



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

The Board of Directors of Guinness Anchor Berhad wishes to announce the unaudited results of the Group for the period ended 31 December 2013.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD 3 MONTHS ENDED			CUMULATIVE PERIOD 6 MONTHS ENDED		
	31/12/2013	31/12/2012	% Change +/-	31/12/2013	31/12/2012	% Change +/-
	RM'000	RM'000		RM'000	RM'000	
1. Revenue	499,373	429,442	16.3%	825,166	821,726	0.4%
2. Operating expenses	(410,063)	(340,376)		(669,067)	(656,499)	
3. Interest income	773	764		1,555	2,245	
4. Profit from operations	90,083	89,830	0.3%	157,654	167,472	(5.9%)
5. Interest expense	(1,940)	(1,613)		(3,349)	(3,487)	
6. Profit before tax	88,143	88,217	(0.1%)	154,305	163,985	(5.9%)
7. Taxation	(22,054)	(22,055)		(38,593)	(40,996)	
8. Net profit for the period	<u>66,089</u>	<u>66,162</u>	(0.1%)	<u>115,712</u>	<u>122,989</u>	(5.9%)
9. Foreign currency translation differences for foreign operation	0	18		0	24	
10. Total comprehensive income for the period	<u>66,089</u>	<u>66,180</u>	(0.1%)	<u>115,712</u>	<u>123,013</u>	(5.9%)
11. Profit attributable to owners of the company	<u>66,089</u>	<u>66,162</u>		<u>115,712</u>	<u>122,989</u>	
12. Total comprehensive income attributable to owners of the company	<u>66,089</u>	<u>66,180</u>		<u>115,712</u>	<u>123,013</u>	
13. Earnings per share :						
(a) Basic (based on 302,098,000 stock units) (sen)	21.88	21.90		38.30	40.71	
(b) Fully diluted (based on stock units) (sen)	N/A	N/A		N/A	N/A	

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Annual Audited Financial Statements for the year ended 30 June 2013)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31/12/2013 RM'000	AS AT 30/06/2013 RM'000
Non-current assets		
Property, plant and equipment	226,625	225,775
Intangible assets	37,705	35,787
Other receivables	1,173	1,098
	<u>265,503</u>	<u>262,660</u>
Current assets		
Inventories	94,453	46,957
Trade and other receivables	408,256	341,359
Current tax assets	11,578	22,397
Cash and cash equivalents	3,955	68,242
	<u>518,242</u>	<u>478,955</u>
Current liabilities		
Trade and other payables	208,793	185,857
Current tax liabilities	0	0
Borrowings	50,000	0
	<u>258,793</u>	<u>185,857</u>
Net current assets	<u>259,449</u>	<u>293,098</u>
	<u>524,952</u>	<u>555,758</u>
Financed by:		
Capital and reserves		
Share capital	151,049	151,049
Reserves		
Capital reserve	0	0
Retained earnings	183,685	214,491
Shareholders' funds	<u>334,734</u>	<u>365,540</u>
Non-current liabilities		
Deferred tax liabilities	40,218	40,218
Borrowings	150,000	150,000
	<u>190,218</u>	<u>190,218</u>
	<u>524,952</u>	<u>555,758</u>
Net Assets per share attributable to owners of the company (RM)	<u>1.11</u>	<u>1.21</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's Annual Audited Financial Statements for the year ended 30 June 2013)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31 DECEMBER 2013**

	6 MONTHS ENDED	
	31/12/2013	31/12/2012
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	154,305	163,985
Adjustments for:		
Amortisation of intangible assets	4,483	1,204
Depreciation of property, plant and equipment	16,660	15,673
(Gain)/loss on disposal of property, plant and equipment	(464)	209
Interest expense	3,349	3,487
Interest income	(1,555)	(2,245)
Translation differences of foreign operation	0	24
Operating profit before changes in working capital	176,778	182,337
(Increase)/Decrease in working capital		
Inventories	(47,496)	(33,560)
Receivables, deposits and prepayment	(66,972)	(110,131)
Payables and accruals	22,936	69,894
Cash generated from operations	85,246	108,540
Tax paid	(27,776)	(35,870)
Interest paid	(3,349)	(3,487)
Net cash from operating activities	54,121	69,183
Cash flows from investing activities		
Acquisition of property, plant and equipment	(14,028)	(17,775)
Acquisition of intangible assets	(9,985)	(14,817)
Interest received	1,555	2,245
Proceeds from disposal of property, plant and equipment	568	192
Net cash used in investing activities	(21,890)	(30,155)
Cash flows from financing activity		
Dividends paid	(146,518)	(166,154)
Borrowings	50,000	(10,000)
Net cash used in financing activity	(96,518)	(176,154)
Net change in cash and cash equivalents	(64,287)	(137,126)
Cash and cash equivalents at beginning of year	68,242	160,820
Cash and cash equivalents at end of period	3,955	23,694

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Group's Annual Audited Financial Statements for the year ended 30 June 2013)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2013**

	Attributable to equity holders of the Company			
	<i>Share Capital</i> RM'000	<i>Non- Distributable Capital Reserve</i> RM'000	<i>Distributable Retained Earnings</i> RM'000	<i>Total</i> RM'000
<u>6 months ended 31 December 2013</u>				
Balance at 1 July 2013	151,049	0	214,491	365,540
Total comprehensive income for the period	-	0	115,712	115,712
Dividends paid	-	-	(146,518)	(146,518)
Balance at 31 December 2013	151,049	0	183,685	334,734
<u>6 months ended 31 December 2012</u>				
Balance at 1 July 2012	151,049	5,193	223,461	379,703
Total comprehensive income for the period	-	24	122,989	123,013
Dividends paid	-	-	(166,154)	(166,154)
Balance at 31 December 2012	151,049	5,217	180,296	336,562

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's Annual Audited Financial Statements for the year ended 30 June 2013)

Notes:

1. Basis of Preparation

The interim financial report has been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group’s annual audited financial statements for the year ended 30 June 2013.

2. Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2013.

3. Realised and Unrealised Profits/Losses

	As at 31/12/2013 <u>RM’000</u>	As at 30/06/2013 <u>RM’000</u>
Total retained profits / (accumulated losses) of the Company and its subsidiaries :		
- Realised	227,154	256,703
- Unrealised	(41,265)	(41,343)
	-----	-----
	185,889	215,360
Less: consolidation adjustment	(2,204)	(869)
	-----	-----
Total group retained profits / (accumulated losses) as per consolidated accounts	183,685	214,491
	=====	=====

4. Audit Report on Preceding Annual Financial Statements

The Group annual audited financial statements for the year ended 30 June 2013 were not qualified.

5. Seasonal or Cyclical Factors

The business operations of the Group are generally affected by festive seasons.

6. Exceptional Items

There were no exceptional items for the current financial quarter under review.

7. Changes in Estimates

There were no changes in estimates that have had any material effect on current financial quarter under review.

8. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities for the current quarter ended 31 December 2013, save for those as disclosed under Note 22.

9. Dividend Paid

	6 Months ended 31 December	
	2013	2012
	RM'000	RM'000
<u>Final Dividend Paid</u>		
2013 – 48.5 sen per share tax exempt	146,518	
2012 – 55 sen per share tax exempt		166,154

10. Segmental Reporting

The Group's business is focused only in malt liquor brewing including production, packaging, marketing and distribution of its products, principally in Malaysia. Approximately 1% of the total sales is exported, mainly to Southeast Asian countries. As such, only one reportable segment analysis is prepared.

Segment assets, liabilities and capital expenditures information are included in the internal management reports that are reviewed by the Group's Managing Director.

	6 months ended 31/12/2013 RM'000	6 months ended 31/12/2012 RM'000
Total Segment Assets	783,745 =====	808,220 =====
Total Segment Liabilities	449,011	288,973
Total Segment Equity	334,734 ----- 783,745 =====	519,247 ----- 808,220 =====

No reconciliation is performed for the segment report as there is no difference.

10. Segmental Reporting (continued)

	3 months ended 31/12/2013 RM'000	6 months ended 31/12/2013 RM'000
Segment profit	88,145	154,307
<i>Included in the measure of segment profit are:</i>		
Revenue from external customers	472,393	778,834
Cost of sales	(315,853)	(505,925)
Depreciation	9,724	21,143
	=====	=====
<i>Not included in the measure of segment profit but provided to Managing Director</i>		
Interest income/(expense)	(1,167)	(1,794)
	=====	=====
	3 months ended 31/12/2013 RM'000	6 months ended 31/12/2013 RM'000
Profit or loss		
Segment profit	88,143	154,305
Foreign Operation Translation	0	0
	-----	-----
Consolidated profit before tax	88,143	154,305
	=====	=====

11. Property, Plant and Equipment Valuation

There were no changes in the valuation of property, plant and equipment for the current financial quarter under review.

12. 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 quarter ended 31 December 2013.

13. Changes in the Composition of the Group

There was no change 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.

The deregistration of Malayan Breweries (Malaya) Sdn Bhd ("MBM") is still pending completion. The deregistration of MBM is not expected to have any material impact on the net assets and earnings per share of the Group for the financial year ending 30 June 2014.

14. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at the date of this report.

15. Capital Commitments

Capital commitments not provided for in the financial statements as at 31 December 2013 are as follows:

	<u>RM'000</u>
Property, plant and equipment	
Authorised but not contracted for	106,084
Authorised and contracted for	<u>9,118</u>
	<u>115,202</u>

16. Significant Related Party Transactions

As at the end of the quarter under review, the Group has entered into/or completed the following significant Related Party Transactions:

	Heineken International BV and its related corporations		
	Diageo Plc and its related corporations	Heineken Asia Pacific Pte Ltd and its related corporations	Other Heineken related corporations
	RM'000	RM'000	RM'000
Purchase of goods	5,320	1	6,940
Sale of products	6,858	-	-
Royalties payable	7,444	10,020	3,932
Marketing and technical services fees payable	-	-	103
Marketing and advertising services fee receivable	-	13,918	3,378

All Related Party Transactions had been entered into in the ordinary course of business on normal commercial terms. These transactions are within the ambit of the general mandate approved by the shareholders of the Company.

17. Review of Performance

Performance for the quarter ended 31 December 2013 versus the corresponding quarter in 2012

Group revenue grew by 16.3% to RM499.3 million compared to the corresponding quarter last year. Such growth was mainly driven by pre-budget speculation purchases and early timing of Chinese New Year in FY2014.

However, Group profit before interest and tax ("PBIT") is only up by 0.3%. This was largely due to increased cost of investment in brand equity building activities.

Performance for the 6 months ended 31 December 2013 versus the corresponding period in 2012

Group revenue for the 6 months ended 31 December 2013 was flat, mainly due to lower volume in Q1 as a result of the planned reduction of distributor stocks.

Group PBIT decreased by 5.5% to RM156.1 million mainly due to the same reason stated above.

Comparison of results with preceding quarter

Group revenue for the quarter under review rose significantly by 53.3% compared to the preceding quarter. This was mainly boosted by several major commercial activities which were rolled out in conjunction with festive celebrations in the quarter under review.

Correspondingly, PBIT grew 33.7% to RM89.3 million.

18. Prospects

The Group expects the beer industry to continue to be challenging due to lackluster domestic consumption. Consumers have been cautious in their spending due to uncertainties and the rise in living cost. Unfair competition from contraband beers which are increasingly available in the market is also expected to impact the Group business.

Despite the tough market environment ahead, the Group will continue to focus on innovation and increase investment in brand building activities to achieve our business plan for the current financial year.

19. Variance from Profit Forecast

No profit forecast was issued during the financial quarter under review.

20. Taxation

Taxation in respect of the current financial period comprises the following:

	Current quarter ended 31/12/2013 RM'000	Current year to date 31/12/2013 RM'000
Taxation		
Malaysian - current	22,054	38,593
- prior year	-	-
	22,054	38,593
Deferred taxation		
Malaysian - current	-	-
- prior year	-	-
	-	-
	22,054	38,593

The Group's effective tax rate for the current financial quarter under review is in line with the statutory tax rate.

21. Status of Corporate Proposals

There was no corporate proposal announced but not completed at the date of this report.

22. Group Borrowings and Debt Securities

Total Group borrowings as at 31 December 2013 are as follows:

	<u>RM'000</u>
<u>Current</u>	
Revolving Credit	50,000
<u>Non-Current - Unsecured</u>	
Medium Term Notes (MTNs)	150,000
	200,000

The Company utilized revolving credit of RM50 million to support its Chinese New Year commercial activities. The short-term borrowing has been repaid in January 2014.

MTNs of RM150 million in nominal value, which were issued in December 2011, are repayable in two tranches at RM100 million and RM50 million in December 2014 and December 2016 respectively. The aforesaid MTNs have been assigned a rating of AAA by RAM Ratings Services Berhad.

23. Financial Instruments

The outstanding derivative as at the end of the reporting period is as follows:

	Notional Value	Fair Value	(Gain)/Loss arising from fair value changes
<u>Type of derivative</u>	RM'000	RM'000	RM'000
Forward foreign exchange contracts	1,291	1,330	(39)
- Less than one year			

The above forward foreign exchange contracts were entered into by the Group to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities; in accordance with the Group's foreign currency hedging policy.

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Foreign currency differences arising on retranslation are recognised in comprehensive income, except for differences arising on the retranslation of a financial instrument designated as a hedge of currency risk, which is recognised in other comprehensive income.

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.

24. Notes to the Statement of Comprehensive Income

	Current quarter ended 31/12/2013 RM'000	Current year to date 31/12/2013 RM'000
Depreciation and amortization	9,724	21,143
Provision for and write-off of receivables	197	(40)
Provision for and write-off of inventories	1,055	1,924
(Gain)/loss on derivatives	(39)	(147)

Other than the items highlighted above which have been included in the Consolidated Statement of Comprehensive Income, there were no impairment of assets nor profits/(losses) on any other items and sale of quoted securities, investments and properties included in the results for the period ended 31 December 2013.

25. Material Litigation

Neither the Company nor any of its subsidiaries is engaged in any material litigation either as Plaintiff or as Defendant as of the date of this report.

26. Dividend

The Board has declared a single tier interim dividend of 20 sen per 50 sen stock unit for the financial year ending 30 June 2014 (2013: single tier interim dividend of 20 sen per 50 sen stock unit), payable on **25 April 2014** to stockholders registered at the close of business on **31 March 2014**. The entitlement date shall therefore be **31 March 2014**.

Net dividend payable to stockholders will be at 20 sen per 50 sen stock unit (2013 – 20 sen per 50 sen stock unit).

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 27 March 2014 (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 31 March 2014 in respect of ordinary transfers; and
- (c) Shares bought on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

Total dividend declared for the period ended 31 December 2013 was 20 sen per 50 sen stock unit.

27. Earnings Per Share

(a) Basic Earnings Per Share

Basic earnings per share for the period under review is calculated by dividing the net profit attributable to the shareholders of RM115,712,000 by the weighted average number of ordinary stock units outstanding as at 31 December 2013 of 302,098,000.

(b) Diluted Earnings Per Share

Not Applicable.

For and on Behalf of the Board

Hans Essaadi
Managing Director

20 February 2014