



Letter from Chairman

Tan Sri Saw Huat Lye

letter from chairman

A Brew For Tough Challenges

Dear valued Shareholders,

As I reflect on the financial year that has just passed, it is apparent that the industry and GAB have been hard pressed and faced with many challenges but I am proud to say that we did not wilt under the intensity of the pressure. In fact, we have successfully brewed a recipe to overcome all these tough challenges and it is without any doubt that we have again withstood the tough conditions with the continued support from our loyal customers, our stakeholders, our staff and of course, above all, from all of you, our valued Shareholders.

Barely a few months into our 2004 financial year, the malt liquor market (MLM) was confronted with the highest ever increase in excise duties as announced by the Government in the 2005 Budget. This unprecedented 26.7 per cent hike in excise duties hung like a dark cloud over the industry and your Company. Of course, the full impact was only felt months later but the pending damage was obvious.

The exceptionally high excise duties eventually dealt a heavy blow to the duty-paid MLM, resulting in a six per cent drop in volume.

This drop is very significant considering that the industry has been trying to maintain its flat to two per cent growth over the last couple of years.

However, GAB continued aggressively on its path towards greater organisational effectiveness and operational efficiency. We also further intensified our marketing and promotional activities to target new consumers and launched several innovative brand initiatives which saw GAB carve a greater market share in both the beer and stout segments with Tiger, Heineken and Guinness remaining the shining stars.

This, coupled with our diversified portfolio of brands and the efforts of your strong management team and your Board, resulted in GAB emerging stronger and more profitable than the previous year. Turnover was higher at RM952.11 million, an increase of 7.4 per cent over the previous financial year. Pre-tax profit also increased by 8.7 per cent to RM140.52 million for the year compared to RM129.25 million in the 2004 financial year.

letter from chairman



"Yam Seng" to our record profits!



Cheers! Here's a toast to a successful event

letter from chairman

In view of the impressive year-end results, your Board of Directors is pleased to recommend a final dividend of 29 sen gross per 50 sen stock unit less Malaysian income tax at 28 per cent. This will bring the total dividends for the financial year to 41 sen gross per 50 sen stock unit compared to 38 sen gross per 50 sen stock unit for the previous year.

The intensifying measures to improve organisational effectiveness, operational efficiency and marketing efforts have clearly allowed GAB to face the challenges from a position of strength. Investments made to build up an impressive portfolio of brands are now paying off as we have weathered unfavourable market conditions and overcome adverse external challenges.

GAB is renowned for creating and delivering value to its shareholders and, in this regard, our Company emerged fourth in the recent KPMG Shareholder Value Award 2004 for high shareholder value among listed companies and was ranked among the top three winners in the consumer markets segment. This prestigious award is based on a survey to rank the top 100 listed companies in Malaysia according to value creation to its shareholders. This is the third year running that we are among the top three in the consumer markets segment and top four in

overall standings which is a remarkable achievement.

However, let us not rest on our laurels. Taking cognizance of the fact that this may just be the beginning of more new challenges to come, such as the recently announced security ink implementation by the Government, that may beset the industry and GAB, it is important that we strive for continuous improvement in all that we do. There is still room for improvement and there are still many things we can work on and improve upon, such as in automation, in operations and systems.

The current fiscal year is expected to remain very challenging with the full effect of the highest ever increase in excise duties last year still to come. We expect the MLM market to continue on its downward trend and any further increase in excise duties would be very damaging to the local beer and stout industry.

Amidst an intensely competitive industry and challenging market conditions, the future is going to get even tougher. Nevertheless we will continue to work towards our vision of being the undisputed leader in the Malaysian beer and stout market in terms of reputation, profitability, volume and share.

letter from chairman

Your Company has delivered its promise to maintain and further improve operational and financial performance during the year ended 30 June 2005. This achievement is indeed impressive and would not have been possible without the commitment from all parties. On behalf of your Board of Directors, I would like to thank all members of the GAB family and express my sincere appreciation to consumers, distributors and Shareholders alike for their continued support.

Cheers to another good year!



Tan Sri Saw Huat Lye
Chairman
20 September 2005

letter from chairman



A team building exercise to instill the importance of teamwork in the hearts and minds of employees



The attractive festive decorations provide consumers a memorable Chinese New Year shopping experience. Kudos to our marketing and sales teams