

“ *Our Lifeline* ”

Our consumers are the lifeline of the business. They are our priority. Their loyalty is crucial for our sustainability. Our in-depth understanding of their needs ensures that we deliver what they value.



Letter from Chairman



• Tan Sri Saw Huat Lye

A Year of Success and Achievements

Dear valued Shareholders,

It is my pleasure to once again report to you of yet another very successful year for your Company, Guinness Anchor Berhad. This is the Company's fortieth year as a publicly-listed company and it is indeed very befitting that we should mark this auspicious occasion with the best result ever achieved so far, thanks to the support of our customers, our stakeholders, our staff and, of course, to all of you, our valued Shareholders.

During the year, our earnings continued its steady growth and pre-tax profits increased by 20.4 per cent (compared with 14.6 per cent in the previous year) to reach RM129.25 million (compared with RM107.36 million in financial year 2003). This was achieved on a record turnover of RM886.21

million, or 11.2 per cent more than the RM796.60 million last year.

Your Board believes that this impressive financial performance was the result of the Company's foresight in undertaking extensive measures to improve our organisational effectiveness, cost efficiencies and more importantly, building on our portfolio of brands. We believe these measures have now put your Company in a strong position not only to take full advantage of every favourable market condition but also to be able to overcome adverse external challenges that confront us from time to time. In this respect, I am mindful of what effect the recent hefty increase in excise duty in beer and stout may have on your Company.

Letter from Chairman



• Getting to know shareholders



• An exceptional year of awards



• Shareholders toasting to a good year

However, I am confident that with the inherent strength of our Management as well as the strong following for our brands, we will prevail.

In the year ended 30 June 2004, our performance was even more significant because of our success in carving out increasing market shares in both the beer and stout segments. Tiger and Heineken maintained their strong double-digit growth in sales volume for the third successive year. Together, our two top brands strengthened Guinness Anchor Berhad's growth in the beer segment and Guinness was able to consolidate further its dominance in the stout segment by registering the biggest growth in recent years.

The year has also been exceptional in the number of awards we have received. Tiger received the

Gold Medal award in the European-style Pilsener category during the World Beer Cup 2004, Heineken was ranked thirty-five amongst Asia's Top 1,000 brands, and Guinness bagged four out of nine Diageo Asia Venture regional Guinness awards. These awards amply testify to the strength of our portfolio of great brands.

Going forward, I am afraid our immediate future will likely be difficult. The exceptionally high excise duty imposed on duty-paid malt liquor by the Government in Budget 2005 is expected to deal a heavy blow and therefore curtail the duty-paid malt liquor market's growth. Competition can be expected to be intense with additional pressures exerted by smuggled beers as well as cheaper imported beers and liquor. However, I believe we are in a good position by now, thanks to

Letter from Chairman



• Appreciating our Shareholders



• Our sales team help drive our success

a strong and committed Management, to overcome these setbacks.

These successes and achievements would not have been possible without the contributions and hard work of the Management and staff of the Company. On behalf of the Board of Directors, I would like to record our appreciation for their dedication and commitment to the Company, to bring Guinness Anchor Berhad to this level of success. Our thanks also go out to Shareholders who have been very supportive of the Company throughout the years. Last but not least, I would also like to express our gratitude to our

distributors, retailers and suppliers and most of all, our consumers who have stood by our many brands so loyally for so long.

Thank you.

Tan Sri Saw Huat Lye
Chairman
9 November 2004