

GUINNESS ANCHOR BERHAD

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



QUARTERLY FINANCIAL REPORT ON CONDENSED CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2008

The Board of Directors of Guinness Anchor Berhad wishes to announce the unaudited results of the Group for the first quarter ended 30 September 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 MONTHS ENDED		3 MONTHS ENDED	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	RM'000	RM'000	RM'000	RM'000
1. Revenue	325,200	310,008	325,200	310,008
2. Operating expenses	267,940	258,899	267,940	258,899
3. Other operating income	1,018	441	1,018	441
4. Profit from operations	58,278	51,550	58,278	51,550
5. Finance cost	86	95	86	95
6. Profit before tax	58,192	51,455	58,192	51,455
7. Taxation	15,086	14,382	15,086	14,382
8. Profit/(loss) after tax	43,106	37,073	43,106	37,073
9. Net profit for the period	<u>43,106</u>	<u>37,073</u>	<u>43,106</u>	<u>37,073</u>
10. Profit attributable to equity holders of the company	<u>43,106</u>	<u>37,073</u>	<u>43,106</u>	<u>37,073</u>
11. Earnings per share :				
(a) Basic (based on 302,098,000 stock units) (sen)	14.27	12.27	14.27	12.27
(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 2007)

CONDENSED CONSOLIDATED BALANCE SHEETS

	AS AT 30/09/2007 RM'000	AS AT 30/06/2007 RM'000
Non-current assets		
Property, plant and equipment	201,584	205,093
Intangible assets	3,895	3,148
Prepaid lease payment	14,305	14,369
Deferred tax assets	2,809	2,809
Receivables	2,120	2,271
	<u>224,713</u>	<u>227,690</u>
Current assets		
Inventories	48,661	39,939
Receivables, deposits and prepayments	236,952	139,826
Cash and cash equivalents	106,123	154,605
	<u>391,736</u>	<u>334,370</u>
Current liabilities		
Payables and accruals	145,861	140,247
Current tax liabilities	11,050	5,381
	<u>156,911</u>	<u>145,628</u>
Net current assets	<u>234,825</u>	<u>188,742</u>
	<u>459,538</u>	<u>416,432</u>
Financed by:		
Capital and reserves		
Share capital	151,049	151,049
Reserves		
Capital reserve	4,767	4,695
Retained earnings	272,399	229,365
Shareholders' funds	<u>428,215</u>	<u>385,109</u>
Non-current liabilities		
Deferred tax liabilities	31,323	31,323
	<u>459,538</u>	<u>416,432</u>
Net Assets per share attributable to equity holders of the company (RM)	<u>1.42</u>	<u>1.27</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30th June 2007)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2007**

	3 MONTHS ENDED	
	30/09/2007	30/09/2006
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	58,192	51,455
Adjustments for:		
Depreciation of property, plant and equipment	6,382	6,920
Amortisation of prepaid lease prepayments	64	64
Amortisation of intangible assets	490	-
Gain on disposal of property, plant and equipment	(633)	(3)
Interest expense	86	95
Interest income	(1,018)	(441)
Operating profit before changes in working capital	63,563	58,090
(Increase)/Decrease in working capital		
Inventories	(8,722)	(3,253)
Receivables, deposits and prepayment	(96,975)	(85,823)
Payables and accruals	5,614	(5,172)
Cash used in operations	(36,520)	(36,158)
Tax paid	(9,417)	(9,250)
Interest paid	(86)	(95)
Net cash used in operating activities	(46,023)	(45,503)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	635	3
Acquisition of property, plant and equipment	(4,112)	(3,243)
Interest received	1,018	441
Net cash used in investing activities	(2,459)	(2,799)
Cash flows from financing activity		
Dividends paid	-	-
Net cash used in financing activity	-	-
Net change in cash and cash equivalents	(48,482)	(48,302)
Cash and cash equivalents at beginning of year	154,605	119,531
Cash and cash equivalents at end of period	106,123	71,229

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30th June 2007)

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2007**

	Attributable to equity holders of the company			
	Share Capital RM'000	<i>Non- Distributable</i> Capital Reserve RM'000	<i>Distributable</i> Retained Earnings RM'000	Total RM'000
<u>3 months quarter ended 30 September 2007</u>				
Balance at 1 July 2007	151,049	4,695	229,365	385,109
Net gains and losses recognised directly in equity :				
Foreign exchange translation	-	72	(72)	-
Profit after taxation	-	-	43,106	43,106
Dividends	-	-	-	-
Balance at 30 September 2007	151,049	4,767	272,399	428,215
<u>3 months quarter ended 30 September 2006</u>				
Balance at 1 July 2006	151,049	4,799	208,447	364,295
Net gains and losses recognised directly in equity :				
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

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30th June 2007)

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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 2007.

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 2007 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 2008.

2. Audit Report on Preceding Annual Financial Statements

The Group annual financial statements for the year ended 30th June 2007 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.

7. Dividends Paid

No dividends were paid during the financial quarter ended 30 September 2007.

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 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 September 2007 are as follows:

	<u>RM'000</u>
Property, plant and equipment Authorised but not contracted for	10,862
Authorised and contracted for	<u>2,504</u>
	<u>13,366</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	3,238	94	6,640	190
Sale of products	2,766	-	-	1,990
Royalties payable	1,001	2,057	-	518
Marketing and technical services payable	657	-	-	6
Marketing fees receivable	-	-	-	-

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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 29 November 2007.

15. Review of Performance

Group revenue for the 1st Quarter ended 30 September 2007 increased by RM15.2 million or 4.9% as compared to the corresponding period last year mainly due to improved sales.

Group profit before tax for the same quarter was higher at RM58.2 million compared to RM51.5 million in the corresponding quarter 2006.

16. Comparison of Results with Preceding Quarter

Group revenue for the current quarter under review improved by RM92.1 million from RM233.1 million in the previous quarter to RM325.2 million, driven largely by significant pre-budget speculation purchases in the months of August and September.

This seasonal fluctuation helped profit before tax for the Group improve by RM36.8 million compared to the previous quarter.

17. Prospects

The Government's decision not to increase excise duty on local beer and stout is welcome. However, excise duty in Malaysia remains the second highest in the world after Norway, resulting in high consumer prices and significant smuggling. Efforts to curb smuggling have had limited impact. As a result, Industry's turnover and Government revenue have suffered.

Overall, market competition is expected to remain intense, especially given the emergence of a third brewery in Malaysia. The Group will continue to do its utmost to ensure satisfactory results are achieved 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 30/09/2007 RM'000	Current Year to date 30/09/2007 RM'000
Taxation		
Malaysian - current	15,086	15,086
- prior year	-	-
	<hr/> 15,086	<hr/> 15,086
Deferred taxation		
Malaysian - current	-	-
- prior year	-	-
	<hr/> -	<hr/> -
	<hr/> 15,086	<hr/> 15,086

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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 September 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 21st November 2007, the notional amount of forward foreign exchange contracts that were entered into by the Group to hedge its foreign purchases were RM3.4 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 Board of Directors does not recommend any dividend to be paid in respect of the quarter ended 30 September 2007.

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 RM43,106,000 by the weighted average number of ordinary stock units outstanding as at 30 September 2007 of 302,098,000.

(b) Diluted Earnings Per Share

Not Applicable.

For and on Behalf of the Board

Charles Ireland
Managing Director

29 November 2007