

GUINNESS ANCHOR BERHAD

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



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

The Board of Directors of Guinness Anchor Berhad wishes to announce the audited results of the Group for the fourth quarter ended 30 June 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 MONTHS ENDED		YEAR ENDED	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	RM'000	RM'000	RM'000	RM'000
1. Revenue	233,110	210,912	1,072,112	976,013
2. Operating expenses	213,042	190,627	922,433	835,895
3. Other operating income	1,369	1,064	3,161	2,809
4. Profit from operations	21,437	21,349	152,840	142,927
5. Finance cost	49	167	681	716
6. Profit before tax	21,388	21,182	152,159	142,211
7. Taxation	4,241	(19,838)	39,598	14,014
8. Profit/(loss) after tax	17,147	41,020	112,561	128,197
9. Net profit for the period	17,147	41,020	112,561	128,197
10. Profit attributable to equity holders of the company	17,147	41,020	112,561	128,197
11. Earnings per share :				
(a) Basic (based on 302,098,000 stock units) (sen)	5.68	13.58	37.26	42.44
(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 30/06/2007 RM'000	AS AT 30/06/2006 (Restated) RM'000
Non-current assets			
Property, plant and equipment	1	205,093	213,789
Intangible assets	1	3,148	-
Prepaid lease payment	1	14,369	14,625
Deferred tax assets		2,809	3,971
Receivables		2,271	2,591
		<u>227,690</u>	<u>234,976</u>
Current assets			
Inventories		39,939	39,093
Receivables, deposits and prepayments		139,826	126,364
Cash and cash equivalents		154,605	119,531
Current tax assets		-	895
		<u>334,370</u>	<u>285,883</u>
Current liabilities			
Payables and accruals		140,247	122,919
Current tax liabilities		5,381	735
		<u>145,628</u>	<u>123,654</u>
Net current assets			
		<u>188,742</u>	<u>162,229</u>
		<u>416,432</u>	<u>397,205</u>
Financed by:			
Capital and reserves			
Share capital		151,049	151,049
Reserves			
Capital reserve		4,695	4,799
Retained Profit		229,365	208,447
Shareholders' funds		<u>385,109</u>	<u>364,295</u>
Non-current liabilities			
Deferred tax liabilities		31,323	32,910
		<u>416,432</u>	<u>397,205</u>
Net Assets per share attributable to equity holders of the company (RM)			
		<u>1.27</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 FINANCIAL YEAR ENDED 30 JUNE 2007**

	YEAR ENDED	
	30/06/2007	30/06/2006
	RM'000	RM'000
		(Restated)
Cash flows from operating activities		
Profit before taxation	152,159	142,211
Adjustments for:		
Depreciation of property, plant and equipment	25,879	26,364
Amortisation of prepaid lease prepayments	256	256
Amortisation of intangible assets	1,967	-
Gain on disposal of property, plant and equipment	(763)	(2,329)
Interest expense	681	716
Interest income	(3,161)	(2,809)
Operating profit before changes in working capital	177,018	164,409
(Increase)/Decrease in working capital		
Inventories	(846)	(3,111)
Receivables, deposits and prepayment	(13,142)	(29,321)
Payables and accruals	17,328	7,550
Cash generated from operations	180,358	139,527
Tax paid	(34,482)	(35,587)
Interest paid	(681)	(716)
Net cash generated from operating activities	145,195	103,224
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	887	2,721
Acquisition of property, plant and equipment	(22,422)	(29,644)
Interest received	3,161	2,809
Net cash used in investing activities	(18,374)	(24,114)
Cash flows from financing activity		
Dividends paid	(91,747)	(91,354)
Net cash used in financing activity	(91,747)	(91,354)
Net change in cash and cash equivalents	35,074	(12,244)
Cash and cash equivalents at beginning of year	119,531	131,775
Cash and cash equivalents at end of year	154,605	119,531

(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 FINANCIAL YEAR ENDED 30 JUNE 2007**

	Attributable to equity holders of the company			
	Share Capital RM'000	<i>Non- Distributable</i> Capital Reserve RM'000	<i>Distributable</i> Retained Profits RM'000	Total RM'000
<u>Financial year ended</u> <u>30 June 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	-	(104)	104	-
Profit after taxation	-	-	112,561	112,561
Dividends	-	-	(91,747)	(91,747)
Balance at 30 June 2007	151,049	4,695	229,365	385,109
<u>Financial year 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)
Balance at 30 June 2006	151,049	4,799	208,447	364,295

**(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 annual reporting for the year ended 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 financial year ended 30 June 2007.

2. Audit Report on Preceding Annual Financial Statements

The Group annual financial statements for the year ended 30th June 2006 were not 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 the share capital for the current financial quarter under review.

GUINNESS ANCHOR BERHAD

(Company No. 5350X)

7. Dividends Paid

	12 Months Ended 30 June	
	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
<u>Interim Paid</u>		
2007 – 13 sen per share less income tax @ 27%	28,669	
(2006 – 13 sen per share less income tax @ 28%)		28,276

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 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 the 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 2007 are as follows:

	<u>RM'000</u>
Property, plant and equipment Authorised but not contracted for	5,529
Authorised and contracted for	<u>1,929</u>
	<u>7,458</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	17,458	59	16,718	890
Sale of products	10,260	-	57	9,361
Royalties payable	4,617	5,011	-	1,508
Marketing and technical services payable	2,590	-	-	127
Marketing fees receivable	-	5,320	-	5,807

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 4th Quarter ended 30 June 2007 increased by RM22.2 million or 10.5% as compared to the corresponding period last year mainly driven by improved sales. Group profit before tax for the same quarter was marginally higher at RM21.4 million compared to RM21.2 million in the corresponding quarter 2006.

The Group's performance during the financial year showed an improvement over the preceding financial year. Group revenue improved by 9.8% to RM1,072.1 million from RM976.0 million. Profit before tax increased by RM9.9 million or 7.0% to RM152.1 million from RM142.2 million.

16. Comparison of Results with Preceding Quarter

Group revenue for the current quarter under review decreased by RM48.1 million from RM281.2 million in the previous quarter to RM233.1 million, mainly due to market unwinding after the Chinese New Year festive period.

Profit before tax for the Group reduced by RM24.0 million or 53.2% compared to the previous quarter.

GUINNESS ANCHOR BERHAD

(Company No. 5350X)

17. Prospects

Overall Industry volume continues to fall. The impact of the three consecutive years of significant duty increases imposed by the Malaysian Government took the excise duty rate to the second highest in the world, resulting in very high consumer prices. This aggravated smuggling in Malaysia. Unless there is a concerted effort by relevant authorities to curb smuggling, it will continue to have significant negative impact on Industry's turnover as well as on Government revenue.

Market competition will intensify with the issuance of an additional brewery license under the Excise Act 1976, resulting in further pressure on Industry margin.

However, the Group expects to maintain its momentum through continuing to strengthen its organization effectiveness, operational efficiency and brand equity to mitigate the negative impact on the Industry. The Group will do its utmost to achieve satisfactory results for the financial year ending 30 June 2008.

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 30/06/2007 RM'000	Current Year to date 30/06/2007 RM'000
Taxation		
Malaysian - current	5,801	41,158
- prior year	(1,135)	(1,135)
	<u>4,666</u>	<u>40,023</u>
Deferred taxation		
Malaysian - current	450	450
- prior year	(875)	(875)
	<u>(425)</u>	<u>(425)</u>
	<u>4,241</u>	<u>39,598</u>

The Group's effective tax rate for the current financial quarter and year 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 June 2007.

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 20th August 2007, the notional amount of forward foreign exchange contracts that were entered into by the Group to hedge its foreign purchases were RM4.7 million. The settlement dates of these forward contracts ranged 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 Directors have proposed the declaration of a final dividend of 32 sen gross per 50 sen stock unit, less Malaysian income tax at 27% (2006 – 29 sen gross, less Malaysian income tax at 28%). Subject to approval of the shareholders at the forthcoming 43rd Annual General Meeting, the date of which will be announced later, the final dividend will be paid on **14 December 2007** to stockholders registered at the close of business on 30 November 2007. The entitlement date shall therefore be 30 November 2007.

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 28 November 2007 (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 30 November 2007 in respect of ordinary transfers; and
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GUINNESS ANCHOR BERHAD

(Company No. 5350X)

- (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 110₂₀₀₄ (previously known as MASB 19), the proposed final dividend totalling RM70,570,000 has not been accounted for in the financial statements as at 30 June 2007.

Total dividends for the financial year ended 30 June 2007 will amount to 45 sen gross per 50 sen stock unit, comprising :

- 1) an interim dividend of 13 sen gross, less Malaysian income tax at 27% paid on 18 May 2007, and
- 2) a proposed final dividend of 32 sen gross, less Malaysian income tax at 27%.

Total net dividends for the financial year ended 30 June 2007 will be 32.85 sen (2006 – 30.24 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 RM112,561,000 by the weighted average number of ordinary stock units outstanding as at 30 June 2007 of 302,098,000.

(b) Diluted Earnings Per Share

Not Applicable.

For and on Behalf of the Board

Charles Ireland
Managing Director

28 August 2007
