

# GUINNESS ANCHOR BERHAD

(Company No. 5350X)  
(Incorporated in Malaysia)



## QUARTERLY FINANCIAL REPORT ON CONDENSED CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2006

The Board of Directors of Guinness Anchor Berhad wishes to announce the audited results of the Group for the fourth quarter ended 30 June 2006.

### CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/06/2006 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2005 RM'000	CURRENT YEAR TO DATE 30/06/2006 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2005 RM'000
1. Revenue	210,912	181,583	976,013	952,113
2. Operating expenses	190,627	152,234	835,895	813,250
3. Other operating income	1,064	813	2,809	2,655
4. Profit/(loss) from operations	21,349	30,162	142,927	141,518
5. Finance cost	167	126	716	999
6. Profit/(loss) before taxation	21,182	30,036	142,211	140,519
7. Taxation	(19,838)	1,723	14,014	32,551
8. Profit/(loss) after tax	41,020	28,313	128,197	107,968
9. Net profit/(loss) for the period	41,020	28,313	128,197	107,968
10. Net profit/(loss) attributable to members of the company	41,020	28,313	128,197	107,968
11. Earnings per share :				
(a) Basic (based on 302,098,000 stock units) (sen)	13.58	9.37	42.44	35.74
(b) Fully diluted (based on ..... stock units) (sen)	N/A	N/A	N/A	N/A
	AS AT END OF CURRENT QUARTER 30/06/2006		AS AT PRECEDING FINANCIAL YEAR END 30/06/2005	
12. Net Assets per share (RM)		1.21		1.08

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30<sup>th</sup> June 2005)

**GUINNESS ANCHOR BERHAD**  
(Company No. 5350X)

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	AS AT END OF CURRENT QUARTER 30/06/2006 <b>RM'000</b>	AS AT PRECEDING FINANCIAL YEAR END 30/06/2005 <b>RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	228,414	225,782
Deferred tax assets	3,971	3,566
	<u>232,385</u>	<u>229,348</u>
<b>Current assets</b>		
Inventories	39,093	35,982
Trade and other receivables	128,955	99,634
Tax recoverable	895	-
Cash and cash equivalent	119,531	131,775
	<u>288,474</u>	<u>267,391</u>
<b>Current liabilities</b>		
Trade and Other Payables	122,919	115,369
Taxation	735	21,918
	<u>123,654</u>	<u>137,287</u>
<b>Net current assets/(liabilities)</b>	<u>164,820</u>	<u>130,104</u>
	<u>397,205</u>	<u>359,452</u>
<b>Financed by:</b>		
<b>Capital and reserves</b>		
Share capital	151,049	151,049
Reserves		
Capital reserve	4,799	4,696
Retained Profit	208,447	171,707
<b>Shareholders' funds</b>	<u>364,295</u>	<u>327,452</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	32,910	32,000
	<u>397,205</u>	<u>359,452</u>
Net Assets per share (sen)	121	108

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

**GUINNESS ANCHOR BERHAD**  
(Company No. 5350X)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 2006**

	12 MONTHS ENDED 30/06/2006 <b>RM'000</b>	PRECEDING YEAR CORRESPONDING 12 MONTHS ENDED 30/06/2005 <b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	142,211	140,519
Adjustments for:		
Depreciation	26,620	28,831
Net (gains)/loss on disposal of property, plant and equipment	(2,329)	(405)
Interest expense	716	999
Interest income	(2,809)	(2,655)
<b>Operating profit before working capital changes</b>	<b>164,409</b>	<b>167,289</b>
<b>(Increase)/Decrease in working capital</b>		
Inventories	(3,111)	8,690
Trade and other receivables	(29,321)	2,100
Trade and other payables	7,550	(11,543)
<b>Cash generated from operations</b>	<b>139,527</b>	<b>166,536</b>
Taxation paid	(35,587)	(36,674)
Interest paid	(716)	(999)
<b>Net cash generated from operating activities</b>	<b>103,224</b>	<b>128,863</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	2,721	986
Purchase of property, plant and equipment	(29,644)	(25,109)
Interest received	2,809	2,655
<b>Net cash (used in) investing activities</b>	<b>(24,114)</b>	<b>(21,468)</b>
<b>Cash flows from financing activity</b>		
Dividends paid	(91,354)	(90,629)
<b>Net cash used in financing activity</b>	<b>(91,354)</b>	<b>(90,629)</b>
<b>Net change in cash and cash equivalents</b>	<b>(12,244)</b>	<b>16,766</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>131,775</b>	<b>115,009</b>
<b>Cash and cash equivalents at end of year</b>	<b>119,531</b>	<b>131,775</b>

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

**GUINNESS ANCHOR BERHAD**  
(Company No. 5350X)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 JUNE 2006**

	Share Capital RM'000	<i>Non- Distributable</i> Capital Reserve RM'000	<i>Distributable</i> Retained Profits RM'000	Total RM'000
<u>12 months period ended</u> <u>30 June 2006</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	-	103	(103)	-
Profit after taxation	-	-	128,197	128,197
Dividends	-	-	(91,354)	(91,354)
<b>Balance at 30 June 2006</b>	<b>151,049</b>	<b>4,799</b>	<b>208,447</b>	<b>364,295</b>
<u>12 months period ended</u> <u>30 June 2005</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	-	77	(77)	-
Profit after taxation	-	-	107,968	107,968
Dividends	-	-	(90,629)	(90,629)
<b>Balance at 30 June 2005</b>	<b>151,049</b>	<b>4,696</b>	<b>171,707</b>	<b>327,452</b>

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

**Notes:**

**1. Accounting Policies**

The interim financial report has been prepared in accordance with the Malaysian Financial Reporting Standards (“FRS”) FRS 134<sup>2004</sup> “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**

	12 Months Ended 30 June	
	2006	2005
	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
<u>Interim Paid</u>		
2006 – 13 sen per share less 28% Malaysian tax (2005 – 7 sen per share less 20% Singapore tax and 5 sen per share less 28% Malaysian tax)	28,276	27,793

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## **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 fourth 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 fourth quarter ended 30 June 2006.

## **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 30 June 2006 are as follows:

	<u>RM'000</u>
Property, plant and equipment	
Authorised but not contracted for	6,126
Authorised and contracted for	<u>1,905</u>
	<u>8,031</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	17,084	175	15,359	450
Sale of product	10,205	-	71	6,620
Royalties payable	4,537	4,377	-	1,016
Marketing and technical services payable	2,559	-	-	678
Marketing fees receivable	-	5,314	-	-

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 4<sup>th</sup> Quarter ended 30 June 2006 increased by RM29.3 million or 16.2% as compared to the corresponding period due to higher sales .

Group profit before tax for the same quarter was however, lower at RM21.2 million compared to RM30.0.million in the corresponding quarter 2005, mainly due to higher promotional costs incurred during the quarter.

The Group's performance during the financial year showed a marginal improvement over the preceding financial year. Group revenue improved by 2.5% to RM976.0 million from RM952.1 million. Profit before tax increased by RM1.7 million or 1.2% to RM142.2 million from RM140.5 million .

#### 16. Comparison of Results with Preceding Quarter

Group revenue for the current quarter under review improved by RM5.3 million from RM205.6 million in the previous quarter to RM210.9 million, mainly contributed by higher sales during the recent World Cup period. Profit before tax for the Group however, declined by RM7.9 million or 27.1% compared to the previous quarter due to higher promotional cost.

#### 17. Prospects

The introduction of security ink markings on locally brewed products to prevent counterfeits will inevitably increase production costs and aggravate the perennial problems of smuggled beer and stout arising from higher prices in the market. Needless to say this will affect further Industry turnover and Government's revenues.

Competition in the market is unlikely to abate resulting in increasing pressure in margins which have already suffered from the continuous significant Government duty increases in the past three years and the introduction of the security ink markings on locally brewed beer and stouts.

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The challenge facing the Group is to continue to work towards making its organization more effective, its production more efficient and to continue to drive towards its unique brand equity programme to mitigate the negative impact of the additional costs imposed on the Industry.

The Group will work tirelessly towards continuing to achieve satisfactory results for the next financial year ending 30 June 2007.

**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 30/06/2006 RM'000	Current Year to date 30/06/2006 RM'000
Current tax		
Malaysian - current	1,637	35,489
- prior year	(i) (21,980)	(21,980)
	(20,343)	13,509
Deferred tax		
Malaysian - current	2,087	2,087
- prior year	(1,582)	(1,582)
	505	505
	(19,838)	14,014

The Group's effective tax rate for the quarter and year ended 30<sup>th</sup> June 2006 is lower than the statutory tax rate primarily due to the availability of reinvestment allowances.

(i) This is in respect of overprovision in prior years.

**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**

There were no borrowings or debt securities as at 30 June 2006.

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## **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 14<sup>th</sup> August 2006, the notional amount of forward foreign exchange contracts that were entered into by the Group to hedge its foreign purchases were RM4.8 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 Directors have proposed the declaration of a final dividend of 29 sen gross per 50 sen stock unit, less Malaysian income tax at 28% (2005 – 29 sen gross, less Malaysian income tax at 28%). Subject to approval of the shareholders at the forthcoming 42nd Annual General Meeting, the date of which will be announced later, the final dividend will be paid on **28 November 2006** to stockholders registered at the close of business on 8 November 2006. The entitlement date shall therefore be 8 November 2006.

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 6 November 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 8 November 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 Bursa Malaysia Securities Berhad.

Pursuant to FRS 110<sub>2004</sub> (previously known as MASB 19), the proposed final dividend totalling RM63,078,000 has not been accounted for in the financial statements as at 30 June 2006.

Total dividend for the financial year ended 30 June 2006 will amount to 42 sen gross per 50 sen stock unit, comprising :

- 1) an interim dividend of 13 sen gross, less Malaysian income tax at 28% paid on 18 May 2006, and
  - 2) a proposed final dividend of 29 sen gross, less Malaysian income tax at 28%.
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Total net dividends for the financial year ended 30 June 2006 will be 30.24 sen (2005 – 30.08 sen).

**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 RM128,197,000 by the weighted average number of ordinary stock units outstanding as at 30 June 2006 of 302,098,000.

**(b) Diluted Earnings Per Share**

Not Applicable.

On Behalf of the Board

**Theo A F de Rond**  
Managing Director

22 August 2006

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