

Message from the Managing Director

This has been another good year for GAB. We succeeded in achieving an 11th consecutive year of profit, revenue and market share growth and we also declared our biggest dividend payout to our shareholders. The growth of the Company was accompanied by further strides forward in our corporate responsibility (CR) initiatives and performance.

Financial year 2012 (FY12) marks the 5th year of the GAB Foundation. We have seen good progress in our programmes under the three focus areas: environmental conservation, education and community. FY12 saw GAB Foundation enhance its projects to increase impact and reach. The Foundation expanded its W.A.T.E.R Project beyond Sungei Way by holding its biggest River Carnival to-date at Zoo Negara, reaching more than 3,000 people. Under its Education pillar, the Foundation evolved its English Programme to equip English teachers with the right skills so that in turn they may enrich the lives of their students, reaching more students in the years to come.

We also continue to make progress in our quest to encourage sensible drinking. We gave out Drink Sensibly (DS) bottled water, equipped with DS tips to more than 20,000 consumers, trained 1,600 frontline staff of outlets and brought DS to our consumers in both Sabah and Sarawak. Internally, we continue to engage with our employees to ensure that they understand the importance of drinking sensibly.

Our people remain a main focus with our HR 7 Pillars forming the foundation of our efforts. Since its introduction in 2007, we have upped our spend on training and development, with our FY12 budget for training and development being roughly 50 per cent more than it was six years ago. We understand that employee engagement is an on-going process and we are constantly learning and evolving to stay relevant to the needs of our growing workforce.

Although we made progress in CR overall, we fell short in two areas - health and safety, and our environmental performance. We did not meet our accident target, with quite a significant increase in severity rate due to three injuries that required a pro-longed period of time for recovery. The cause of the accidents has since been rectified, and preventive measures put into place. We will be increasing our efforts this year to meet the zero accident target set.

With regards to our environmental performance, we only recorded marginal changes in our utilities consumption. One of the main reasons for this is the Company's decision to cut our Malaysian Duty Not Paid (MDNP) business by over 50 per cent. Although this has had little impact on our bottom line, it affected some economies of scale that previously helped reduce our utilities consumption per unit of volume produced.

Protecting the environment remains a top priority for us. Over the last few years, we have spent over RM120 million in modernising our brewery to increase efficiency and reduce the impact we make on the environment. Today, I am proud to say that we use less water and electricity than we did five years ago, despite an increase in volumes produced. Additionally, the stringent processes we have put in place as a result of Total Productive Management (TPM) support our quest for continuous progress.

In line with our commitment towards CR, we have taken a step towards ensuring that our CR reporting is meaningful. Last year, for the first time ever, GAB embarked on a structured stakeholder engagement exercise, to help us understand the concerns and challenges of these important partners. This year, we have opted to only publish a full CR report once every two years to allow for more meaningful reporting and for us to gauge, accurately, if real progress has been made against set targets. For FY12, we have an overview of our CR activities with brief updates on key initiatives. A full and complete CR Report will be published next year.

In closing, I would like to thank every one of our employees, suppliers, customers, distributors, investors as well as the members of our local communities for their continued support on our ongoing road to excellence.

Charles Ireland
Managing Director

October 2012

Responsible Marketplace Practices

- Our licence to operate depends on our efforts in marketing our brands responsibly and in driving sensible alcohol consumption
- Delivering transparent and sustained financial performance drives share prices higher and builds shareholder loyalty
- Product safety procedures are crucial in ensuring that our consumers consume products that are of high quality and meet safety standards

Drink Sensibly

This is the 3rd year of implementation of this programme. In FY12, we brought Drink Sensibly to East Malaysia. To-date, we have engaged with more than 20,000 consumers through our awareness activities and have trained more than 5,000 front-line staff of outlets on sensible drinking and sensible serving.



drink sensibly



Our Code of Marketing Practice

The Code outlines strict guidelines which employees and company representatives are to follow when marketing and promoting GAB's products. In FY12, training sessions were held for our commercial employees and Marketing agencies.

Engaging the Authorities

We engage with relevant authorities regularly to update them and discuss the following:

- Drink Sensibly
- Role of Industry in the economy and in promoting the F&B industry and tourism
- Taxes on alcohol
- GAB Foundation and its projects

Engaging Suppliers

Being a supplier of GAB requires excellence and integrity. Our Code of Conduct for vendors and suppliers outline our expectations. In addition to commercial requirements, we expect our suppliers to also comply in these following areas:

- Labour Standard and Policies
- Environmental Policies
- Health and Safety
- Competition Law

No to Bribery and Corruption

We are committed to transparent and fair business practices and have a zero-tolerance policy on bribery and corruption. Corporate values which emphasise ethical behaviour are set out in the Management Handbook and our Code of Conduct. All employees are made aware of our Code of Conduct on a regular basis.

Best Practices in the Workplace

- We need to attract and retain the best talents in Malaysia. This is achieved by offering competitive development opportunities and benefits in the market
- Promoting a healthy and safe workplace means that we achieve maximum productivity and avoid costly absences

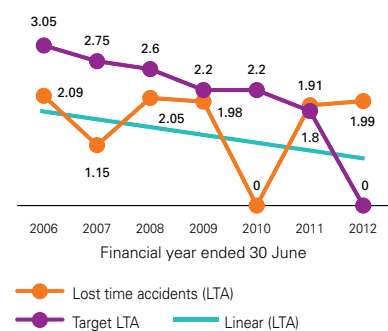
Our HR Pillars

HR PILLARS	KEY INITIATIVES IMPLEMENTED
Great Performance	<ul style="list-style-type: none"> • GAB delivered 11 consecutive years of profit, revenue and market share growth • TPM Programmes to improve work processes, quality and performance • Upgrade of IT system to meet growing business needs and deliver greater efficiency
Grows Greatness	<ul style="list-style-type: none"> • Relevant training and development plans for all • Specialised training development for Leadership Team • Management Trainee and Internship Programmes
Great Rewards	<ul style="list-style-type: none"> • Completed a benefits review which has led to enhanced benefits such as 90-day maternity leave, better hospitalisation and optical coverage • Reward good performance through healthy bonus payouts and promotions
Great Working Environment	<ul style="list-style-type: none"> • Diversity and flexi-hours • Newly refurbished café • In-house gym built, complete with shower facilities to promote a healthy lifestyle among employees • Drink Sensibly programme for employees
Truly Engaging	<ul style="list-style-type: none"> • Monthly breakfast meetings with MD • Quarterly townhalls, and Q&As with Management Team • HR Drop boxes installed around the office for feedback • Quarterly Employee Newsletters
Lives its Values	<ul style="list-style-type: none"> • We work to ensure that all our actions are consistent with our values
5-Star HR Capabilities	<ul style="list-style-type: none"> • Dedicated HR Manager assigned for each department • HR Department restructured to focus more on strategic HR services • New HR Charter launched, focusing on customer and execution

Making Health and Safety a Priority

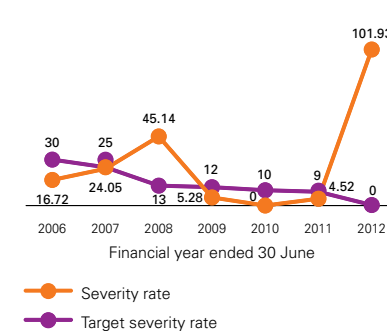
We have revised our FY12 target for number of accidents to zero. We did not meet our FY12 target and our average lost days per accident increased from 4.52 to 101.93. This was mainly due to three accidents that required extended number of medical leave days. The cause of these accidents has since been rectified and safety measures put into place.

Number of accidents per 100 full-time employees



Tackling severe accidents

(average lost days per accident)



Good Environmental Performance

- Efficient use of inputs, such as electricity and thermal energy and water, is a vast cost saver and it reduces dependency on fluctuating prices
- Protecting and preserving local waterways is crucial in maintaining access to water and in forging strong relations with communities

We continue to invest in improving efficiencies within our brewery. Due to our decision to cut our Malaysian Duty Not Paid (MDNP) business by over 50%, it affected some economies of scale that previously helped reduce our utilities consumption per unit of volume produced.

As for thermal energy consumption, the increase consumption figures is due to compliance to definitions in reporting. We expect the comparison figures to normalise from next year onwards.

	FY11	FY12	Percentage change (%)
Thermal energy consumption	91.60MJ/HL	104.01MJ/HL	+13.5
Electricity consumption	11.27kWh/HL	11.12kWh/HL	-1.3
Water consumption	4.71HL/HL	4.73HL/HL	+0.4
Total co-products, packaging & industrial waste	18.00kg/HL	18.04kg/HL	+0.2

River Rehabilitation - The W.A.T.E.R Project

The W.A.T.E.R project commenced in 2007, in collaboration with Global Environment Centre (GEC), where the GAB Foundation adopted the entire 2.5 stretch of Sungei Way.

MAJOR MILESTONES

- December 2007** W.A.T.E.R Project launched
- March 2008** Introduction of rubbish traps
- May 2009** Improvement in water quality & biodiversity
- August 2009** Habitat creation
- March 2011** Mobile River Care Unit launched
- April 2011** River Management Handbook launched
- July 2011** Workshop for DID Officials
- March 2012** Release of fish into Sungai Way
- July 2012** River Carnival at Zoo Negara
- September 2012** Held inaugural National River Forum

In 2012, we expanded the W.A.T.E.R Project beyond Sungai Way. In July 2012, we held our largest River Carnival to-date at Zoo Negara with the aim of creating greater awareness on the importance of conserving our rivers. The carnival was attended by over 3,000 people. In September 2012, the GAB Foundation organised the inaugural National River Forum, creating a platform for international speakers to share best practices on river rehabilitation. In FY13, we will be bringing the W.A.T.E.R Project to Perak and Penang.



Enriching Communities

- The community is made up of our current and future employees, suppliers, shareholders, trade partners and consumers. Their trust and confidence in us are crucial for our continued performance and long-term success

THE GAB FOUNDATION - 5 Years of Enriching Communities

In the five years since its inception, the GAB Foundation has reached out to more than 16,000 people through its activities under its three pillars: environmental conservation, education and community. Log on the GAB Foundation Facebook page at www.facebook.com/gabfoundation for more information.



EDUCATION

English Enrichment Training Programme and English Programme

Since Financial Year 2009 (FY09), GAB Foundation has been running its English Programme to assist primary school children improve their English through extra after-school classes run by volunteer facilitators. In FY12, we evolved the programme to focus on teachers. The Foundation organised a 4-day training programme for 70 English teachers from 40 primary schools across Malacca, Negeri Sembilan, Perak, Sabah and Sarawak. The training aimed to sharpen their English proficiency and to equip them with tools and skills to enrich their teaching experience. These trained English teachers then rolled out the Foundation's English Programme at their respective schools. More than 1,000 students benefitted from this programme this year, and we expect to touch thousands more in the years to come.

COMMUNITY

The Big Day Out

Started in FY2010, this annual event challenges GAB employees across the country to come up with impactful activities to enrich the community. Employees work in teams and are allocated seed money to use or grow for this purpose and they are encouraged to invite their business partners to participate.



Our Financial Highlights

This year, we achieved 11 consecutive years of growth. For the financial year ended 30 June 2012, we recorded revenues of RM1.62 billion, a 9% increase from 2011 (RM1.49 billion). Our pre-tax profits increased to RM277 million, up 14% from the previous year (RM243 million).

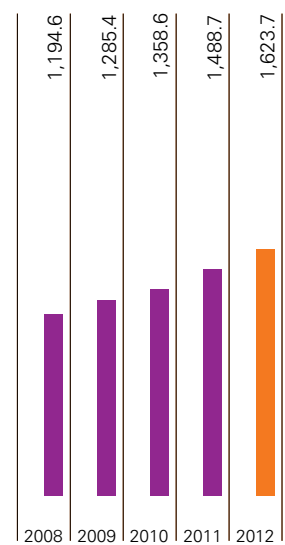
10 Years Financial Track Record

	Financial year ended 30 June										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	796,595	886,208	952,113	976,013	1,072,112	1,194,602	1,285,423	1,358,633	1,488,720	1,623,687	
Profit before tax	107,363	129,254	140,519	142,211	152,159	168,898	191,178	204,991	242,883	276,981	
Tax expense	(29,357)	(30,835)	(32,551)	(14,014)	(39,598)	(43,041)	(49,190)	(52,300)	(61,505)	(69,582)	
Profit after tax	78,006	98,419	107,968	128,197	112,561	125,857	141,988	152,691	181,378	207,399	
Dividends	84,831*	91,837*	90,871	91,354	99,239	109,873	123,860	135,944	163,133	377,623*	
Net Dividend per 50 sen stock unit (sen)	28.1*	30.4*	30.1	30.2	32.8	36.4	41.0	45.0	54.0	125.0*	
Earnings per 50 sen stock unit (sen)	25.8	32.6	35.7	42.4	37.3	41.7	47.0	50.5	60.0	68.7	
Reserves	146,200	159,064	176,403	213,246	234,060	260,285	291,252	319,879	365,567	228,654	
Total equity	297,249	310,113	327,452	364,295	385,109	411,334	442,301	470,928	516,616	379,703	
Net assets per 50 sen stock unit (sen)	98.4	103.0	108.0	121.0	127.5	136.2	146.4	155.9	171.0	126.0	

* Includes special dividends

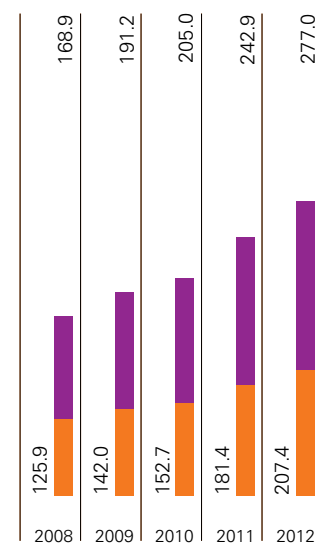
Revenue

(RM Million)



Profit before tax & Profit after tax

(RM Million)



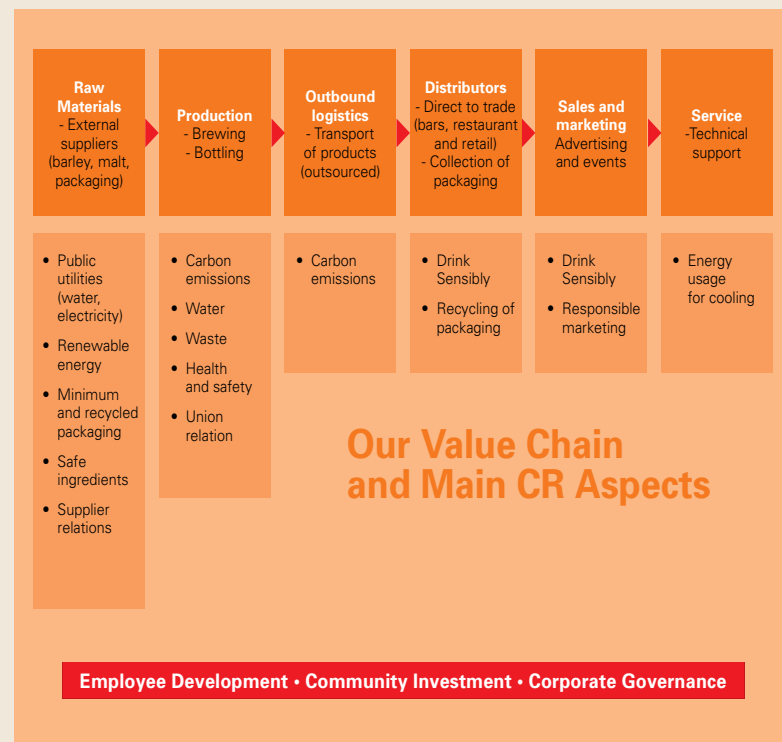
Financial year ended 30 June

■ previous years
■ latest year

Strong growth in both revenue and profit

GAB enjoyed a strong revenue growth of 9.1% in FY12. Both Profit Before (PBT) and Profit After Tax (PAT) grew by over 14% during the year. Improved pricing, Malt Liquor Market (MLM) volume growth, favourable product and channel mix, and stringent cost management were the main contributors to this performance.

Our Approach to Corporate Responsibility (CR) and Strategy



The four pillars of GAB's CR Strategy and their primary improvement frameworks



Stakeholder Engagement

Who We Are

OUR WORLD

GAB leads the Malaysian beer and stout industry. We operate across Peninsular Malaysia, as well as Sabah and Sarawak, with a workforce of 598 permanent full-time employees. GAB produces, sells and markets iconic brands: Tiger, Guinness, Heineken, Anchor Smooth, Anchor Strong, Kilkenny, Anglia Shandy and Malta. We also market imported brands Paulaner and Strongbow. The majority of our employees are based at our headquarters – the Sungei Way Brewery in Selangor, which started operations in 1965.

OUR OPERATIONS

At our brewery in Selangor, close to Kuala Lumpur, we produce a range of well-known beer and stout brands, in bottles, cans and kegs. Through our 16 sales offices, we distribute our products through our network of distributors to bars, restaurants and the retail trade across Malaysia. Our relationship with the trade extends across a vast range of services – from promotions and marketing, to technical support of cooling systems and the collection and recycling of kegs and bottles.

OUR VISION

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

OUR VALUES

We have a passion for winning

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

We value and respect each other

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

We show integrity in all that we do

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

We provide enjoyment

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

We are 5 Star

We deliver "5 Star Service", consistently meeting and exceeding our customers' and stakeholders' needs. We continuously seek better and innovative ways to provide delightful experiences for our customers and stakeholders.



About this Report

This document provides an overview of GAB's Corporate Responsibility (CR) strategy and activities.

GAB has published an annual CR report since 2004. The report has become an integral part of our corporate disclosure and reporting practice.

REPORTING BOUNDARIES

This overview covers GAB's operations in the financial year ended 30 June 2012.

INVITING YOUR FEEDBACK

We welcome stakeholders' views on our report and our approach to CR. To give your comments, please contact:

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2012 Corporate Responsibility OVERVIEW

