their audit report.

The Audit Committee is responsible for approving audit and non-audit services provided by the external auditors. In approving such services, the Audit Committee ensures that the independence and objectivity of the external auditors are not compromised. The external auditors are engaged mainly to perform statutory audit on the Group's financial statements. The external auditors also undertake certain non-audit services such as review of the Statement on Risk Management and Internal Control and services provided as observers in the process of selection of contestants for certain promotion contests carried out by the Group.

The external auditors have confirmed that there were no circumstances and relationship that create threats to their independence and that the ethical requirements have been complied with. In compliance with the requirements of the Malaysian Institute of Accountants, the external auditors rotate their audit partners assigned to the Group every five (5) years.

Further information on the role of the Audit Committee in relation to the external auditors is stated on pages 83 to 88 of this Annual Report.

## **6. RISK MANAGEMENT AND INTERNAL CONTROLS SYSTEM**

### **6.1 Risk Management Framework**

The Audit Committee assists the Board by providing an objective review of the effectiveness and efficiency of the Group's internal control, risk management and governance framework.

The Group has in place a continuous and systematic process for identifying, evaluating and managing the principal risks that may affect the achievement of its business objectives. This process is embedded into the Group's culture, people, strategy, processes and structures and is reviewed by the Board via the Audit Committee to ensure the adequacy and integrity of the system. The key features of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control.

### **6.2 Internal Audit Function**

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.

## STATEMENT ON CORPORATE GOVERNANCE

The Statement on Risk Management and Internal Control, which provides an overview of the state of internal controls within the Group, is presented on pages 89 to 93 of this Annual Report.

### 7. TIMELY AND HIGH QUALITY DISCLOSURE

#### 7.1 Corporate Disclosure Policy

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. The Group firmly believes that prompt and timely information should be provided to shareholders and investors to enable them to make informed investment decisions.

#### 7.2 Dissemination of Information

The Company's corporate website [www.gab.com.my](http://www.gab.com.my) is another communication channel for investors to access information including corporate

information, annual reports, latest press releases, latest financial results, share prices, announcements and disclosures made to Bursa Securities, and corporate responsibilities activities of the Group.

The Company also provides an online helpdesk which allows investors to inquire about investor relations matters, provide feedback and post queries or concerns regarding the Group through the corporate website. The Company will review each electronic mail received and respond accordingly to its shareholders and stakeholders in a timely manner.

Any information that may be regarded as sensitive information about the Group will not be disclosed.

The Company will continue to ensure value-added information relating to corporate governance are provided and work towards enhancing the transparency and timeliness on all corporate disclosures and reporting.

### 8. STRENGTHEN RELATIONSHIP WITH SHAREHOLDERS

#### 8.1 Shareholders Participation at General Meetings

The Board regards the AGM as a principal platform for open communication between the shareholders, Directors and Senior Management of the Company. Notice of the AGM is sent to shareholders at least 21 days ahead of the meeting date together with the Annual Report that contains the audited financial statements and information on the rationale of any proposed resolution under the special business agenda to assist shareholders in deciding how they should vote on each agenda item. The notice of meeting is also posted on the Company's corporate website and advertised in a local daily newspaper.

At each AGM, a comprehensive review of the progress and performance of the Group's business together with an overview of the Group's activities will be presented to shareholders.

Shareholders are given opportunity to participate in the question and answer session on the proposed resolutions and the Group's operations. Executive Director and 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.

At the 49<sup>th</sup> AGM of the Company held on 21 November 2013, in addition to the above, the Company also shared its response to the questions submitted in advance by the Minority Shareholder Watchdog Group.

The outcome of the AGM is announced to Bursa Securities on the same meeting day.

## 8.2 Poll Voting

All resolution put forth for shareholders' approval at the 49<sup>th</sup> Annual General Meeting held on 21 November 2013 were voted by a show of hands.

Poll voting will be adopted if there is/are substantive resolution(s) to be put forth for shareholders' approval at the general meetings moving ahead.

## 8.3 Communication and Engagements with Shareholders

The Company communicates with its shareholders and stakeholders through the timely release of financial results on a quarterly basis, annual report, press releases and announcements to Bursa Securities. Financial results and press releases are also placed on the corporate website to keep shareholders and investors informed on the Group's performance and operations.

In addition, the Managing Director and Finance Director hold post-announcement of results press conferences and discussions with investment analysts and shareholders. In addition, management personnel responsible for investor relations activities meet regularly with equity research analysts, fund managers, institutional shareholders and investors on a one-on-one basis during the Company's open period. Presentations are made to provide comprehensive insight into the Group's business strategy, performance and major developments of the Group's business activities. In these

meetings, Management also addresses queries/ concerns raised with regard to the Group performance, market outlook, business operations and other matters affecting shareholders' interests.

A press conference is normally held after the AGM where the Chairman, Managing Director and Finance Director provide updates to the media and answer questions from the media on the Group's plans and activities.

This Statement on Corporate Governance has been reviewed by the Audit Committee and approved by the Board on 20 October 2014.



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# AUDIT COMMITTEE REPORT

## Composition

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

---

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

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Dato' Saw Choo Boon  
Independent Non-Executive Director

---

Dato' Syed Salleh bin Syed Othman  
Independent Non-Executive Director

---

Michiel Egeler  
Non-Independent Non-Executive Director

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Alvaro Andres Cardenas Munoz  
Non-Independent Non-Executive Director  
(Has more than 3 years working experience in the finance field)  
(Appointed on 1 July 2014)

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Datin Ngiam Pick Ngoh, Linda  
Independent Non-Executive Director  
(Appointed on 21 August 2014)

---

## Meetings

During the financial year ended 30 June 2014, four (4) Audit Committee meetings were held and were attended by all the members of the Audit Committee except for Mr Alvaro Andres Cardenas Munoz and Datin Ngiam Pick Ngoh, Linda who were only appointed to the committee after the financial year ended 30 June 2014.

Some members of Senior Management i.e. the Managing Director, Finance Director, Sales Director, Human Resources Director, Corporate Relations and Legal Director and the Head of Internal Audit were also invited to attend these meetings to brief the committee on specific matters.

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 Group annual financial statements were discussed. The external auditors also met the Audit Committee without the presence of the Executive Director, Management and the Head of Internal Audit during the financial year to discuss audit findings and any other observations they may have during the audit process. The Audit Committee Chairman had two (2) separate meetings with the external auditors without the Management's presence.

The Chairman of the Audit Committee reports to the Board on matters deliberated at the Audit Committee meetings. Minutes of meetings of the Audit Committee were also circulated to all members of the Board.

## TERMS OF REFERENCE

In discharging its duties and responsibilities, the Audit Committee is guided by the following 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.

The members of the Audit Committee are all Non-Executive Directors. 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 (3) 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.

## AUDIT COMMITTEE REPORT

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 Head of Internal Audit or the Company Secretary shall be the Secretary of 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.

### **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 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 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 controls is soundly conceived and in place, effectively administered and regularly monitored.
5. To cause reviews to be made on the extent of compliance with established internal policies, standards, plans and procedures including for example, the 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 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.

## AUDIT COMMITTEE REPORT

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 controls 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 on Risk Management and Internal Control 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.
- Reviewed the annual audited financial statements of the Group prior to submission to the Board for approval. The review was to ensure that the financial reporting and disclosures are in compliance with the Bursa Securities Main Market Listing Requirements, provisions of the Companies Act, 1965, applicable International Financial Reporting Standards, approved accounting standards issued by the Malaysian Accounting Standards Board and any other relevant legal and regulatory requirements.
- Internal Audit**
- Reviewed the Internal Audit Plan 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.

### Summary of Activities

The following activities were carried out by the Audit Committee during the financial year ended 30 June 2014:

#### Financial Reporting

- Reviewed the quarterly financial results of the Group and the relevant announcements to Bursa Securities before recommending them for the Board's approval.

- 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 results of ad hoc investigations/special reviews on internal misconduct in relation to the Code of Conduct and suspicion of fraud or operational failures within the Group.
- Reviewed the reports from the Risk and Control Workgroup (“RCW”) following their quarterly meetings.
- 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 ad hoc 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.
- Assessed the performance of the external auditors and made recommendations to the Board on their re-appointment and remuneration.
- Reviewed industry issues and Management’s concerns over the potential implication of the issues to the Group operations and business.
- Reviewed findings of any examination by regulatory agencies and any observation by auditors from holding companies in relation to reviews conducted on the Group operating processes.
- Reviewed the Statement on Corporate Governance, Audit Committee Report and the Statement on Risk Management and Internal Control and recommended to the Board to approve the same for inclusion in the Annual Report.

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 on Risk Management and 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.

Other Activities

- Reviewed the effectiveness of the Group’s Risk Management Programme including the process for identifying, evaluating and managing business risks, and reviewed the key strategic risks for the Group.
- Reviewed the adequacy, effectiveness and reliability of controls over financial reporting based on the Control Assurance and Risk Management (“CARM”) Programme assessment.
- Reviewed the related party transactions entered/to be entered into by the Company and its subsidiaries pursuant to the shareholders’ mandate on recurrent related party transactions approved by shareholders on 21 November 2013, and the Circular to Shareholders in respect of renewal of shareholders’ mandate for recurrent related party transactions.

**Training**

During the financial year ended 30 June 2014, the Audit Committee members attended the Directors’ Training programmes arranged by the Company and training courses, seminars or conferences organised by relevant regulatory authorities and professional bodies on areas relating to commercial, corporate governance, risk management, legal, regulatory framework, leadership and management, stakeholder engagement, and economic and financial. Details of the training topics are set out in the Statement on Corporate Governance.

## AUDIT COMMITTEE REPORT

### Internal Audit Function

The Internal Audit function is carried out in-house by the Internal Audit Department (“IAD”) led by the Head of Internal Audit who reports directly to the Audit Committee and has direct access to the Chairman of the Audit Committee on all internal control and audit issues. The Audit Committee determines the adequacy of the scope, functions, competency and resources of the IAD which comprises 5 staff as of 10 October 2014.

The principal role of the IAD is to undertake independent and systematic reviews on the Group’s internal controls system so as to provide reasonable assurance on the adequacy, integrity and effectiveness of the Group’s overall system of internal controls, risk management and governance.

The IAD adopts a risk-based auditing approach towards the planning and conduct of audits consistent with the Group’s established framework in designing, implementing and monitoring of control system. The IAD also works collaboratively with the RCW to review the risk management processes of the Group as a whole. The Group’s monitoring process and CARM approach are in line with the Risk Management Framework and risk awareness culture within the organisation.

The IAD carried out its activities based on the Annual Internal Audit Plan approved by the Audit Committee. The main activities carried out by the IAD during the financial year ended 30 June 2014 include:

- (i) Conducted operational reviews on the following areas:
  - Regional sales and distributors assurance and compliance with the Group standard policies and procedures and the regulatory requirements
  - Product distribution process, national key accounts operations, procurement, brand and trade marketing, payment to suppliers and financial reconciliation, Human Resources and key control areas in new processes after the migration to the new IT systems.
- (ii) Evaluating key strategic and crisis risks and reviewing the risk management processes within the Group to assess its effectiveness.
- (iii) Conducted investigations/ special reviews at the request of the Management on suspicion of fraud or operational failures reported to them within the Group.
- (iv) Conducted follow-up reviews on audit recommendations raised in previous audit reports to ensure that corrective and preventive actions are implemented accordingly by the auditees and provided updates on the status of such actions in the Internal Audit Reports.

- (v) Reviewed proposed/ new changes to policies and procedures to ensure compliance with internal controls and the relevant regulatory requirements.
- (vi) Reviewed on a quarterly basis related party transactions entered into by the Group to ensure the transactions were at arm’s length and within the limit provided in the shareholders mandate.
- (vii) Conducted testing on internal control areas assessed by each function within the Group under the CARM Programme.
- (viii) Reviewed findings of any examination by regulatory agencies and any observation by auditors from holding companies in relation to reviews conducted on the Group operating processes.

The findings of the IAD were highlighted to relevant Management for attention and necessary corrective actions. The Management is responsible for ensuring that corrective actions are taken within the required timeframe. The finding reports were also discussed at the RCW meetings and presented to the Audit Committees for review at their quarterly meetings.

The total cost incurred by the IAD in relation to the conduct of the Internal Audit functions of the Group for the financial year ended 30 June 2014 was RM788,621.73

The Audit Committee Report has been reviewed by the Audit Committee and approved by the Board of Directors on 20 October 2014.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“the Board”) recognises the importance of maintaining a sound system of risk management and internal controls in Guinness Anchor Berhad Group (“the Group”) to safeguard shareholders’ investments and the Group’s assets. The Group has in place a framework for procedures of risk management and internal control which is in line with the guidelines set out in the “Statement on Risk Management & Internal Control : Guidelines for Directors of Listed Issuers”.

This statement stipulates the nature and the key element of the system of risk management and internal controls that the Group has in place during the financial year ended 30 June 2014 (“FY2014”).

## Board Responsibility

The Board is responsible and accountable for the Group’s system of risk management and internal controls, which includes the establishment of risk management processes and control environment, as well as reviewing its effectiveness, adequacy and integrity as an integral part of good corporate governance. The system of risk management and internal controls covers, inter alia, governance, risk management, financial, organisational, environmental, operational and compliance controls. Such system is designed to manage and minimise impact rather than completely eliminate the risk of failure that may impede the achievement of the Group’s business objectives. Accordingly, it can only provide reasonable, but not absolute, assurance against any material misstatement or losses.

## Risk Management Framework

The Group has in place a Risk Management Framework to promote effective risk management and enhance the corporate governance assurance process. The framework provides an integrated risk management structure with the establishment of the respective risk workgroups to ensure major areas of risks are controlled and coordinated. This involves the process for identifying, evaluating, monitoring and managing risks that may affect the achievement of the Group’s business objectives. This process is embedded into the Group’s culture, people, strategy, processes and structures and is reviewed by the Board via the Audit Committee to ensure its adequacy and integrity.



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



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The risk profile of the Group is established during risk assessment sessions facilitated by the Risk and Control Workgroup (“RCW”). Risks identified will be analysed and categorised in the following manner to enable the Group to allocate its resources to deal with the different levels of risks. Risk owners are assigned to ensure appropriate risk response actions are carried out:

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 manages its business risks in a rapidly changing business environment with the following objectives:

- Ensuring the continuity of supply of its products to the consumers at all times
- Safeguarding the Group assets and reputation
- Preserving the safety and health of the Group employees
- Ensuring that the Group operations do not impact negatively on the business community
- Protecting the interests of all stakeholders
- Ensuring compliance to internal policies and procedures, the Malaysian Code on Corporate Governance, brand owner’s codes and policies and all applicable Malaysian laws and regulations
- Promoting an effective risk awareness culture where risk management is an integral aspect of the Group’s management systems

The RCW, which is made up of cross-functional senior managers and led by the Managing Director, oversees the areas of risk management and internal control of the Group. It meets on a quarterly basis to review the adequacy of systems, policies and procedures and internal control processes to mitigate control weaknesses and business risks and to follow-up on action plans proposed by Management on the recommendations of the Internal Audit Department and external auditors. It reports to the Audit Committee and is supported by the Compliance Champion Workgroup (“CCW”) which comprises of selected members of the Group’s Leadership Team from all functions.

The CCW was established in FY2014 with the objectives to drive the compliance agenda of the Group. It is responsible for assessing major areas of risk which include business continuity plans, business processes and financial related risks and assisting the RCW in reviewing policy and procedures and implementing relevant programmes to create an exemplary compliance environment and an ethical framework to ensure that the Group operates and conducts its business with integrity. The CCW meets twice a year to discuss and review matters within its purview.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### **Control Assurance and Risk Management**

To further strengthen the Group's internal controls and enhance its corporate governance, the Group has adopted a risk management and compliance programme – internally known as CARM (Control Assurance and Risk Management). CARM is developed by Diageo Plc, a joint owner of the holding company of Guinness Anchor Berhad. It is a web-based self-assessment programme that requires each function to evaluate and ensure that it has controls in place to manage a broad range of risks arising from the day-to-day business activities within the Group. CARM emphasizes on internal controls over financial reporting and it focuses on transparency, accountability and safeguarding of assets in its review mechanism.

The head of functions and process owners are briefed by the CARM team on the CARM processes and the scope of assessment, and they participate in the annual assessment. The outcome of the assessment is tested by the Internal Audit Department and the findings are reported to the RCW and the Audit Committee.

### **Internal Audit Function**

The Internal Audit Department ("IAD") is responsible for reviewing key business processes of the Group and monitoring compliance with policies and procedures and the effectiveness of the internal control system. Audits are carried out based on the audit plan approved by the Audit Committee. The annual audit plan is developed based on the risk profiles of the respective functions identified in accordance with the Group's Risk Management Framework. The audit reports, including significant findings in respect of any non-compliance, will be highlighted for Management and Audit Committee's attention. Measures and actions by Management to address the improvement areas highlighted are followed-up and reviewed on a quarterly basis.

The IAD has a clear line of reporting to the Audit Committee and its performance is reviewed by the Audit Committee on an annual basis. Thus, the IAD is independent of the operational and management activities they audit.

For FY2014, the IAD conducted 17 reviews/audits in the regional sales and distribution operations, 3 reviews on operational processes and embarked on 5 investigative audits on Management's request. In addition, IAD facilitated the CARM assessment for FY2014 and the testing of controls; and reviewed the action plans implemented. Internal audit findings are discussed at Management level and actions are agreed in response to the IAD recommendations. Audit findings together with Management's response and proposed action plans are presented to the Audit Committee on a quarterly basis for review. The progress of implementation of the agreed actions will be monitored by the IAD through follow-up reviews.

The IAD also provides support to the internal auditing arm of the ultimate joint owners i.e. Diageo and Heineken who perform ad hoc reviews on the processes and systems in selected functions to assess the effectiveness of the Group risk management and internal controls system. Observations together with Management's response and proposed action plans arising from such review are shared with the Audit Committee. The last review performed by Diageo was in March 2014.

### **Key Elements of Risk Management and Internal Controls System**

The key elements of the Group's risk management and internal controls system are described below:

#### Authority and Responsibility

- As part of its Risk Management Framework, the Board has an organisational structure with clearly defined lines of accountability and responsibilities and delegated authority to the Board Committees and the Management to ensure they discharge their duties. The roles and responsibilities of the Board and Board Committees are provided in the Statement on Corporate Governance.

There is a schedule of key matters reserved specifically for the Board deliberation and decision. The Group is practicing segregation of duties to ensure that specific tasks or duties within related business processes or associated with the systems supporting business processes are deliberately apportioned between different employees, to prevent unintentional or fraudulent transactions.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Internal policies and procedures of core business processes with limit of authority delegated to appropriate levels of employees are documented in the Group's Standard Policies and Procedures Manual. This Manual is subject to review and improvement to reflect changing risks or to resolve operational deficiencies. It is communicated and made accessible to all employees on the Group Document Repository Portal. Changes to the existing policies or implementation of any new policies and guidelines will be presented to the RCW and the Audit Committee for approval. Non-compliance cases, if any, are reported to the Audit Committee.

### Monitoring, Reporting and Performance Measurement

- Management Team meetings are held on a monthly basis to review business performance, identify, discuss and resolve operational, financial and key management issues. On a quarterly basis, the Managing Director reports to the Board on key business and operational issues covering, but not limited to strategy, performance, resources and regulatory compliance.
- RCW meets on a quarterly basis 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 IAD.
- Annual Internal audit on compliance with the ISO 9001:2008 Quality Management System requirements.
- A half-yearly Hazard Analysis Critical Control Point internal audit to monitor compliance with product safety requirements.
- Annual budgeting process where respective functions prepare budgets before a new financial year commences. The annual budget will be reviewed by the Management Team and approved by the Executive Committee and the Board.
- Monthly review of expenditure versus budget will be carried out by the Finance Department with the respective functions to ensure all spends are managed in line with plan and key variances, if any, are followed up and reported to Management.
- Visits are made to regional offices to conduct regional reviews by the Management Team.
- Stakeholder engagement with employees, shareholders (existing and potential), analysts, media, trade partners and relevant authorities are conducted to better gauge the needs of the stakeholders and gather feedback on effectiveness and efficiency for continuous improvement.

### Employees Competency and Awareness

- Annual briefing is conducted for all employees to raise awareness on the importance of internal controls and risk management and to help them understand its impact on their day-to-day activities. The briefing session is mandatory for all employees within the Group where attendees are required to sign off and provide a written assurance on their understanding of the Company's policy and procedures.
- Training and development programmes such as knowledge, health and safety, technical training and leadership are organised to ensure that staff are equipped with necessary knowledge and skills and kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives.
- Briefings and roadshows are conducted to keep employees informed of changes to legislation that are expected to affect the Group's operations or the way the Group conducts its business.
- Induction programme for new joiners is organised with the aim of raising their awareness and educating them on the Group's approach to risk management and internal controls. Such sessions also provide a forum to enhance the participants' understanding on the Group's risk management and control procedures as well as their roles in managing the risks.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Integrity and Ethical Values

- The Group has in place a Code of Conduct that govern the standards of ethics and responsible business conduct expected from employees. It covers all aspects of the Group's business operations such as compliance with laws, policies and procedures, integrity, conduct in the workplace, business conduct, maintaining confidentiality and disclosure of information, fraud and improper payments, avoiding situations where there are conflicts of interest, protection of the Group's assets, safety and health, community and environment, sexual harassment and anti-competition practices.
- The Group has established a Speak Up policy (replacing the whistle-blowing policy) to provide an avenue for employees to raise concerns to the appropriate parties about unethical practices affecting GAB without repercussions in a safe and confidential manner. Concerns can be reported anonymously through a Speak Up Hotline/Link/Email managed by an independent external service provider engaged by GAB. A Speak Up Workgroup comprising the Head of Compliance, Head of Internal Audit and the Head of Industrial Relations of GAB has been formed and is responsible to ensure all reports received are investigated and appropriate actions are taken.
- The Group employees are guided by the Corporate Vision and Values which are embedded within the Company's policies and procedures and work culture.

### Other Policies

- A Vendor Code which outlines the standard for ethical and business conduct expected from suppliers and service providers in their business relationship with the Group. The Group engages the suppliers and service providers to raise their awareness on the Group's expectation on the standards of business ethics and to review their performance based on the obligations committed to the Group.
- The Group's assets are insured against any mishap that will result in material losses. Measures are also put in place to ensure major assets within the Group are physically safeguarded.
- A Business Continuity Plan which includes a Disaster Recovery Plan, is in place to ensure continuity of business operations in the event of a significant disruption or disaster. The Group has a Crisis Management Team which comprises members of the Management Team, to provide leadership and timely decision-making in the event of crisis. The Crisis Management Team is assisted by the Emergency Response Team, which is entrusted to implement the necessary procedures for responding and stabilizing the situation following an incident as well as the Recovery Team, which is assigned to identify primary disaster recovery plan to keep the business operational. Crisis simulation is conducted to enhance the Group's preparedness in crisis and emergency response so as to ensure that disruption to its operations and business during a crisis of disaster is minimised or properly managed. A simulation on information system failure was conducted in April 2014 to assess the Group's preparedness in dealing with such crisis.

### Board Assessment

The Board is of the view that the overall risk management and internal control systems in place for FY2014 and up to the date of approval of this statement are operating adequately and effectively, in all material aspects, based on the same assurance received from both the Managing Director and Finance Director of the Company via the CARM assessment sign-off. During the financial year 2014, there were no material financial and non-financial losses reported as a result of weaknesses or inadequacies in internal controls. The Board will continue to review the systems and ensure that measures will be taken to strengthen the risk management and internal controls environment within the Group.

This statement has been reviewed by the Audit Committee and the Board on 20 October 2014.

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**ANYTIME**

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# FINANCIAL STATEMENTS

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# Directors' Report

FOR THE YEAR ENDED 30 JUNE 2014

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2014.

## Principal Activities

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

## Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	198,206	246,593

## Reserves and Provisions

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

## Dividends

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

- i) a final ordinary dividend of 48.5 sen per 50 sen stock unit under the single tier tax system totalling RM146,517,530 in respect of the financial year ended 30 June 2013 on 27 December 2013; and
- ii) an interim ordinary dividend of 20 sen per 50 sen stock unit under the single tier tax system totalling RM60,419,600 in respect of the financial year ended 30 June 2014 on 25 April 2014.

The Directors now recommend the declaration of a final ordinary dividend of 44.5 sen per 50 sen stock unit under the single tier tax system totaling RM134,433,610 in respect of the financial year ended 30 June 2014 which if approved by the owners of the Company will be payable on 31 December 2014.

## Directors of the Company

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

Dato' Saw Choo Boon

Hans Essaadi

Martin Giles Manen

Dato' Syed Salleh bin Syed Othman

Michiel Egeler

Datin Ngiam Pick Ngoh, Linda

Choo Tay Sian, Kenneth

Apurvi Haridas Sheth @ Apurvi Sheth Mirpuri (*Appointed on 1 July 2014*)

Alvaro Andres Cardenas Munoz (*Appointed on 1 July 2014*)

Edward McShane (*Resigned w.e.f 1 July 2014*)

Siobhan Mary Hamilton (*Resigned w.e.f 1 July 2014*)

### Directors' Interests in Shares

According to the Register of Directors' Shareholdings, none of the Directors (including the spouses or children of the Directors who themselves are not Directors of the Company) holding office at 30 June 2014 had any interest in the ordinary shares/stock units of the Company or its related corporations during the financial year.

### Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

### Issue of Shares and Debentures

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

### Options Granted Over Unissued Shares

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

### Ultimate Holding Corporation

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

### Other Statutory Information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

## DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

### Other Statutory Information (Continued)

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 2014 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:

### Dato' Saw Choo Boon

Director

### Hans Essaadi

Director

Petaling Jaya,  
21 August 2014

# Statements of Financial Position

AS AT 30 JUNE 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Assets</b>					
Property, plant and equipment	3	<b>220,424</b>	225,776	<b>194,902</b>	200,912
Intangible assets	4	<b>38,790</b>	35,787	<b>38,781</b>	35,787
Investment in subsidiaries	5	–	–	<b>14,344</b>	14,344
Other receivables and prepayments	6	<b>16,615</b>	19,550	<b>779</b>	777
<b>Total non-current assets</b>		<b>275,829</b>	281,113	<b>248,806</b>	251,820
<b>Current assets</b>					
Inventories	7	<b>39,975</b>	47,343	<b>28,710</b>	25,845
Receivables, deposits and prepayments	6	<b>317,059</b>	322,806	<b>113,256</b>	58,993
Current tax assets		<b>7,003</b>	19,480	<b>6,591</b>	19,480
Cash and cash equivalents	8	<b>61,804</b>	68,242	<b>54,499</b>	51,913
<b>Total current assets</b>		<b>425,841</b>	457,871	<b>203,056</b>	156,231
<b>Total assets</b>		<b>701,670</b>	738,984	<b>451,862</b>	408,051
<b>Equity</b>					
Share capital	9	<b>151,049</b>	151,049	<b>151,049</b>	151,049
Retained earnings		<b>205,760</b>	214,491	<b>68,924</b>	29,268
<b>Total equity attributable to owners of the company</b>		<b>356,809</b>	365,540	<b>219,973</b>	180,317
<b>Liabilities</b>					
Borrowings	11	<b>50,000</b>	150,000	<b>50,000</b>	150,000
Deferred tax liabilities	10	<b>42,855</b>	40,218	<b>39,343</b>	32,548
<b>Total non-current liabilities</b>		<b>92,855</b>	190,218	<b>89,343</b>	182,548
Trade and other payables	12	<b>147,620</b>	179,142	<b>42,546</b>	45,186
Borrowings	11	<b>100,000</b>	–	<b>100,000</b>	–
Current tax liabilities		<b>4,386</b>	4,084	–	–
<b>Total current liabilities</b>		<b>252,006</b>	183,226	<b>142,546</b>	45,186
<b>Total liabilities</b>		<b>344,861</b>	373,444	<b>231,889</b>	227,734
<b>Total equity and liabilities</b>		<b>701,670</b>	738,984	<b>451,862</b>	408,051

The notes on pages 104 to 139 are an integral part of these financial statements.

# Statements of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue		<b>1,610,587</b>	1,676,348	<b>994,744</b>	1,041,847
Cost of sales		<b>(1,032,434)</b>	(1,111,443)	<b>(924,942)</b>	(994,909)
<b>Gross profit</b>		<b>578,153</b>	564,905	<b>69,802</b>	46,938
Other income		<b>3,902</b>	10,445	<b>1,148</b>	8,053
Distribution, marketing and selling expenses		<b>(231,933)</b>	(212,611)	<b>(8,406)</b>	(2,174)
Administrative expenses		<b>(69,984)</b>	(61,240)	<b>(21,984)</b>	(29,459)
Other expenses		<b>(9,529)</b>	(8,753)	<b>(8,963)</b>	(7,866)
Dividend income		-	-	<b>227,904</b>	207,339
<b>Results from operating activities</b>		<b>270,609</b>	292,746	<b>259,501</b>	222,831
Finance income	13	<b>2,591</b>	3,014	<b>2,551</b>	2,979
Finance costs	14	<b>(7,413)</b>	(7,024)	<b>(7,413)</b>	(7,024)
<b>Net finance costs</b>		<b>(4,822)</b>	(4,010)	<b>(4,862)</b>	(4,045)
<b>Profit before tax</b>	15	<b>265,787</b>	288,736	<b>254,639</b>	218,786
Tax expense	16	<b>(67,581)</b>	(71,132)	<b>(8,046)</b>	(862)
<b>Profit/Total comprehensive income for the year</b>		<b>198,206</b>	217,604	<b>246,593</b>	217,924
<b>Profit/Total comprehensive income for the year attributable to:</b>					
Owners of the Company		<b>198,206</b>	217,604	<b>246,593</b>	217,924
<b>Basic/Diluted earnings per ordinary stock unit (sen)</b>	17	<b>65.6</b>	72.0		

The notes on pages 104 to 139 are an integral part of these financial statements.

# Statements of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2014

Group	Note	← Attributable to owners of the Company →			Total equity RM'000
		Non-distributable		Distributable	
		Share capital RM'000	Capital reserve RM'000	Retained earnings RM'000	
<b>At 1 July 2012</b>		151,049	5,193	223,461	379,703
Realisation of translation reserve		–	(5,193)	–	(5,193)
Profit for the year		–	–	217,604	217,604
Total comprehensive income for the year		–	(5,193)	217,604	212,411
Dividends to owners of the Company	18	–	–	(226,574)	(226,574)
<b>At 30 June 2013/1 July 2013</b>		151,049	–	214,491	365,540
Total comprehensive income for the year		–	–	198,206	198,206
Dividends to owners of the Company	18	–	–	(206,937)	(206,937)
<b>At 30 June 2014</b>		<b>151,049</b>	<b>–</b>	<b>205,760</b>	<b>356,809</b>
		Note 9	Note 9		

Company	Note	← Attributable to owners of the Company →			Total equity RM'000
				Distributable	
		Share capital RM'000		Retained earnings RM'000	
<b>At 1 July 2012</b>		151,049		37,918	188,967
Total comprehensive income for the year		–	–	217,924	217,924
Dividends to owners of the Company	18	–	–	(226,574)	(226,574)
<b>At 30 June 2013/1 July 2013</b>		151,049		29,268	180,317
Total comprehensive income for the year		–	–	246,593	246,593
Dividends to owners of the Company	18	–	–	(206,937)	(206,937)
<b>At 30 June 2014</b>		<b>151,049</b>		<b>68,924</b>	<b>219,973</b>
				Note 9	

The notes on pages 104 to 139 are an integral part of these financial statements.

# Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		265,787	288,736	254,639	218,786
Adjustments for:					
Amortisation of intangible assets	4	9,664	9,850	9,664	9,850
Depreciation of property, plant and equipment	3	31,517	30,710	24,043	24,948
Dividend income		–	–	(227,904)	(207,339)
Finance costs	14	7,413	7,024	7,413	7,024
Finance income	13	(2,591)	(3,014)	(2,551)	(2,979)
Gain in capital reduction in a subsidiary		–	–	–	(4,914)
Gain on disposal of property, plant and equipment		(944)	(919)	(292)	(297)
Intangible assets written off		175	438	175	438
Property, plant and equipment written off		254	406	252	396
Realisation of translation reserves		–	(5,193)	–	–
Reversal of restructuring of distribution channel accruals		–	(1,600)	–	–
Unrealised foreign exchange differences		66	83	66	88
<b>Operating profit before changes in working capital</b>		<b>311,341</b>	<b>326,521</b>	<b>65,505</b>	<b>46,001</b>
Changes in inventories		7,368	18,490	(2,865)	2,585
Changes in trade and other payables		(31,588)	25,947	(2,706)	(20,213)
Changes in receivables, deposits and prepayments		8,682	(56,746)	(54,265)	(8,046)
<b>Cash generated from operations</b>		<b>295,803</b>	<b>314,212</b>	<b>5,669</b>	<b>20,327</b>
Interest paid		(7,413)	(7,024)	(7,413)	(7,024)
Tax refund		22,025	–	19,728	–
Income tax paid		(74,190)	(81,580)	(8,090)	(8,065)
<b>Net cash from operating activities</b>		<b>236,225</b>	<b>225,608</b>	<b>9,894</b>	<b>5,238</b>
<b>Cash flow from investing activities</b>					
Acquisition of intangible assets	4	(13,864)	(20,202)	(13,864)	(20,202)
Acquisition of property, plant and equipment	3	(25,416)	(25,353)	(17,257)	(19,548)
Dividend received		–	–	227,904	207,339
Interest received		2,591	3,014	2,551	2,979
Proceeds from disposal of property, plant and equipment		963	929	295	303
<b>Net cash (used in)/from investing activities</b>		<b>(35,726)</b>	<b>(41,612)</b>	<b>199,629</b>	<b>170,871</b>

The notes on pages 104 to 139 are an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Cash flows from financing activities</b>					
Dividends paid to owners of the Company	18	<b>(206,937)</b>	(226,574)	<b>(206,937)</b>	(226,574)
Proceeds from issuance of commercial papers		<b>100,000</b>	–	<b>100,000</b>	–
Repayment of commercial papers		<b>(100,000)</b>	(50,000)	<b>(100,000)</b>	(50,000)
<b>Net cash used in financing activities</b>		<b>(206,937)</b>	(276,574)	<b>(206,937)</b>	(276,574)
<b>Net (decrease)/increase in cash and cash equivalents</b>					
		<b>(6,438)</b>	(92,578)	<b>2,586</b>	(100,465)
Cash and cash equivalents at 1 July		<b>68,242</b>	160,820	<b>51,913</b>	152,378
<b>Cash and cash equivalents at 30 June</b>	(i)	<b>61,804</b>	68,242	<b>54,499</b>	51,913

### (i) Cash and cash equivalents

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

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits placed with a licensed bank	8	<b>671</b>	9	<b>671</b>	9
Cash and bank balances	8	<b>61,133</b>	68,233	<b>53,828</b>	51,904
		<b>61,804</b>	68,242	<b>54,499</b>	51,913

The notes on pages 104 to 139 are an integral part of these financial statements.

# Notes to the Financial Statements

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

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

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 30 June 2014 do not include other entities.

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

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

These financial statements were authorised for issue by the Board of Directors on 21 August 2014.

## 1. Basis of Preparation

### (a) Statement of compliance

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

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

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

**1. Basis of Preparation (Continued)**

**(a) Statement of compliance (Continued)**

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

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 11, *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 116, *Property, Plant and Equipment: Clarification of Acceptable Methods of Depreciation*
- Amendments to MFRS 138, *Intangible assets: Clarification of Acceptable Methods of Amortisation*

***MFRSs, Interpretations and amendments effective for a date yet to be confirmed***

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

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

- from the annual period beginning on 1 July 2014 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for Amendments to MFRS 2 and Amendments to MFRS 140 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 July 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016 except for MFRS 14 and Amendments to MFRS 11, which are not applicable to the Group and the Company.

**1. Basis of Preparation (Continued)**

**(a) Statement of compliance (Continued)**

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

**(i) MFRS 9, *Financial Instruments***

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

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

**(b) Basis of measurement**

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

**(c) Functional and presentation currency**

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Basis of Preparation (Continued)

#### (d) Use of estimates and judgements (Continued)

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

### 2. Significant Accounting Policies

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

#### (a) Basis of consolidation

##### (i) Subsidiaries

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

The Group adopted MFRS 10, *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, 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.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.

### 2. Significant Accounting Policies (Continued)

#### (a) Basis of consolidation (continued)

##### (i) Subsidiaries (continued)

- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

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

##### (ii) Business combinations

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

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

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

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

**2. Significant Accounting Policies (Continued)**

**(a) Basis of consolidation (continued)**

**(ii) Business combinations (continued)**

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

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

**(iii) Loss of control**

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

**(iv) Transactions eliminated on consolidation**

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

**(b) Foreign currency**

**(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.

**2. Significant Accounting Policies (Continued)**

**(b) Foreign currency (continued)**

**(i) Foreign currency transactions (continued)**

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

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

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

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

The assets and liabilities of operations denominated in functional currencies other than RM are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. When a foreign operation is disposed of such that control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

**2. Significant Accounting Policies (Continued)**

**(b) Foreign currency (continued)**

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

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of the net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity.

**(c) Financial instruments**

**(i) Initial recognition and measurement**

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

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

**2. Significant Accounting Policies (Continued)**

**(c) Financial instruments (continued)**

**(ii) Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows:

***Financial assets***

***Loans and receivables***

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

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

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

***Financial liabilities***

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

**(iii) Derecognition**

A financial asset or a part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

**2. Significant Accounting Policies (Continued)**

**(c) Financial instruments (continued)**

**(iii) Derecognition (continued)**

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

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

**(i) Recognition and measurement**

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

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

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

**2. Significant Accounting Policies (Continued)**

**(d) Property, plant and equipment (continued)**

**(i) Recognition and measurement (continued)**

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

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

**(ii) Subsequent costs**

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

**(iii) Depreciation**

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

**2. Significant Accounting Policies (Continued)**

**(d) Property, plant and equipment (continued)**

**(iii) Depreciation (continued)**

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

- leasehold land 61 - 95 years
- buildings 50 years
- plant and machinery 13 - 20 years
- movable plant 4 - 10 years

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

**(e) Operating leases**

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

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

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

**2. Significant Accounting Policies (Continued)**

**(f) Intangible assets**

**(i) Computer software**

Computer software that are acquired by the Group, which have finite useful lives, are stated at cost less any accumulated amortisation and any accumulated impairment losses. Capital work-in-progress is measured at cost and is not depreciated until the assets are ready for their intended use.

**(ii) Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

**(iii) Amortisation**

Amortisation is based on the cost of an asset less its residual value. Computer software are amortised from the date that they are available for use.

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

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

**(g) Inventories**

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

The cost of inventories is measured based on weighted average cost formula and includes cost of raw materials, duties where applicable, and other expenses incurred in acquiring the inventories and bringing them to their existing location and condition. For finished goods and work-in-progress, cost also includes direct labour and an appropriate proportion of production overheads based on normal operating capacity. In arriving at net realisable value, due allowance is made for the estimated costs of completion and the estimated costs necessary to make the sale.

**2. Significant Accounting Policies (Continued)**

**(h) Cash and cash equivalents**

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

**(i) Impairment**

**(i) Financial assets**

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

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

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

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

**2. Significant Accounting Policies (Continued)**

**(i) Impairment (continued)**

**(i) Financial assets (continued)**

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

**(ii) Other assets**

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

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

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

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

**2. Significant Accounting Policies (Continued)**

**(i) Impairment (continued)**

**(ii) Other assets (continued)**

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

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

**(j) Equity instrument**

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

**(i) Ordinary shares**

Ordinary shares are classified as equity.

**(k) Employee benefits**

**(i) Short-term employee benefits**

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

**2. Significant Accounting Policies (Continued)**

**(k) Employee benefits (continued)**

**(i) Short-term employee benefits (continued)**

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

**(ii) State plans**

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**(iii) Termination benefits**

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

**(l) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for restructuring of distribution channels was recognised when the Group approved a detailed formal restructuring plan and the restructuring was communicated to the affected parties. Future operating losses were not provided for.

**2. Significant Accounting Policies (Continued)**

**(m) Revenue and other income**

**(i) Goods sold**

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

**(ii) Dividend income**

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

**(iii) Interest income**

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

**(n) Borrowing costs**

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

**2. Significant Accounting Policies (Continued)**

**(n) Borrowing costs (continued)**

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

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

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

**(o) Income tax**

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant Accounting Policies (Continued)

#### (o) Income tax (continued)

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

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

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

#### (p) Earnings per ordinary stock unit

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

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

### 2. Significant Accounting Policies (Continued)

#### (p) Earnings per ordinary stock unit (continued)

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

#### (q) Operating segments

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

#### (r) Fair value measurement

From 1 January 2013, the Group adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

## 3. Property, Plant and Equipment

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>							
At 1 July 2012	4,037	20,191	89,318	330,921	181,418	6,735	632,620
Additions	-	-	1,578	149	5,096	18,530	25,353
Write off	-	-	(463)	(6,000)	(736)	-	(7,199)
Disposals	-	-	-	-	(3,889)	-	(3,889)
Transfers	-	-	2,384	15,278	4,904	(22,566)	-
At 30 June 2013/1 July 2013	<b>4,037</b>	<b>20,191</b>	<b>92,817</b>	<b>340,348</b>	<b>186,793</b>	<b>2,699</b>	<b>646,885</b>
Additions	-	-	361	274	2,890	21,891	25,416
Write off	-	-	(635)	(1,496)	(7,893)	-	(10,024)
Disposals	-	-	-	(1,655)	(4,289)	-	(5,944)
Transfers	-	-	1,776	7,917	9,965	(19,658)	-
Transfer (to)/from intangible assets	-	-	(235)	-	1,011	463	1,239
<b>At 30 June 2014</b>	<b>4,037</b>	<b>20,191</b>	<b>94,084</b>	<b>345,388</b>	<b>188,477</b>	<b>5,395</b>	<b>657,572</b>
<b>Accumulated depreciation</b>							
At 1 July 2012	-	7,102	40,654	229,755	123,560	-	401,071
Depreciation charge for the year	-	256	4,639	11,731	14,084	-	30,710
Write off	-	-	(462)	(5,604)	(727)	-	(6,793)
Disposals	-	-	-	-	(3,879)	-	(3,879)
At 30 June 2013/1 July 2013	-	<b>7,358</b>	<b>44,831</b>	<b>235,882</b>	<b>133,038</b>	-	<b>421,109</b>
Depreciation charge for the year	-	255	5,325	12,120	13,817	-	31,517
Write off	-	-	(416)	(1,469)	(7,885)	-	(9,770)
Disposals	-	-	-	(1,655)	(4,270)	-	(5,925)
Transfer (to)/from intangible assets	-	-	(113)	-	330	-	217
<b>At 30 June 2014</b>	-	<b>7,613</b>	<b>49,627</b>	<b>244,878</b>	<b>135,030</b>	-	<b>437,148</b>
<b>Carrying amounts</b>							
At 30 June 2013/1 July 2013	4,037	12,833	47,986	104,466	53,755	2,699	225,776
<b>At 30 June 2014</b>	<b>4,037</b>	<b>12,578</b>	<b>44,457</b>	<b>100,510</b>	<b>53,447</b>	<b>5,395</b>	<b>220,424</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Property, Plant and Equipment (Continued)

Company	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>						
At 1 July 2012	20,191	85,631	330,921	160,365	6,735	603,843
Additions	–	38	149	831	18,530	19,548
Write off	–	–	(6,000)	(107)	–	(6,107)
Disposals	–	–	–	(1,584)	–	(1,584)
Transfers	–	2,384	15,278	4,904	(22,566)	–
Transfer to a subsidiary	–	(1,919)	–	(25,551)	–	(27,470)
At 30 June 2013/1 July 2013	<b>20,191</b>	<b>86,134</b>	<b>340,348</b>	<b>138,858</b>	<b>2,699</b>	<b>588,230</b>
Additions	–	75	274	391	16,517	17,257
Write off	–	(438)	(1,496)	(7,643)	–	(9,577)
Disposals	–	–	(1,655)	(1,497)	–	(3,152)
Transfers	–	1,776	7,917	5,418	(15,111)	–
Transfer from intangible assets	–	–	–	793	463	1,256
<b>At 30 June 2014</b>	<b>20,191</b>	<b>87,547</b>	<b>345,388</b>	<b>136,320</b>	<b>4,568</b>	<b>594,014</b>
<b>Accumulated depreciation</b>						
At 1 July 2012	7,102	39,226	229,755	112,459	–	388,542
Depreciation charge for the year	256	3,535	11,731	9,426	–	24,948
Write off	–	–	(5,604)	(107)	–	(5,711)
Disposals	–	–	–	(1,578)	–	(1,578)
Transfer to a subsidiary	–	–	–	(18,883)	–	(18,883)
At 30 June 2013/1 July 2013	<b>7,358</b>	<b>42,761</b>	<b>235,882</b>	<b>101,317</b>	–	<b>387,318</b>
Depreciation charge for the year	<b>255</b>	<b>3,721</b>	<b>12,120</b>	<b>7,947</b>	–	<b>24,043</b>
Write off	–	(219)	(1,469)	(7,637)	–	(9,325)
Disposals	–	–	(1,655)	(1,494)	–	(3,149)
Transfer from intangible assets	–	–	–	225	–	225
<b>At 30 June 2014</b>	<b>7,613</b>	<b>46,263</b>	<b>244,878</b>	<b>100,358</b>	–	<b>399,112</b>
<b>Carrying amounts</b>						
At 30 June 2013/1 July 2013	12,833	43,373	104,466	37,541	2,699	200,912
<b>At 30 June 2014</b>	<b>12,578</b>	<b>41,284</b>	<b>100,510</b>	<b>35,962</b>	<b>4,568</b>	<b>194,902</b>

4. Intangible Assets

Group	Computer software RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>			
At 1 July 2012	26,308	17,522	43,830
Additions	–	20,202	20,202
Transfer	37,034	(37,034)	–
Write off	(2,700)	–	(2,700)
At 30 June 2013/1 July 2013	<b>60,642</b>	<b>690</b>	<b>61,332</b>
Additions	–	<b>13,864</b>	<b>13,864</b>
Transfer	<b>11,521</b>	<b>(11,521)</b>	–
Transfer to property, plant and equipment	<b>(776)</b>	<b>(463)</b>	<b>(1,239)</b>
Write off	<b>(4,613)</b>	–	<b>(4,613)</b>
<b>At 30 June 2014</b>	<b>66,774</b>	<b>2,570</b>	<b>69,344</b>
<b>Amortisation</b>			
At 1 July 2012	17,957	–	17,957
Amortisation for the year	9,850	–	9,850
Write off	(2,262)	–	(2,262)
At 30 June 2013/1 July 2013	<b>25,545</b>	–	<b>25,545</b>
Amortisation for the year	<b>9,664</b>	–	<b>9,664</b>
Transfer to property, plant and equipment	<b>(217)</b>	–	<b>(217)</b>
Write off	<b>(4,438)</b>	–	<b>(4,438)</b>
<b>At 30 June 2014</b>	<b>30,554</b>	–	<b>30,554</b>
<b>Carrying amounts</b>			
At 30 June 2013/1 July 2013	35,097	690	35,787
At 30 June 2014	36,220	2,570	38,790

## NOTES TO THE FINANCIAL STATEMENTS

### 4. Intangible Assets (Continued)

Company	Computer software RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>			
At 1 July 2012	26,308	17,522	43,830
Additions	–	20,202	20,202
Transfer	37,034	(37,034)	–
Write off	(2,700)	–	(2,700)
At 30 June 2013/1 July 2013	<b>60,642</b>	<b>690</b>	<b>61,332</b>
Additions	–	<b>13,864</b>	<b>13,864</b>
Transfer	<b>11,521</b>	<b>(11,521)</b>	–
Transfer to property, plant and equipment	<b>(793)</b>	<b>(463)</b>	<b>(1,256)</b>
Write off	<b>(4,613)</b>	–	<b>(4,613)</b>
<b>At 30 June 2014</b>	<b>66,757</b>	<b>2,570</b>	<b>69,327</b>
<b>Amortisation</b>			
At 1 July 2012	17,957	–	17,957
Amortisation for the year	9,850	–	9,850
Write off	(2,262)	–	(2,262)
At 30 June 2013/1 July 2013	<b>25,545</b>	–	<b>25,545</b>
Amortisation for the year	<b>9,664</b>	–	<b>9,664</b>
Transfer to property, plant and equipment	<b>(225)</b>	–	<b>(225)</b>
Write off	<b>(4,438)</b>	–	<b>(4,438)</b>
<b>At 30 June 2014</b>	<b>30,546</b>	–	<b>30,546</b>
<b>Carrying amounts</b>			
At 30 June 2013/1 July 2013	35,097	690	35,787
<b>At 30 June 2014</b>	<b>36,211</b>	<b>2,570</b>	<b>38,781</b>

## 5. Investment in Subsidiaries

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares		
- at cost	<b>14,344</b>	14,344

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2014	2013
			%	%
Guinness Anchor Marketing Sdn. Bhd	Malaysia	Marketing and distribution of beverages primarily alcoholic in Malaysia	<b>100</b>	100
Ramaha Corporation (M) Sdn. Bhd.	Malaysia	Property holding and land development	<b>100</b>	100
Guinness Sabah Sdn. Bhd.	Malaysia	Dormant	<b>100</b>	100
Malayan Breweries (Malaya) Sdn. Bhd. *	Malaysia	Dormant	<b>100</b>	100
Guinness Singapore Pte. Limited #	Singapore	Dormant	<b>100</b>	100

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

# On 10 April 2014, Guinness Singapore Pte. Limited has applied to the Accounting and Corporate Regulatory Authority ("ACRA") to have its name struck-off from the Register. The striking-off is pending completion.

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Receivables, Deposits and Prepayments

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Non-current</b>					
Other receivables	6.1	<b>1,019</b>	1,098	<b>779</b>	777
Prepayments	6.2	<b>15,596</b>	18,452	<b>-</b>	-
		<b>16,615</b>	19,550	<b>779</b>	777
<b>Current</b>					
<b>Trade</b>					
Amount due from related parties	6.3	<b>1,624</b>	1,092	<b>1,624</b>	1,092
Amount due from a subsidiary	6.3	<b>-</b>	-	<b>24,945</b>	46,597
Trade receivables		<b>294,734</b>	300,199	<b>2,637</b>	2,473
Less: Impairment losses		<b>(6,384)</b>	(6,621)	<b>-</b>	-
		<b>289,974</b>	294,670	<b>29,206</b>	50,162
<b>Non-trade</b>					
Other receivables	6.1	<b>1,555</b>	1,850	<b>271</b>	518
Prepayments	6.2	<b>14,876</b>	19,590	<b>246</b>	492
Amount due from related parties	6.3	<b>3,236</b>	1,698	<b>149</b>	37
Amount due from subsidiaries	6.3	<b>-</b>	-	<b>76,865</b>	4,043
Deposits		<b>7,418</b>	4,998	<b>6,519</b>	3,741
		<b>27,085</b>	28,136	<b>84,050</b>	8,831
		<b>317,059</b>	322,806	<b>113,256</b>	58,993

#### 6.1 Other receivables

Included in other receivables are staff loans of the Group and of the Company amounting to RM1,580,000 (2013: RM1,620,000) and RM1,149,000 (2013: RM1,120,000) respectively of which RM1,019,000 (2013: RM1,098,000) and RM779,000 (2013: RM777,000) are repayable after the next 12 months for the Group and the Company respectively.

#### 6.2 Prepayments

Included in prepayments of the Group are upfront payments for promotional activities of RM29,909,000 (2013: RM36,979,000) of which RM15,596,000 (2013: RM18,452,000) are to be amortised over a period of more than 12 months but not exceeding 36 months. The upfront payments are made to the Group's distributional channels to carry out promotional activities over the period specified in the contract. The amount is amortised to profit or loss on a straight line basis over the period stipulated in the contract which ranges from one to three years.

#### 6.3 Amounts due from subsidiaries and related parties

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

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

**7. Inventories**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Raw materials	<b>13,358</b>	11,736	<b>13,358</b>	11,736
Work-in-progress	<b>1,889</b>	2,342	<b>1,889</b>	2,342
Finished goods	<b>12,224</b>	21,633	<b>1,241</b>	1,054
Packaging materials	<b>7,174</b>	6,124	<b>7,174</b>	6,124
Engineering stores and spares	<b>5,330</b>	5,508	<b>5,048</b>	4,589
	<b>39,975</b>	47,343	<b>28,710</b>	25,845

**8. Cash and Cash Equivalents**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits placed with a licensed bank	<b>671</b>	9	<b>671</b>	9
Cash and bank balances	<b>61,133</b>	68,233	<b>53,828</b>	51,904
	<b>61,804</b>	68,242	<b>54,499</b>	51,913

**9. Capital and Reserves****9.1 Share capital**

	Company			
	Amount 2014 RM'000	Number of shares 2014 RM'000	Amount 2013 RM'000	Number of shares 2013 RM'000
Authorised:				
Shares of RM0.50 each	<b>200,000</b>	<b>400,000</b>	200,000	400,000
Issued and fully paid:				
Ordinary stock units of RM0.50 each	<b>151,049</b>	<b>302,098</b>	151,049	302,098

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

**9.2 Capital reserves**

The capital reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operation. The translation reserve was realised as a result of the capital reduction exercise undertaken by its foreign operation in previous financial year.

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Deferred Tax Liabilities

#### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Group</b>						
Property, plant and equipment	2,264	1,507	(39,704)	(33,655)	(37,440)	(32,148)
Other items	2,062	1,107	(7,477)	(9,177)	(5,415)	(8,070)
Tax assets/(liabilities)	4,326	2,614	(47,181)	(42,832)	(42,855)	(40,218)
Set off of tax	(4,326)	(2,614)	4,326	2,614	-	-
Net tax liabilities	-	-	(42,855)	(40,218)	(42,855)	(40,218)
<b>Company</b>						
Property, plant and equipment	-	-	(39,704)	(33,655)	(39,704)	(33,655)
Other items	361	1,107	-	-	361	1,107
Net tax liabilities	361	1,107	(39,704)	(33,655)	(39,343)	(32,548)

#### Movement in temporary differences during the year

	Recognised		Recognised		At 30.6.2014 RM'000
	At 1.7.2012 RM'000	in profit or loss (Note 16) RM'000	At 30.6.2013/ 1.7.2013 RM'000	in profit or loss (Note 16) RM'000	
<b>Group</b>					
Property, plant and equipment	(30,700)	(1,448)	(32,148)	(5,292)	(37,440)
Other items	(1,985)	(6,085)	(8,070)	2,655	(5,415)
	(32,685)	(7,533)	(40,218)	(2,637)	(42,855)
<b>Company</b>					
Property, plant and equipment	(32,330)	(1,325)	(33,655)	(6,049)	(39,704)
Other items	2,326	(1,219)	1,107	(746)	361
	(30,004)	(2,544)	(32,548)	(6,795)	(39,343)

### 11. Borrowings

	Note	Group and Company	
		2014 RM'000	2013 RM'000
<b>Non-current</b>			
Medium Term Notes (unsecured)	11.1	50,000	150,000
<b>Current</b>			
Medium Term Notes (unsecured)	11.1	100,000	-

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

**11. Borrowings (Continued)****11.1 Medium term notes**

On 28 December 2011, the Company issued MTNs amounting to RM150 million under the CP/MTN Programme. The MTNs issued are as follows:

Tenure (years)	Interest rate (per annum)	Maturity date	Nominal value RM'000
3	3.70%	26 December 2014	100,000
5	3.78%	27 December 2016	50,000
			150,000

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

**12. Trade and Other Payables**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Trade</b>					
Trade payables		<b>52,563</b>	47,595	<b>23,131</b>	24,952
Amount due to related parties	12.1	<b>1,096</b>	–	<b>1,096</b>	–
		<b>53,659</b>	47,595	<b>24,227</b>	24,952
<b>Non-trade</b>					
Amount due to related parties	12.1	<b>13,016</b>	14,129	<b>1,244</b>	2,826
Amount due to a subsidiary	12.1	–	–	<b>100</b>	100
Other payables		<b>2,400</b>	1,419	<b>2,057</b>	1,240
Accrued expenses		<b>78,545</b>	115,999	<b>14,918</b>	16,068
		<b>93,961</b>	131,547	<b>18,319</b>	20,234
		<b>147,620</b>	179,142	<b>42,546</b>	45,186

**12.1 Amounts due to a subsidiary and related parties**

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

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

**13. Finance Income**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest income received from deposits placed with a licensed bank	<b>2,576</b>	2,997	<b>2,539</b>	2,966
Interest income received from staff loans	<b>15</b>	17	<b>12</b>	13
Recognised in profit or loss	<b>2,591</b>	3,014	<b>2,551</b>	2,979

## NOTES TO THE FINANCIAL STATEMENTS

### 14. Finance Costs

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Commercial papers	<b>6,065</b>	1,218	<b>6,065</b>	1,218
- Medium term notes	<b>1,144</b>	5,621	<b>1,144</b>	5,621
- Revolving credit	<b>159</b>	-	<b>159</b>	-
- Export billing	<b>45</b>	185	<b>45</b>	185
	<b>7,413</b>	7,024	<b>7,413</b>	7,024

### 15. Profit Before Tax

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Profit before tax is arrived at after charging:</b>				
Amortisation of intangible assets	<b>9,664</b>	9,850	<b>9,664</b>	9,850
Auditors' remuneration				
- Statutory audit				
KPMG	<b>160</b>	180	<b>96</b>	108
- Other services				
KPMG	<b>42</b>	70	<b>32</b>	40
Affiliates of KPMG	<b>68</b>	122	<b>46</b>	100
Depreciation of property, plant and equipment	<b>31,517</b>	30,710	<b>24,043</b>	24,948
Hire of equipment	<b>1,506</b>	888	<b>708</b>	545
Impairment loss on trade receivables	-	830	-	-
Intangible assets written off	<b>175</b>	438	<b>175</b>	438
Property, plant and equipment written off	<b>254</b>	406	<b>252</b>	396
Net realised loss on foreign exchange	<b>2,730</b>	1,169	<b>2,164</b>	1,428
Net unrealised loss on foreign exchange	<b>66</b>	83	<b>66</b>	88
Personnel expenses (including key management personnel):				
- Contributions to state plans	<b>10,980</b>	10,006	<b>5,070</b>	4,443
- Wages, salaries and others	<b>73,110</b>	68,340	<b>31,696</b>	28,703
Rental expense on buildings	<b>2,729</b>	2,893	<b>43</b>	66
<b>and after crediting:</b>				
Dividend income from unquoted subsidiary	-	-	<b>227,904</b>	207,339
Gain on capital reduction in a subsidiary	-	-	-	4,914
Gain on disposal of property, plant and equipment	<b>944</b>	919	<b>292</b>	297
Realisation of translation reserves	-	5,193	-	-
Reversal of impairment loss on trade receivables	<b>237</b>	121	-	-
Reversal of restructuring of distribution channels accruals	-	1,600	-	-

**16. Tax Expense****Recognised in profit or loss**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Current tax expense</b>				
Malaysian – current year	<b>64,498</b>	66,222	<b>1,135</b>	570
– under/(over) provision in prior year	<b>446</b>	(2,623)	<b>116</b>	(2,252)
Total current tax recognised in profit or loss	<b>64,944</b>	63,599	<b>1,251</b>	(1,682)
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	<b>4,294</b>	6,648	<b>6,754</b>	1,519
(Over)/Under provision in prior year	<b>(1,657)</b>	885	<b>41</b>	1,025
Total deferred tax recognised in profit or loss (Note 10)	<b>2,637</b>	7,533	<b>6,795</b>	2,544
Total income tax expense	<b>67,581</b>	71,132	<b>8,046</b>	862
<b>Reconciliation of tax expense</b>				
Profit for the year	<b>198,206</b>	217,604	<b>246,593</b>	217,924
Total income tax expense	<b>67,581</b>	71,132	<b>8,046</b>	862
Profit excluding tax	<b>265,787</b>	288,736	<b>254,639</b>	218,786
Income tax calculated using Malaysian tax rate of 25%	<b>66,447</b>	72,184	<b>63,660</b>	54,697
Non-deductible expenses/(Non-taxable income)	<b>2,345</b>	686	<b>1,205</b>	(773)
Tax exempt dividend	–	–	<b>(56,976)</b>	(51,835)
(Over)/Under provision in prior year	<b>(1,211)</b>	(1,738)	<b>157</b>	(1,227)
	<b>67,581</b>	71,132	<b>8,046</b>	862

**17. Earnings Per Ordinary Stock Unit****Basic earnings per ordinary stock unit**

The calculation of basic earnings per ordinary stock unit at 30 June 2014 was based on the profit attributable to ordinary shareholders of RM198,206,000 (2013: RM217,604,000) and a weighted average number of ordinary stock unit outstanding during the financial year of 302,098,000 (2013: 302,098,000).

*Weighted average number of ordinary stock unit*

	Group	
	2014 '000	2013 '000
Issued ordinary stock unit at 30 June	<b>302,098</b>	302,098
Basic earnings per ordinary stock unit (sen)	<b>65.6</b>	72.0

**Diluted earnings per ordinary stock unit**

There were no diluted earnings per ordinary stock unit for the Group as at 30 June 2014 and 2013.

## NOTES TO THE FINANCIAL STATEMENTS

### 18. Dividends

Dividends recognised by the Company are:

	Sen per stock unit	Total amount RM'000	Date of payment
<b>2014</b>			
Interim 2014 ordinary	20.00	60,420	25 April 2014
Final 2013 ordinary	48.50	146,517	27 December 2013
Total amount		<b>206,937</b>	
<b>2013</b>			
Interim 2013 ordinary	20.00	60,420	19 April 2013
Final 2012 ordinary	55.00	166,154	21 December 2012
Total amount		226,574	

The Directors now recommend the declaration of a final ordinary dividend of 44.5 sen per 50 sen stock unit under the single tier tax system totaling RM134,433,610 in respect of the financial year ended 30 June 2014 which if approved by the owners of the Company will be payable on 31 December 2014.

### 19. Operating Segments

The Group's business is focused only in malt liquor brewing including production, packaging, marketing and distribution of its products, principally in Malaysia. Approximately 1% (2013: 1%) of the total sales is exported, mainly to Asian countries. As such, only one reportable segment analysis is prepared. The Group's Managing Director (the chief operating decision maker) reviews internal management reports at least on a monthly basis.

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

#### Segment assets and liabilities

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

#### Segment capital expenditure

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

	2014 RM'000	2013 RM'000
Total additions to non-current assets other than financial instruments and deferred tax assets	<b>39,280</b>	45,555
<b>Segment profit</b>	<b>265,787</b>	288,736
<i>Included in the measure of segment profit are:</i>		
Revenue from external customers	<b>1,597,653</b>	1,659,697
Depreciation and amortisation	<b>(41,181)</b>	(40,560)
<i>Not included in the measure of segment profit but provided to the Group's Managing Director</i>		
Net finance cost	<b>(4,822)</b>	(4,010)

**19. Operating Segments (Continued)****Reconciliation of reportable segment revenue, profit and other material items**

	2014 RM'000	2013 RM'000
<b>Segment revenue</b>		
Revenue from external customers	<b>1,597,653</b>	1,659,697
Revenue from internal customers	<b>12,934</b>	16,651
Consolidated revenue	<b>1,610,587</b>	1,676,348
<b>Net finance cost</b>		
Finance income	<b>2,591</b>	3,014
Finance costs	<b>(7,413)</b>	(7,024)
Consolidated net finance cost	<b>(4,822)</b>	(4,010)

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

**20. Financial Instruments****20.1 Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables ("L&R");
- (b) Financial liabilities measured at amortised cost ("FL").

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

## NOTES TO THE FINANCIAL STATEMENTS

### 20. Financial Instruments (Continued)

#### 20.1 Categories of financial instruments (continued)

30 June 2013	Carrying amount RM'000	L&R/ (FL) RM'000
<b>Financial assets</b>		
<b>Group</b>		
Receivables and deposits	304,314	304,314
Cash and cash equivalents	68,242	68,242
	<b>372,556</b>	<b>372,556</b>
<b>Company</b>		
Receivables and deposits	59,278	59,278
Cash and cash equivalents	51,913	51,913
	<b>111,191</b>	<b>111,191</b>
<b>Financial liabilities</b>		
<b>Group</b>		
Trade and other payables	(179,142)	(179,142)
Borrowings	(150,000)	(150,000)
	<b>(329,142)</b>	<b>(329,142)</b>
<b>Company</b>		
Trade and other payables	(45,186)	(45,186)
Borrowings	(150,000)	(150,000)
	<b>(195,186)</b>	<b>(195,186)</b>

#### 20.2 Net gains and losses arising from financial instruments

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net gains/(losses) on:				
Loans and receivables	<b>2,828</b>	1,301	<b>2,551</b>	1,978
Financial liabilities measured at amortised cost	<b>(10,209)</b>	(7,557)	<b>(9,643)</b>	(7,363)
Fair value through profit or loss - Held for trading	<b>-</b>	(259)	<b>-</b>	(259)
	<b>(7,381)</b>	(6,515)	<b>(7,092)</b>	(5,644)

## 20. Financial Instruments (Continued)

### 20.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

#### 20.3.1 Credit risk

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

##### (a) Receivables

###### ***Risk management objectives, policies and processes for managing the risk***

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

###### ***Exposure to credit risk, credit quality and collateral***

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

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

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

	Group	
	2014	2013
	RM'000	RM'000
Malaysia	286,630	291,384
Asia	3,344	3,286
	<b>289,974</b>	294,670

20. Financial Instruments (Continued)

20.3 Financial risk management (continued)

20.3.1 Credit risk (continued)

(a) Receivables (continued)

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

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

Type of collateral	Carrying amounts	
	2014 RM'000	2013 RM'000
Bank guarantees	47,008	43,846
Cash deposits	2,499	3,787
Properties charged*	31,097	28,225
Quoted shares pledged*	2,016	2,016
	<b>82,620</b>	<b>77,874</b>

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

**Impairment losses**

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

Group	Gross	Individual	Net
30 June 2014	RM'000	impairment RM'000	RM'000
Not past due	280,947	–	280,947
Past due 1 - 30 days	4,845	–	4,845
Past due 31 - 120 days	3,497	–	3,497
Past due more than 120 days	7,069	(6,384)	685
	<b>296,358</b>	<b>(6,384)</b>	<b>289,974</b>
<b>30 June 2013</b>			
Not past due	290,130	–	290,130
Past due 1 - 30 days	635	–	635
Past due 31 - 120 days	2,549	–	2,549
Past due more than 120 days	7,977	(6,621)	1,356
	<b>301,291</b>	<b>(6,621)</b>	<b>294,670</b>

## 20. Financial Instruments (Continued)

### 20.3 Financial risk management (continued)

#### 20.3.1 Credit risk (continued)

##### (a) Receivables (continued)

##### **Impairment losses (continued)**

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

	Group	
	2014	2013
	RM'000	RM'000
At 1 July	6,621	5,912
Impairment loss recognised	–	830
Impairment loss reversed	(237)	(121)
At 30 June	6,384	6,621

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

##### (b) Inter company balances

##### **Risk management objectives, policies and processes for managing the risk**

The Company provides unsecured advances to a subsidiary and the results of the subsidiary are monitored regularly.

##### **Exposure to credit risk, credit quality and collateral**

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

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

##### **Impairment losses**

As at the end of the reporting period, there was no indication that the advances to the subsidiary are not recoverable.

##### (c) Other financial assets

##### **Risk management objectives, policies and processes for managing the risk**

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

##### **Exposure to credit risk, credit quality and collateral**

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

**20. Financial Instruments (Continued)**

**20.3 Financial risk management (continued)**

**20.3.2 Liquidity risk**

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

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

**Maturity analysis**

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

	Carrying amount RM'000	Contractual interest rate/coupon	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
<b>2014</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Borrowings							
- Medium Term Notes	150,000	3.70% - 3.78%	156,527	103,705	1,890	50,932	-
Trade and other payables	147,620		147,620	147,620	-	-	-
	<b>297,620</b>		<b>304,147</b>	<b>251,325</b>	<b>1,890</b>	<b>50,932</b>	<b>-</b>
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Borrowings							
- Medium Term Notes	150,000	3.70% - 3.78%	156,527	103,705	1,890	50,932	-
Trade and other payables	42,546		42,546	42,546	-	-	-
	<b>192,546</b>		<b>199,073</b>	<b>146,251</b>	<b>1,890</b>	<b>50,932</b>	<b>-</b>

## 20. Financial Instruments (Continued)

### 20.3 Financial risk management (continued)

#### 20.3.2 Liquidity risk (continued)

##### *Maturity analysis (continued)*

	Carrying amount RM'000	Contractual interest rate/coupon	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
<b>2013</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Borrowings							
- Medium Term Notes	150,000	3.70% - 3.78%	162,152	5,620	103,700	52,832	-
Trade and other payables	179,142	-	179,142	179,142	-	-	-
	329,142		341,294	184,762	103,700	52,832	-
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Borrowings							
- Medium Term Notes	150,000	3.70% - 3.78%	162,152	5,620	103,700	52,832	-
Trade and other payables	45,186		45,186	45,186	-	-	-
	195,186		207,338	50,806	103,700	52,832	-

#### 20.3.3 Market risk

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

##### (a) Currency risk

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

##### ***Risk management objectives, policies and processes for managing the risk***

The Group uses forward exchange contracts to hedge its foreign currency risk. The forward exchange contracts have maturities of less than one year after the end of the reporting period.

20. Financial Instruments (Continued)

20.3 Financial risk management (continued)

20.3.3 Market risk (continued)

(a) Currency risk (continued)

**Exposure to foreign currency risk**

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

Group	← Denominated in →			
	USD RM'000	GBP RM'000	EURO RM'000	THB RM'000
<b>30 June 2014</b>				
Trade receivables	4,081	-	-	-
Trade payables	(2,197)	-	(516)	(1,015)
Net exposure	1,884	-	(516)	(1,015)
<b>30 June 2013</b>				
Trade receivables	3,286	-	-	-
Trade payables	(907)	(1,339)	(963)	-
Net exposure	2,379	(1,339)	(963)	-

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

(b) Interest rate risk

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

**Risk management objectives, policies and processes for managing the risk**

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

**Exposure to interest rate risk**

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

	Group and Company	
	2014 RM'000	2013 RM'000
<b>Fixed rate instruments</b>		
Financial assets	671	9
Financial liabilities	(150,000)	(150,000)
	(149,329)	(149,991)

**20. Financial Instruments (Continued)**

**20.3 Financial risk management (continued)**

**20.3.3 Market risk (continued)**

**(b) Interest rate risk (continued)**

***Interest rate risk sensitivity analysis***

***Fair value sensitivity analysis for fixed rate instruments***

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

**(c) Other price risk**

Other price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk comprises equity price risk and commodity price risk.

The Group is not exposed to any other price risk.

**20.4 Fair value information**

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

The fair values of other financial liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	2014		2013	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Borrowings	(150,000)	(150,000)	(150,000)	(150,000)

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table:

***Non-derivative financial liabilities***

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

***Interest rates used to determine fair value***

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

	2014	2013
Borrowings	3.70% - 3.78%	3.70% - 3.78%

**20.5 Fair value hierarchy**

Fair value hierarchy has not been presented as there are no financial instruments carried at fair values nor those not carried at fair value for which fair value is disclosed as at the year ended 30 June 2014.

## NOTES TO THE FINANCIAL STATEMENTS

### 21. Capital Management

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

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

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

### 22. Operating Leases

#### Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Less than one year	<b>2,947</b>	2,594	<b>1,516</b>	1,150
Between one and five years	<b>2,119</b>	2,907	<b>1,393</b>	1,581
	<b>5,066</b>	5,501	<b>2,909</b>	2,731

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.

### 23. Capital and Other Commitments

	Group and Company	
	2014 RM'000	2013 RM'000
<b>Capital expenditure commitments</b>		
Property, plant and equipment		
Authorised but not contracted for	<b>109,477</b>	67,286
Authorised and contracted for within one year	<b>3,935</b>	18,428
	<b>113,412</b>	85,714

## 24. Related parties

### Identity of related parties

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

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

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

### Significant related party transactions

Significant related party transactions other than those disclosed elsewhere in the financial statements are shown below. The balances related to the below transactions are shown in Notes 6 and 12 respectively:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>A. Subsidiary</b>				
Guinness Anchor Marketing Sdn Bhd				
Sale of products	-	-	<b>1,017,046</b>	1,057,216
Management service fee received and receivable	-	-	<b>8,340</b>	8,340
Sale of dispensing equipments	-	-	-	8,587
<b>B. Related corporations</b>				
Diageo Plc and its related corporations				
Purchase of goods	<b>(14,433)</b>	(13,503)	<b>(14,433)</b>	(13,503)
Sale of products	<b>12,934</b>	16,651	<b>12,934</b>	16,651
Royalties paid and payable	<b>(11,507)</b>	(7,769)	<b>(5,250)</b>	(7,190)
Marketing and technical fees paid and payable	-	(4,362)	-	-
HAPPL				
Purchase of goods	<b>(1)</b>	-	<b>(1)</b>	-
Royalties paid and payable	<b>(18,414)</b>	(18,975)	-	-
Marketing and advertising services fee received and receivable	<b>13,918</b>	13,462	-	-
Heineken N.V. and its related corporations				
Purchase of goods	<b>(13,230)</b>	(18,057)	<b>(13,230)</b>	(18,057)
Royalties paid and payable	<b>(9,012)</b>	(7,610)	-	-
Marketing and technical fees paid and payable	<b>(233)</b>	(439)	<b>(233)</b>	(439)
Marketing and advertising services fee received and receivable	<b>6,465</b>	6,098	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 25. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors				
- Fees	597	472	591	466
- Remuneration <sup>#</sup>	1,289	1,597	1,289	1,597
- Meeting attendance allowance	92	118	92	118
Other short term benefits (including estimated monetary value of benefit-in-kind)	490	502	490	502
	<b>2,468</b>	2,689	<b>2,462</b>	2,683
Other key management personnel:				
Short-term employee benefits	6,283	4,825	4,288	3,459
	<b>8,751</b>	7,514	<b>6,750</b>	6,142

<sup>#</sup> Included bonus paid/payable to the former Managing Director of the Company who left the Company on 1 March 2013 and payment to the former Chairman (Non-Executive) who retired from the Company pursuant to Section 129 of the Companies Act, 1965 on 22 November 2012. The latter payment was approved by the Company's shareholders on 26 November 2009.

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

### 26. Comparatives

Certain comparatives were restated to conform with current year disclosure.

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

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised profits/(losses)	<b>250,779</b>	256,432	<b>(39,850)</b>	62,149
- unrealised (losses)/profits	<b>(43,779)</b>	(41,072)	<b>108,774</b>	(32,881)
	<b>207,000</b>	215,360	<b>68,924</b>	29,268
Less: Consolidation adjustments	<b>(1,240)</b>	(869)	-	-
Total retained earnings	<b>205,760</b>	214,491	<b>68,924</b>	29,268

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

# 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 99 to 138 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 27 on page 139 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

**Dato' Saw Choo Boon**

Director

**Hans Essaadi**

Director

Petaling Jaya,  
21 August 2014

# Statutory Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Atul Chhparwal**, the Officer primarily responsible for the financial management of Guinness Anchor Berhad, do solemnly and sincerely declare that the financial statements set out on pages 99 to 139 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Petaling Jaya on 21 August 2014.

**Atul Chhparwal**

Before me:

**Commissioner for Oaths**

**Ng Say Hung**

No. B185

No. 69A, Jalan SS21/37  
Damansara Utama (Up Town)  
47400 Petaling Jaya  
Selangor Darul Ehsan

# 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 statements of financial position as at 30 June 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 99 to 138.

### *Directors' Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## Report on Other Legal and Regulatory Requirements

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

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

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GUINNESS ANCHOR BERHAD

### Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 27 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

### Other Matters

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

#### **KPMG**

*Firm Number: AF 0758  
Chartered Accountants*

#### **Chew Beng Hong**

*Approval Number:  
2920/02/16(J)  
Chartered Accountant*

Petaling Jaya, Malaysia  
21 August 2014

# Analysis of Stockholdings

AS AT 10 OCTOBER 2014

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	830	6.40	6,263	0.00
100 – 1,000	5,555	42.85	4,026,050	1.33
1,001 – 10,000	5,292	40.82	20,215,441	6.69
10,001 – 100,000	1,152	8.89	33,551,875	11.11
100,001 – 15,104,899	134	1.03	90,228,471	29.87
15,104,900 and above	1	0.01	154,069,900	51.00
<b>TOTAL</b>	<b>12,964</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	%
GAPL Pte Ltd	154,069,900	51.00	–	–
Aberdeen Asset Management PLC and its subsidiaries	18,883,000	6.25	–	–
Aberdeen Asset Management Asia Limited	18,318,000	6.06	–	–
Mitsubishi UFJ Financial Group, Inc	–	–	19,084,618 <sup>#</sup>	6.32 <sup>#</sup>

<sup>#</sup> Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965

## Director's Interest

According to the Register of Directors' Shareholdings, none of the Directors (including the spouses or children of the Directors who themselves are not Directors of the Company) holding office as of 10 October 2014 had any interest in the ordinary stock units of the Company or its related corporations.

## ANALYSIS OF STOCKHOLDINGS

AS AT 10 OCTOBER 2014

### 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 Secs Svs Lux for Aberdeen Global	9,771,900	3.23
4.	HSBC Nominees (Asing) Sdn Bhd Exempt An for BNP Paribas Securities Services (Jersey GBP)	3,477,600	1.15
5.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	3,233,589	1.07
6.	Cartaban Nominees (Asing) Sdn Bhd RBC Investor Services Bank for Vontobel Fund – Far East Equity	2,723,909	0.90
7.	HSBC Nominees (Asing) Sdn Bhd Exempt An for J.P. Morgan Bank Luxembourg S.A.	2,411,000	0.80
8.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs Svs Paris for Aberdeen Asian Smaller Companies Investment Trust Plc	2,250,000	0.75
9.	Tokio Marine Life Insurance Malaysia Bhd as Beneficial Owner (PF)	2,227,000	0.74
10.	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund AM4N for Aberdeen Institutional Commingled Funds LLC	2,179,000	0.72
11.	Tai Tak Estates Sdn Bhd	2,156,000	0.71
12.	CIMSEC Nominees (Asing) Sdn Bhd Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	1,895,170	0.63
13.	Chinchoo Investment Sdn. Berhad	1,865,000	0.62
14.	Ho Sim Guan	1,330,000	0.44
15.	Kam Loong Mining Sdn Bhd	1,320,000	0.44

**30 Largest Stockholders (Continued)**

	<b>No. of stock units</b>	<b>%</b>
16. Gan Teng Siew Realty Sdn. Berhad	1,277,000	0.42
17. Key Development Sdn. Berhad	1,250,000	0.41
18. Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Private Limited (Client A/C-NR)	1,183,109	0.39
19. Hong Leong Assurance Berhad As Beneficial Owner (Life Par)	1,159,000	0.38
20. HLB Nominees (Asing) Sdn Bhd Tan Eng Chin Holdings (Pte.) Limited (Cust.Sin 40555)	1,150,000	0.38
21. CIMSEC Nominees (Tempatan) Sdn Bhd Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	1,089,700	0.36
22. Cartaban Nominees (Asing) Sdn Bhd RBC Investor Services Bank for Global Emerging Markets Smallcap (Danske Invest)	1,056,700	0.35
23. Chan Emily	1,052,000	0.35
24. Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank NA (Aegon BV)	1,004,900	0.33
25. DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund W4B3 for Wasatch Emerging Markets Small Cap Fund	984,580	0.33
26. Mrs Chan Lam Choon Nee Mun Swee Heong	896,400	0.30
27. Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for AIA Bhd	895,700	0.30
28. Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	863,400	0.29
29. HSBC Nominees (Asing) Sdn Bhd Exempt An for Danske A/S (Client Holdings)	850,000	0.28
30. Yeoh Saik Khoo Sendirian Berhad	823,569	0.27
	<b>216,663,606</b>	<b>71.72</b>

# Other Information

## Utilisation of Proceeds

There were no proceeds raised from any corporate proposal during the financial year ended 30 June 2014.

## Share Buyback

There was no share buyback exercise carried out by the Company during the financial year ended 30 June 2014.

## Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued by the Company during the financial year ended 30 June 2014.

## Depository Receipt Programme

The Company did not sponsor any depository receipt programme during the financial year ended 30 June 2014.

## 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 2014, which have material impact on the operations or financial position of the Group.

## 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 2014 amounted to RM110,300. This amount was incurred in respect of the following services provided to the Group:

- Tax compliance services: RM68,300
- Review of the Statement on Risk Management and Internal Control: RM20,000
- Other services in relation to commercial activities carried out by the Group: RM10,000
- Review of the breakdown of realised and unrealised gains/losses: RM12,000

## Variation in Results

There were no profit estimate, forecast or projection issued by the Company during the financial year ended 30 June 2014.

## Profit Guarantee

There were no profit guarantees given by the Company and its subsidiaries during the financial year ended 30 June 2014.

## 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 2014 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.

## Properties Owned by the Group

Address/Location	Land area (acres)	Existing use	Tenure	Approximate age of building (years)	Net Book Value At 30 June 2014 RM'000	Date of Acquisition / Revaluation *
Lot 1135, Batu 9 Jalan Klang Lama 46000 Petaling Jaya Selangor	20.84	Office building & factory	Leasehold expiring 23 September 2063	48	58,612	30 September 1984*
120, Air Keroh Industrial Estate 75450 Melaka	1.07	Office building & store	Leasehold expiring 13 January 2080	32	336	30 September 1984*
Lot 123 Semambu Industrial Site 25350 Kuantan Pahang	0.52	Office building & store	Leasehold expiring 5 March 2046	32	317	30 September 1984*
Lot 1136, Batu 9 Jalan Klang Lama 46000 Petaling Jaya Selangor	2.88	Storage	Freehold	Not applicable	4,037	31 December 1991
					<b>63,302</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 50<sup>th</sup> Annual General Meeting of Guinness Anchor Berhad (the Company) will be held at Grand Ballroom, Connexion @ Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Friday, 28 November 2014 at 10.00 a.m. for the following purposes:

## Agenda

### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2014 together with the Directors' and Auditors' Reports thereon. **Ordinary Resolution 1**
2. To approve the declaration of a final single tier dividend of 44.5 sen per 50 sen stock unit in respect of the financial year ended 30 June 2014 as recommended by the Directors. **Ordinary Resolution 2**
3. To re-elect Dato' Saw Choo Boon who retires by rotation pursuant to Article 89 of the Company's Articles of Association as a Director of the Company. **Ordinary Resolution 3**
4. To re-elect Mr Martin Giles Manen who retires by rotation pursuant to Article 89 of the Company's Articles of Association as a Director of the Company. **Ordinary Resolution 4**
5. To elect Ms Apurvi Haridas Sheth @ Apurvi Sheth Mirpuri who retires pursuant to Article 96 of the Company's Articles of Association as a Director of the Company. **Ordinary Resolution 5**
6. To elect Mr Alvaro Andres Cardenas Munoz who retires pursuant to Article 96 of the Company's Articles of Association as a Director of the Company. **Ordinary Resolution 6**
7. To approve the Directors' Fees of RM590,500 payable to the Non-Executive Directors for the financial year ending 30 June 2015. **Ordinary Resolution 7**
8. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 8**

**As Special Business**

9. To consider and, if thought fit, to pass the following resolution:

**PROPOSED 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 6 November 2014 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 detrimental to 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 9**

10. 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 single tier dividend of 44.5 sen per 50 sen stock unit in respect of the financial year ended 30 June 2014 will be paid on 31 December 2014 to Stockholders registered at the close of business on 12 December 2014.

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 9 December 2014 in respect of shares which are exempted from mandatory deposit;
- (b) Shares transferred into the Depositor's securities account before 4.00 pm on 12 December 2014 in respect of ordinary transfers; and
- (c) Shares bought on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

#### Ng Sow Hoong

MAICSA 7027552

Company Secretary

Petaling Jaya

6 November 2014

#### 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 2014** and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.
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, 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.
4. Registration and Door Gifts  
Registration will commence at 8.00 a.m. and close promptly at 10.30 a.m. on the day of the meeting. Members and Proxies are advised 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 or Proxies upon their registration as a token of appreciation for their continued support to the Company. Please take note each Member 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.

#### EXPLANATORY NOTES

##### Ordinary Resolution 7

###### - Payment of Directors' Fees to the Non-Executive Directors for the financial year ending 30 June 2015

Ordinary Resolution 7, if passed, will allow the Company to pay the Directors' fees to its Non-Executive Directors periodically during the financial year rather than a lump sum payment after the conclusion of its AGM.

##### Ordinary Resolution 9

###### - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature

Ordinary Resolution 9, 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 be eliminated. 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 is set out in the Circular to Shareholders of the Company dated 6 November 2014.

# 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 50<sup>th</sup> Annual General Meeting of the Company to be held at Grand Ballroom, Connexion @ Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Friday, 28 November 2014 at 10.00 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.]

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

\_\_\_\_\_  
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 2014 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the meeting or appoint a proxy to attend and/or vote on his/her behalf.
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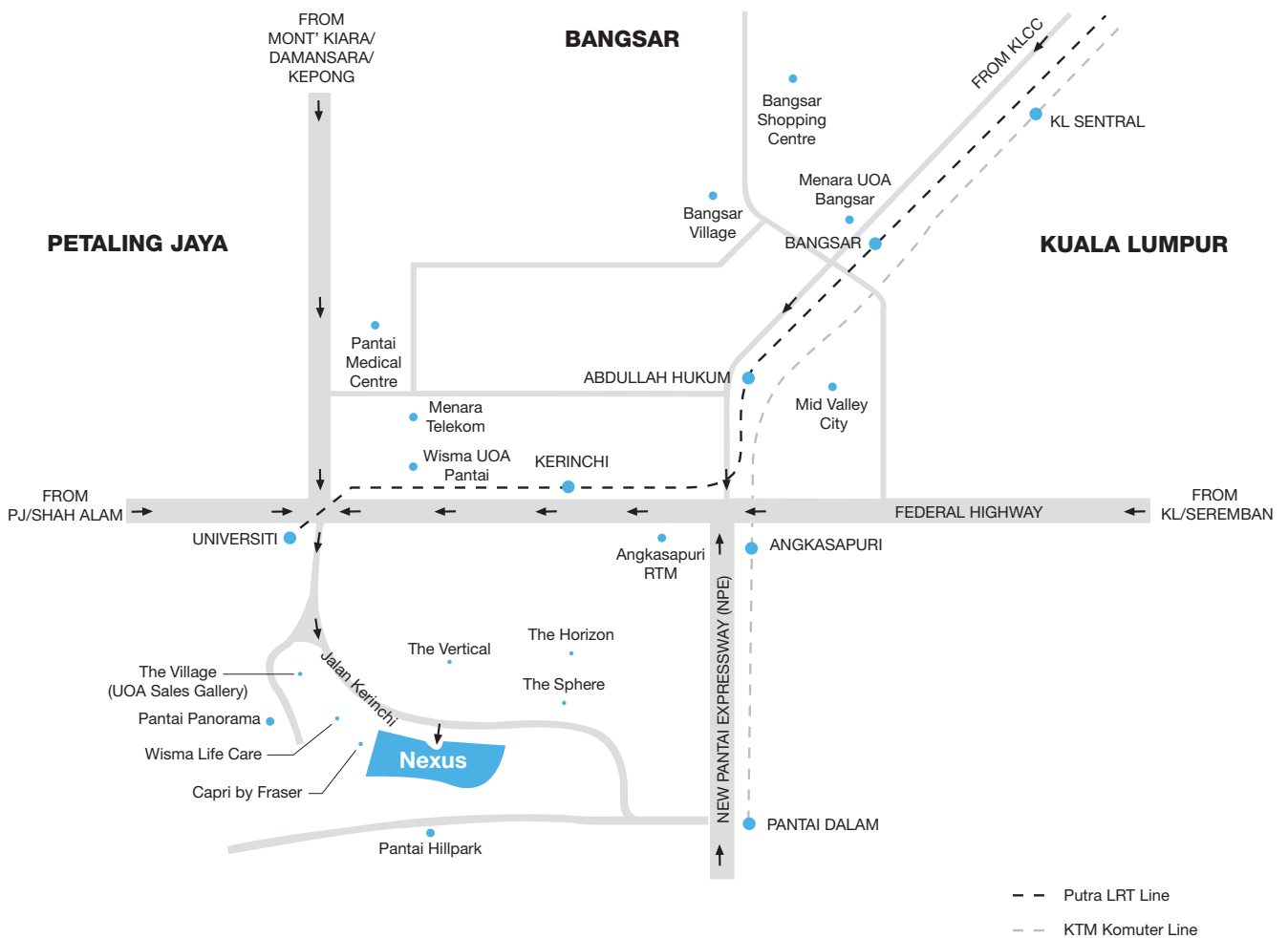
**Affix  
Stamp Here**

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

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**Connexion @ Nexus  
 No. 7 Jalan Kerinchi  
 Bangsar South City  
 59200 Kuala Lumpur  
 Malaysia**



# GROUP DIRECTORY

## Corporate Office

### Guinness Anchor Berhad

Sungei Way Brewery  
Lot 1135, Batu 9  
Jalan Klang Lama  
46000 Petaling Jaya  
Selangor, Malaysia  
Tel : 603-78614688  
Fax : 603-78614602

## Regional Sales Offices

### Guinness Anchor Marketing Sdn Bhd

#### Kuala Lumpur

Lot 48, Jalan Tiga  
Off Jalan Chan Sow Lin  
55200 Kuala Lumpur  
Malaysia  
Tel : 603-92351999  
Fax : 603-92351900

#### Butterworth

No. 8 Lorong Perusahaan Maju 11  
Taman Perusahaan Pelangi  
13600 Seberang Prai  
Butterworth  
Malaysia  
Tel : 604-5086288  
Fax : 604-5087288

#### Penang

50-J, Ground Floor, Wisma Hong Bee  
Pengkalan Weld  
10300 Penang, Malaysia  
Tel : 604-2645227/228  
Fax : 604-2630227

#### Ipoh

No.1 Persiaran Sultan Azlan Shah 3  
31350 Ipoh  
Perak, Malaysia  
Tel : 605-2493088  
Fax : 605-2493089

#### Malacca

Lot 120, Ayer Keroh Industrial Estate  
75450 Malacca, Malaysia  
Tel : 606-2325772/8249/4986/  
9308/9309  
Fax : 606-2322771

#### Johor Bahru

No. 22 (Lot 1569) Jalan Dewani  
Off Jalan Tampoi  
Kawasan Perindustrian Temenggong  
81100 Johor Bahru, Johor  
Malaysia  
Tel : 607-3310100  
Fax : 607-3312891

#### Seremban

613 Jalan Haruan 4/8  
Oakland Commercial Centre  
70300 Seremban  
Negeri Sembilan, Malaysia  
Tel : 606-6334647/8/9  
Fax : 606-6334650

#### Kuantan

Lot 123, Semambu Industrial Site  
25350 Kuantan, Pahang, Malaysia  
Tel : 609-5661967/00/09  
Fax : 609-5662523

#### Mentakab

No. 46, Ground and 1<sup>st</sup> Floor  
Jalan Bendera Mahkota  
Taman Bukit Bendera  
28400 Mentakab  
Pahang, Malaysia  
Tel : 609-2770832

#### Kuching

Lot 310, Section 9 KTL D  
Lorong 7, Rubber Road  
P O Box 633  
93712 Kuching  
Sarawak, Malaysia  
Tel : 6082-240099/500  
6082-244043/046  
Fax : 6082-246787

#### Miri

1<sup>st</sup> Floor, Lot 2302  
Bulatan Commercial Centre  
Jalan Dato Permaisuri  
P O Box 1125  
98008 Miri, Sarawak, Malaysia  
Tel : 6084-326533  
Fax : 6084-326533

#### Sibu

No. 12 Jalan Tapang Timur  
96008 Sibu  
Sarawak, Malaysia  
Tel : 6084-326533

#### Kota Kinabalu

Building No. 19B, Lot 21  
Sedco Light Industrial Estate  
Jalan Kilang, Kolombong  
88450 Kota Kinabalu  
Sabah, Malaysia  
Tel : 6088-324488

#### Sandakan

Block C, Lot 5, Taman Grand View  
Jalan Sim Sim  
90000 Sandakan  
Sabah, Malaysia  
Tel : 6089-271214/210968  
Fax : 6089-274082

#### Tawau

Lot 3, TB 4478, Ground & First Floors  
Block A Pusat Komersil Ba Zhong  
Jalan Tawau Lama  
91000 Tawau, Sabah, Malaysia  
Tel : 6089-771202/774383  
Fax : 6089-773275

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