

# 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 third quarter ended 31 March 2007.

### CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 MONTHS ENDED		9 MONTHS ENDED	
	31/03/2007	31/03/2006	31/03/2007	31/03/2006
	RM'000	RM'000	RM'000	RM'000
1. Revenue	281,266	205,606	839,002	765,101
2. Operating expenses	236,030	176,716	709,391	645,268
3. Other operating income	580	518	1,792	1,745
4. Profit/(loss) from operations	45,816	29,408	131,403	121,578
5. Finance cost	442	357	632	549
6. Profit/(loss) before taxation	45,374	29,051	130,771	121,029
7. Taxation	11,439	8,121	35,357	33,852
8. Profit/(loss) after tax	33,935	20,930	95,414	87,177
9. Net profit/(loss) for the period	<u>33,935</u>	<u>20,930</u>	<u>95,414</u>	<u>87,177</u>
10. Profit/(Loss) attributable to equity holders of the parent	<u>33,935</u>	<u>20,930</u>	<u>95,414</u>	<u>87,177</u>
11. Earnings per share :				
(a) Basic (based on 302,098,000 stock units) (sen)	11.23	6.93	31.58	28.86
(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 30<sup>th</sup> June 2006)

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

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	Note	AS AT END OF CURRENT QUARTER 31/03/2007 RM'000	AS AT PRECEDING FINANCIAL YEAR END 30/06/2006 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	1	198,191	209,446
Prepaid lease payment	1	14,433	14,625
Intangible assets	1	3,527	4,343
Deferred tax assets		3,971	3,971
		<u>220,122</u>	<u>232,385</u>
<b>Current assets</b>			
Inventories		34,798	39,093
Trade and other receivables		152,664	128,955
Cash and cash equivalents		198,051	119,531
Tax recoverable		-	895
		<u>385,513</u>	<u>288,474</u>
<b>Current liabilities</b>			
Trade and other payables		124,477	122,919
Taxation		9,017	735
Short-term borrowings		42,600	-
		<u>176,094</u>	<u>123,654</u>
<b>Net current assets/(liabilities)</b>		<u>209,419</u>	<u>164,820</u>
		<u>429,541</u>	<u>397,205</u>
<b>Financed by:</b>			
<b>Capital and reserves</b>			
Share capital		151,049	151,049
Reserves			
Capital reserve		4,751	4,799
Retained Profit		240,831	208,447
<b>Shareholders' funds</b>		<u>396,631</u>	<u>364,295</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		32,910	32,910
		<u>429,541</u>	<u>397,205</u>
Net Assets per share attributable to equity holders of the parent (RM)		<u>1.31</u>	<u>1.21</u>

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

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

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE QUARTER ENDED 31 MARCH 2007**

	<b>9 MONTHS ENDED</b>	
	<b>31/03/2007</b>	<b>31/03/2006</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	130,771	121,029
Adjustments for:		
Depreciation and amortisation	21,124	19,821
Net (gains)/loss on disposal of property, plant and equipment	(809)	(1,491)
Interest expense	632	549
Interest income	(1,792)	(1,745)
<b>Operating profit before working capital changes</b>	<b>149,926</b>	<b>138,163</b>
<b>(Increase)/Decrease in working capital</b>		
Inventories	4,295	(6,537)
Trade and other receivables	(23,709)	18,197
Trade and other payables	1,558	(15,979)
<b>Cash generated from operations</b>	<b>132,070</b>	<b>133,844</b>
Taxation paid	(26,180)	(29,525)
Interest paid	(632)	(549)
<b>Net cash generated from/(used in) operating activities</b>	<b>105,258</b>	<b>103,770</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	884	1,542
Purchase of property, plant and equipment	(8,936)	(21,091)
Interest received	1,792	1,745
<b>Net cash used in investing activities</b>	<b>(6,260)</b>	<b>(17,804)</b>
<b>Cash flows from financing activity</b>		
Dividends paid	(63,078)	(63,078)
Borrowings	42,600	37,650
<b>Net cash used in financing activity</b>	<b>(20,478)</b>	<b>(25,428)</b>
<b>Net change in cash and cash equivalents</b>	<b>78,520</b>	<b>60,538</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>119,531</b>	<b>131,775</b>
<b>Cash and cash equivalents at end of period</b>	<b>198,051</b>	<b>192,313</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 2006)

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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 MARCH 2007**

	Attributable to equity holders of the parent			
		<i>Non-</i>	<i>Distributable</i>	
	Share	Capital	Retained	Total
	Capital	Reserve	Profits	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>9 months period ended</u>				
<u>31 March 2007</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	-	(48)	48	-
Profit after taxation	-	-	95,414	95,414
Dividends	-	-	(63,078)	(63,078)
<b>Balance at 31 March 2007</b>	<b>151,049</b>	<b>4,751</b>	<b>240,831</b>	<b>396,631</b>
<u>9 months period ended</u>				
<u>31 March 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	-	50	(50)	-
Profit after taxation	-	-	87,177	87,177
Dividends	-	-	(63,078)	(63,078)
<b>Balance at 31 March 2006</b>	<b>151,049</b>	<b>4,746</b>	<b>195,756</b>	<b>351,551</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 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.

A summary of the main impact on the Group's accounting policies and comparative numbers as at 30 June 2006 resulting from the adoption of the new or revised standards has been reported in the first quarter announcement of the current financial year.

**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**

	9 Months Ended 31 March	
	2007	2006
	RM'000	RM'000
<u>Final Paid</u>		
2007 – 29 sen per share less income tax @ 28%	63,078	
(2006 – 29 sen per share less income tax @ 28%)		63,078

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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 third 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 third quarter ended 31 March 2007.

## **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 March 2007 are as follows:

	<u>RM'000</u>
Property, plant and equipment	
Authorised but not contracted for	7,866
Authorised and contracted for	<u>3,787</u>
	<u>11,653</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	13,529	-	13,001	890
Sale of product	6,904	-	52	6,544
Royalties payable	3,495	3,896	-	1,072
Marketing and technical services payable	1,904	-	-	88
Marketing fees receivable	-	3,040	-	1,899

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 3rd Quarter ended 31 March 2007 increased by RM75.7 million or 36.8% as compared to the corresponding period last year because Chinese New Year was later this year. Group profit before tax for the same quarter was higher at RM45.3 million compared to RM29.1 million in the corresponding quarter 2006.

For the 9 months ended 31 March 2007, Group revenue increased by 9.7% to RM839.0 million from RM765.1 million in the corresponding period last year. Profit before tax was higher by RM9.7 million or 8.0%.

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

Group revenue for the current quarter under review increased by RM33.5 million from RM247.7 million in the previous quarter to RM281.2 million, mainly driven by sales volume from the Chinese New Year festive.

Profit before tax for the Group increased by RM11.4 million or 33.7% compared to the previous quarter.

#### 17. Prospects

Overall Industry volume improved marginally but is yet to recover from the impact of the consecutive significant duty increases imposed by the Malaysian Government. Competition is expected to remain intense and impact negatively on Industry margin.

Despite efforts taken by the Malaysian Royal Customs to curb smuggling, the problems related to smuggled beer remain unchanged and will continue to have significant negative impact on Industry's turnover as well as Government's revenue.

The Group will do its utmost to maintain momentum in market share growth 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 31/03/2007 RM'000	Current Year to date 31/03/2007 RM'000
Taxation		
Malaysian - current	11,439	35,357
- prior year	-	-
	<u>11,439</u>	<u>35,357</u>
Deferred taxation		
Malaysian - current	-	-
- prior year	-	-
	<u>-</u>	<u>-</u>
	<u>11,439</u>	<u>35,357</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 March 2007 are as follows:

	RM'000
<u>Short term - unsecured</u>	
Banker Acceptance	<u>42,600</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 24<sup>th</sup> April 2007, the notional amount of forward foreign exchange contracts that were entered into by the Group to hedge its foreign purchases were RM5.7 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 31 March 2007.

Total dividend for the current financial period amounted to 13 sen gross per 50 sen stock unit, less income tax at 27%.

## **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 RM95,414,000 by the weighted average number of ordinary stock units outstanding as at 31 March 2007 of 302,098,000.

### **(b) Diluted Earnings Per Share**

Not Applicable.

For and on Behalf of the Board

**Charles Ireland**  
Managing Director