

## letter from chairman



“Guinness Anchor Berhad ended the year on a positive note with a group pre-tax profit of RM142.21 million, a 1.2 per cent increase from RM140.52 million in the previous year. This was achieved on a 2.5 per cent improvement in revenue from RM952.11 million previously to RM976.01 million.”

Tan Sri Saw Huat Lye



1. Top spot. Heineken continues to grow market share.
2. Rewarding. Tiger celebrated success of valued trade partners
3. Resounding. Tiger charity concert

## Letter from chairman

## GAB BRAND OF TENACITY, A BREW FOR TOUGH TIMES

As I look back, the financial year was one filled with challenges. Tough times continued to brew. The difficult market environment as a result of the unprecedented 26.7 per cent increase in excise duties in Budget 2005 continued into the new financial year. Then a third consecutive round of excise duty hike in Budget 2006 thwarted the possibility of any market recovery over the year.

GAB was thus operating in very challenging and trying market conditions brought about not only by the latest 9 per cent hike in excise duties but compounded by subsequent increases in petrol prices and electricity tariffs.

Fortunately for us, GAB with its home-grown brand of tenacity had the resilience to withstand the tough conditions and yet again emerged with a creditable financial performance for the year ended 30 June 2006.

I am pleased to report to you that Guinness Anchor Berhad ended the year on a positive note with a group pre-tax profit of RM142.21 million, a 1.2 per cent increase from RM140.52 million in the previous year. This was achieved on a 2.5 per cent improvement in revenue from RM952.11 million previously to RM976.01 million.

This is indeed heartening in spite of the bleak environment.

### Against All Odds

The duty-paid malt liquor market (MLM) was weighed down considerably by the three successive years of excise duties hike. With the impact of these excise duty increases fully felt, the MLM contracted by nearly 8 per cent.

This dramatic contraction of the MLM brought about by lower consumption as a result of higher retail prices was also contributed by an uptake in smuggling activities. The high excise duties made it even more lucrative for smugglers to even risk heightened Government crackdown on contraband products. Stacked against these odds, GAB had to draw on its inner strength so as not to languish in these tough conditions.

The inner strength came from organisational effectiveness, operational efficiency and the diverse portfolio of brands which combined to be the winning formula for GAB.



1. Upbeat. Tiger grew in popularity
2. Dedication. GAB staff in commitment to quality

## letter from chairman

Kudos to the Board for their foresight in investing ahead of time in initiatives like brewery automation, product and process innovation, cost reduction measures, and strong marketing and promotions to give GAB the strength to confront difficult market conditions.

Anchored in the values – *Our Consumers: Our Lifeline; Our People and Partners: Our Pulse; Our Brands: Our Pride* – GAB has successfully built a corporate culture that has positioned the Company well to anticipate and meet diverse needs with a pedigree portfolio of brands and a winning spirit.

Imbued with these strengths, GAB is set to perform even better in a market environment that is favourable. It is heartening that the Government considered it prudent not to impose another round of increase in excise duties in Budget 2007.

In line with the good financial performance in the year that was, I am pleased to announce that the Board of Directors is recommending 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 42 sen gross per 50 sen stock unit compared to 41 sen gross per 50 sen stock unit for the previous year.

On behalf of the Board of Directors, I would like to take this opportunity to thank our shareholders and all our stakeholders for their continued support which has been vital for GAB to brew success. I would also like to express my gratitude especially to the Management and staff for their dedication and commitment, and also to our distributors, retailers and suppliers for their unrelenting support that has given the Company the strength to face the challenges.

And most of all, our thanks go out to all the consumers who have been steadfastly loyal to our brands.

Thank you.

Tan Sri Saw Huat Lye  
Chairman  
18 September 2006