

GUINNESS ANCHOR BERHAD

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



QUARTERLY FINANCIAL REPORT ON CONDENSED CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2007

The Board of Directors of Guinness Anchor Berhad wishes to announce the unaudited results of the Group for the first quarter ended 30 September 2006.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 MONTHS ENDED		3 MONTHS ENDED	
	30/09/2006	30/09/2005	30/09/2006	30/09/2005
	RM'000	RM'000	RM'000	RM'000
1. Revenue	310,008	304,632	310,008	304,632
2. Operating expenses	258,899	254,759	258,899	254,759
3. Other operating income	441	733	441	733
4. Profit/(loss) from operations	51,550	50,606	51,550	50,606
5. Finance cost	95	92	95	92
6. Profit/(loss) before taxation	51,455	50,514	51,455	50,514
7. Taxation	14,382	14,179	14,382	14,179
8. Profit/(loss) after tax	37,073	36,335	37,073	36,335
9. Net profit/(loss) for the period	<u>37,073</u>	<u>36,335</u>	<u>37,073</u>	<u>36,335</u>
10. Profit/(Loss) attributable to equity holders of the parent	<u>37,073</u>	<u>36,335</u>	<u>37,073</u>	<u>36,335</u>
11. Earnings per share :				
(a) Basic (based on 302,098,000 stock units) (sen)	12.27	12.03	12.27	12.03
(b) Fully diluted (based on stock units) (sen)	N/A	N/A	N/A	N/A

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30th June 2006)

GUINNESS ANCHOR BERHAD
(Company No. 5350X)

CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	AS AT END OF CURRENT QUARTER 30/09/2006 RM'000	AS AT PRECEDING FINANCIAL YEAR END 30/06/2006 RM'000
Non-current assets			
Property, plant and equipment	1	205,531	209,446
Prepaid lease payment	1	14,561	14,625
Intangible assets	1	4,581	4,343
Deferred tax assets		3,971	3,971
		<u>228,644</u>	<u>232,385</u>
Current assets			
Inventories		42,346	39,093
Trade and other receivables		214,778	128,955
Cash and cash equivalent		71,229	119,531
Tax recoverable		273	895
		<u>328,626</u>	<u>288,474</u>
Current liabilities			
Trade and Other Payables		117,747	122,919
Taxation		5,245	735
		<u>122,992</u>	<u>123,654</u>
Net current assets/(liabilities)		<u>205,634</u>	<u>164,820</u>
		<u>434,278</u>	<u>397,205</u>
Financed by:			
Capital and reserves			
Share capital		151,049	151,049
Reserves			
Capital reserve		4,835	4,799
Retained Profit		245,484	208,447
Shareholders' funds		<u>401,368</u>	<u>364,295</u>
Non-current liabilities			
Deferred tax liabilities		32,910	32,910
		<u>434,278</u>	<u>397,205</u>
Net Assets per share attributable to equity holders of the parent (RM)		<u>1.33</u>	<u>1.21</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30th June 2006)

GUINNESS ANCHOR BERHAD
(Company No. 5350X)

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

	3 MONTHS ENDED	
	30/09/2006	30/09/2005
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	51,455	50,514
Adjustments for:		
Depreciation and amortisation	6,984	6,609
Net (gains)/loss on disposal of property, plant and equipment	(3)	(1,401)
Interest expense	95	92
Interest income	(441)	(733)
Operating profit before working capital changes	58,090	55,081
(Increase)/Decrease in working capital		
Inventories	(3,253)	3,492
Trade and other receivables	(85,823)	(99,459)
Trade and other payables	(5,172)	15,274
Cash generated from operations	(36,158)	(25,612)
Taxation paid	(9,250)	(9,350)
Interest paid	(95)	(92)
Net cash generated from operating activities	(45,503)	(35,054)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	3	1,446
Purchase of property, plant and equipment	(3,243)	(9,349)
Interest received	441	733
Net cash (used in) investing activities	(2,799)	(7,170)
Cash flows from financing activity		
Dividends paid	-	-
Net cash used in financing activity	-	-
Net change in cash and cash equivalents	(48,302)	(42,224)
Cash and cash equivalents at beginning of year	119,531	131,775
Cash and cash equivalents at end of period	71,229	89,551

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30th June 2006)

GUINNESS ANCHOR BERHAD
(Company No. 5350X)

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

	Attributable to equity holders of the parent			
		<i>Non-</i>	<i>Distributable</i>	
	Share	Capital	Retained	Total
	Capital	Reserve	Profits	
	RM'000	RM'000	RM'000	RM'000
<u>3 months period ended</u>				
<u>30 September 2006</u>				
Balance at 1 July 2006	151,049	4,799	208,447	364,295
Net gains and losses not recognised in the income statement :				
Foreign exchange translation	-	36	(36)	-
Profit after taxation	-	-	37,073	37,073
Dividends	-	-	-	-
Balance at 30 September 2006	151,049	4,835	245,484	401,368
<u>3 months period ended</u>				
<u>30 September 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	-	(50)	50	-
Profit after taxation	-	-	36,335	36,335
Dividends	-	-	-	-
Balance at 30 September 2005	151,049	4,646	208,092	363,787

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30th June 2006)

Notes:

1. Accounting Policies

The interim financial report has been prepared in accordance with the Malaysian Financial Reporting Standards ("FRS") 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 annual audited financial statements for the year ended 30 June 2006.

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 2006 except for the adoption of the new Financial Reporting Standards ("FRS") issued by MASB that are effective for the Group's annual reporting for the year ending 30 June 2007.

The following is a summary of the main impact on the Group's accounting policies resulting from the adoption of the new or revised standards:

a) FRS 117 Leases

Prior to 1 July 2006, leasehold land was classified as property, plant and equipment and was stated at valuation less accumulated depreciation. Under the transitional provision of FRS 117, leasehold land is classified as an operating lease unless title passes to the lessee at the end of the lease term. As a result of the adoption of FRS 117, the carrying revalued amount of leasehold land is now reclassified as prepaid lease payment and amortised over the period of its remaining lease term.

b) FRS 138 Intangible Assets

Prior to 1 July 2006, software costs were classified as property, plant and equipment. Under FRS 138, unless the software costs are integral to other fixed assets, they are included as part of the intangible assets. As a result of the adoption of FRS 138, software costs, which are not integral to other fixed assets, are now classified as intangible assets, and amortised over their useful lives.

As a result of the adoption of FRS 117 and FRS 138, comparative amounts as at 30 June 2006 have been restated as follows:

	Adoption of FRS	As previously reported RM'000	Effects of reclassification RM'000	As restated RM'000
Property, plant and equipment	117 and 138	228,414	(18,968)	209,446
Prepaid lease payment	117	-	14,625	14,625
Intangible assets	138	-	4,343	4,343

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

No dividends were paid during the financial quarter ended 30 September 2006.

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 first 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 first quarter ended 30 September 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 September 2006 are as follows:

	<u>RM'000</u>
Property, plant and equipment Authorised but not contracted for	4,877
Authorised and contracted for	<u>2,182</u>
	<u>7,059</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	7,128	-	6,328	270
Sale of product	1,970	-	21	1,858
Royalties payable	1,405	1,626	-	340
Marketing and technical services payable	809	-	-	34
Marketing fees receivable	-	-	-	-

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 7 November 2006.

15. Review of Performance

Group revenue for the 1st Quarter ended 30 September 2006 increased by RM5.4 million or 1.8% as compared to the corresponding period last year mainly due to comparative higher selling price.

Group profit before tax for the same quarter was marginally higher at RM51.5 million compared to RM50.5 million in the corresponding quarter 2005.

After three consecutive years of significant duty hikes on the domestic beer industry, the Budget 2007 announcement on 1 September 2006 has brought some relief to the Industry with no duty increase imposed on domestic beer and stout. With this, hopefully, overall market will recover amidst a more stabilized environment.

16. Comparison of Results with Preceding Quarter

Group revenue for the current quarter under review improved by RM99.1 million from RM210.9 million in the previous quarter to RM310.0 million, mainly contributed by significantly higher sales volume achieved from heavy pre-fiscal budget trade speculation in the month of August.

Profit before tax for the Group improved by RM30.3 million or 142.9% compared to the previous quarter.

17. Prospects

After three consecutive years of significant duty hikes on beer and stout, the 2007 Budget announcement on 1 September 2006 brought relief to the Industry. The status quo in the Industry is expected to have a positive effect on the overall market. Industry margin however, is expected to remain under increasing pressure from competition in the market. There is no visible decline in smuggled beer and stout.

The Group will continue to do its utmost and take necessary actions to ensure that satisfactory results are achieved for the 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 30/09/2006 RM'000	Current Year to date 30/09/2006 RM'000
Taxation		
Malaysian - current	14,382	14,382
- prior year	-	-
	<u>14,382</u>	<u>14,382</u>
Deferred taxation		
Malaysian - current	-	-
- prior year	-	-
	<u>-</u>	<u>-</u>
	<u>14,382</u>	<u>14,382</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

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

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 1st November 2006, the notional amount of forward foreign exchange contracts that were entered into by the Group to hedge its foreign purchases were RM4.2 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 Defendant as of the date of this report.

26. Dividend

The Board of Directors does not recommend any dividend to be paid in respect of the quarter ended 30 September 2006.

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 RM37,073,000 by the weighted average number of ordinary stock units outstanding as at 30 September 2006 of 302,098,000.

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(b) Diluted Earnings Per Share

Not Applicable.

On Behalf of the Board

Theo A F de Rond
Managing Director

07 November 2006
