

GUINNESS ANCHOR BERHAD
(Company No. 5350X)

CONDENSED CONSOLIDATED BALANCE SHEETS

	AS AT END OF CURRENT QUARTER 31/12/2005 RM'000	AS AT PRECEDING FINANCIAL YEAR END 30/06/2005 RM'000
1. Non-current Assets		
Property, Plant and Equipment	230,468	225,782
Deferred Tax Assets	3,566	3,566
	<u>234,034</u>	<u>229,348</u>
2. Current Assets		
Inventories	49,637	35,982
Trade and Other Receivables	230,796	99,634
Cash and Cash Equivalent	49,632	131,775
	<u>330,065</u>	<u>267,391</u>
3. Current Liabilities		
Trade and Other Payables	157,029	115,369
Borrowings	15,400	-
Taxation	29,049	21,918
	<u>201,478</u>	<u>137,287</u>
4. Net Current Assets	<u>128,587</u>	<u>130,104</u>
	<u>362,621</u>	<u>359,452</u>
5. Shareholders' Funds		
Share Capital	151,049	151,049
Reserves		
Capital Reserve	4,729	4,696
Retained Profit	174,843	171,707
	<u>330,621</u>	<u>327,452</u>
6. Non-current Liabilities		
Deferred Tax Liabilities	32,000	32,000
	<u>362,621</u>	<u>359,452</u>
7.. Net Assets per share (sen)	109	108

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30th June 2005)

GUINNESS ANCHOR BERHAD
(Company No. 5350X)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2005**

	6 MONTHS ENDED 31/12/2005 RM'000	PRECEDING YEAR CORRESPONDING 6 MONTHS ENDED 31/12/2004 RM'000
Cash flows from operating activities		
Profit before taxation	91,978	80,288
Adjustments for:		
Depreciation	13,180	13,719
(Gain)/Loss on disposal of property, plant and equipment	(1,460)	(764)
Interest expense	192	449
Interest income	(1,227)	(1,289)
Operating profit before working capital changes	102,663	92,403
(Increase)/Decrease in working capital		
Inventories	(13,655)	(25,443)
Trade and other receivables	(131,162)	(125,936)
Trade and other payables	41,660	58,615
Cash generated from operations	(494)	(361)
Taxation paid	(18,600)	(19,416)
Interest paid	(192)	(449)
Net cash generated from operating activities	(19,286)	(20,226)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1,511	817
Purchase of property, plant and equipment	(17,917)	(15,567)
Interest received	1,227	1,289
Net cash (used in) investing activities	(15,179)	(13,461)
Cash flows from financing activity		
Dividends paid	(63,078)	(62,836)
Borrowings	15,400	30,000
Net cash used in financing activity	(47,678)	(32,836)
Net change in cash and cash equivalents	(82,143)	(66,523)
Cash and cash equivalents at beginning of period	131,775	115,009
Cash and cash equivalents at end of period	49,632	48,486

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30th June 2005)

GUINNESS ANCHOR BERHAD
(Company No. 5350X)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2005**

	Share Capital RM'000	<i>Non- Distributable</i> Capital Reserve RM'000	<i>Distributable</i> Retained Profits RM'000	Total RM'000
<u>6 months period ended</u> <u>31 December 2005</u>				
Balance at 1 July 2005	151,049	4,696	171,707	327,452
Net gains and losses not recognised in the income statement :				
Foreign exchange translation	-	33	(33)	-
Profit after taxation	-	-	66,247	66,247
Dividends	-	-	(63,078)	(63,078)
Balance at 31 December 2005	151,049	4,729	174,843	330,621
<u>6 months period ended</u> <u>31 December 2004</u>				
Balance at 1 July 2004	151,049	4,619	154,445	310,113
Net gains and losses not recognised in the income statement :				
Foreign exchange translation	-	207	(207)	-
Profit after taxation	-	-	57,945	57,945
Dividends	-	-	(62,836)	(62,836)
Balance at 31 December 2004	151,049	4,826	149,347	305,222

**(The Condensed Consolidated Statement of Changes in Equity should be read in
conjunction with the Annual Financial Report for the year ended 30th June 2005)**

Notes:

1. Accounting Policies

The interim financial report has been prepared in accordance with the Malaysian Financial Reporting Standards (“FRS”) 134 “Interim Financial Reporting “ (previously known as MASB 26) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s audited financial statements for the year ended 30 June 2005.

The accounting policies and methods of computation adopted by the Group for the interim financial report are consistent with those adopted in the financial statements for the year ended 30 June 2005.

2. Subsequent Status Arising From Preceding Qualified Annual Financial Statements

The Group’s preceding annual financial statements have not been qualified.

3. Seasonal or Cyclical Factors

The business operations of the Group are generally affected by festive seasons.

4. Exceptional Items

There were no exceptional items for the current financial quarter under review.

5. Changes in Estimates

There were no estimates of amount reported in prior financial year.

6. Changes in Share Capital

There were no issuance and repayment of debt or any movement in share capital for the current financial quarter under review.

7. Dividends Paid

	6 Months Ended 31 December	
	2005	2004
	RM’000	RM’000
<u>Final Paid</u>		
2005 – 29 sen per share less 28% Malaysian tax (2004 – 12 sen per share less 20% Singapore tax)	63,078	29,001
<u>Special Final Paid</u>		
2005 – Nil (2004 – 14 sen per share less 20% Singapore tax)	-	33,835

8. Segmental Reporting

There was no segmental analysis prepared as the Group operated solely in the brewing industry involving production, packaging, marketing and distribution of its products principally in Malaysia. Approximately 2% of the total sales are exports, mainly to South East Asian countries based on location of customers.

9. Property, Plant and Equipment Valuation

There were no changes in the valuation of property, plant and equipment for the current financial quarter under review.

10. Events Subsequent to the End of the Period

Between the end of the second quarter and the date of this announcement, there has not been any item, transaction or event of a material and unusual nature which, in the opinion of the Directors is likely to affect substantially the results of the operations of the Group for the second quarter ended 31 December 2005.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

12. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at date of this report.
(see also Note 25 below).

13. Capital Commitments

Capital commitments not provided for in the financial statements as at 31 December 2005 are as follows:

	<u>RM'000</u>
Property, plant and equipment	
Authorised but not contracted for	8,511
Authorised and contracted for	<u>4,767</u>
	<u>13,278</u>

14. Significant Related Party Transaction

As at the end of the current period under review, the Group has entered into/or completed the following Significant Related Party Transactions:

	Diageo plc and its related companies RM'000	F & N and its related companies APB Group RM'000	Other F&N Companies RM'000	Heineken and its related companies RM'000
Purchase of goods	11,088	106	9,550	249
Sale of product	4,759	-	38	3,000
Royalties payable	1,599	2,770	-	528
Marketing and technical services payable	2,982	-	-	418
Marketing fees receivable	-	1,328	-	-

All Related Party Transactions had been entered into in the ordinary course of business that had been undertaken on normal commercial terms. These transactions are within the ambit of the general mandate approved by the shareholders of the Company on 8 November 2005.

15. Review of Performance

Group revenue for the 2nd Quarter ended 31 December 2005 decreased by RM7.5 million or 2.9% as compared to the corresponding period last year, mainly due to lower sales volume. Group profit before tax for the same quarter was marginally higher at RM41.5 million compared to RM39.6 million in the corresponding quarter 2004 mainly due to operational efficiencies.

For the 6 months ended 31 December 2005, Group revenue improved by 2.7% to RM559.5 million from RM544.8 million in the corresponding period last year, mainly contributed from higher comparative domestic price in the 1st quarter. Profit before tax was higher by RM11.7 million or 14.6%.

The full impact of the resultant price increase as a result of the new tax impositions effective September 2005 is not reflected in the above results.

16. Comparison of Results with Preceding Quarter

Group revenue for the current quarter under review reduced by RM49.7 million from RM304.6 million in the previous quarter to RM254.9 million, mainly attributable to the significantly high pre-fiscal budget trade speculation in September. Profit before tax for the Group decreased by RM9.1 million or 17.9% compared to the previous quarter.

17. Prospects

Smuggled beer remains a major concern to the Industry. Despite Government's efforts to curb the activities, the problem is expected to be worsen due to the substantial price difference between duty-free and duty-paid beer following the significant duty increase for the past 3 years. This will have a continuing negative impact on the Industry's turnover and profitability and the Malaysian Government's revenue.

GUINNESS ANCHOR BERHAD
(Company No. 5350X)

Overall, Industry margin is expected to be under increasing pressure as a result of a declining MLM market and intense market competition. The Group expects a greater challenge in ensuring satisfactory results for the financial year ending 30 June 2006.

18. Variance from Profit Forecast

No profit forecast was issued during the financial quarter under review.

19. Taxation

Taxation in respect of the current financial period comprises the following:

	Current Year Quarter 31/12/2005 RM'000	Current Year to date 31/12/2005 RM'000
Taxation		
Malaysian - current	11,552	25,731
- prior year	-	-
	<u>11,552</u>	<u>25,731</u>
Deferred taxation		
Malaysian - current	-	-
- prior year	-	-
	<u>-</u>	<u>-</u>
	<u>11,552</u>	<u>25,731</u>

The Group's effective tax rate for the current financial quarter under review is in line with the statutory tax rate.

20. Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments or properties for the current financial quarter under review.

21. Quoted Securities

There were no purchases or disposal of quoted securities for the current financial quarter under review.

22. Status of Corporate Proposals

There was no corporate proposal announced but not completed at the date of this report.

23. Group Borrowings and Debt Securities

Total Group borrowings as at 31 December 2005 are as follows:

	RM'000
<u>Short term - unsecured</u>	
Banker Acceptance	<u>15,400</u>

24. Off Balance Sheet Financial Instruments

Forward Foreign Exchange Contracts

Forward foreign exchange contracts are used as hedges by the Group in currencies other than the functional currency to manage exposure to fluctuations in foreign exchange risk. Under the Group accounting policies, foreign currency transactions that are hedged by forward foreign exchange contracts are booked in at the contracted rates. Foreign currency monetary assets and liabilities which are not hedged are translated at exchange rates ruling at balance sheet date.

As at 10th February 2006, the notional amount of forward foreign exchange contracts that were entered into by the Group to hedge its foreign purchases were RM4.9 million. The settlement dates of these forward contracts range between 1 and 6 months.

There is minimal credit and market risk as the above forward contracts are executed with creditworthy financial institutions. The Group is of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

25. Material Litigation

Save and except as disclosed in previous quarterly result announcements and where applicable as disclosed in the audited financial statements of the Company or its Subsidiary Companies, neither the Company nor any of its Subsidiaries is engaged in any other material litigation either as Plaintiff or as Defendants as of the date of this report.

26. Dividend

The Board has declared an interim dividend of 13 sen gross per 50 sen stock unit, less Malaysian income tax at 28% (2004 – 12 sen gross, comprising of 7 sen gross per 50 sen stock less Singapore income tax at 20% and 5 sen gross per 50 sen stock less Malaysian income tax at 28%), payable on **18 May 2006** to stockholders registered at the close of business on 5 May 2006. The entitlement date shall therefore be 5 May 2006.

Net dividend payable to stockholders will be at 9.36 sen per 50 sen stock unit (2005 – 9.20 sen per 50 sen stock unit).

A Depositor shall qualify for entitlement only in respect of:

- (a) Shares deposited into the Depositor's securities account before 12.30 p.m. on 3 May 2006 (in respect of shares which are exempted from mandatory deposit),
- (b) Shares transferred into the Depositor's securities account before 4.00 p.m. on 5 May 2006 in respect of ordinary transfers; and
- (c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

Total dividend for the current financial period amounted to 13 sen gross per 50 sen stock unit, less Malaysian income tax at 28%.

27. Earnings Per Share

(a) Basic Earnings Per Share

Basic earnings per share for the period is calculated by dividing the net profit attributable to the shareholders of RM66,247,000 by the weighted average number of ordinary shares outstanding as at 31 December 2005 of 302,098,000.

(b) Diluted Earnings Per Share

Not Applicable.

On Behalf of the Board

Theo A F de Rond
Managing Director

21 February 2006
