



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2014**

The Board of Directors of Guinness Anchor Berhad wishes to announce the unaudited results of the Group for the period ended 31 March 2014.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD 3 MONTHS ENDED			CUMULATIVE PERIOD 9 MONTHS ENDED		
	31/03/2014	31/03/2013	% Change +/(-)	31/03/2014	31/03/2013	% Change +/(-)
	RM'000	RM'000		RM'000	RM'000	
1. Revenue	372,551	442,525	(15.8%)	1,197,717	1,264,251	(5.3%)
2. Operating expenses	(323,254)	(359,221)		(992,321)	(1,015,720)	
3. Interest income	415	369		1,970	2,614	
4. Profit from operations	49,712	83,673	(40.6%)	207,366	251,145	(17.4%)
5. Interest expense	(2,300)	(2,133)		(5,649)	(5,620)	
6. Profit before tax	47,412	81,540	(41.9%)	201,717	245,525	(17.8%)
7. Taxation	(11,854)	(20,384)		(50,447)	(61,380)	
8. Net profit for the period	<u>35,558</u>	<u>61,156</u>	(41.9%)	<u>151,270</u>	<u>184,145</u>	(17.9%)
9. Foreign currency translation differences for foreign operation	0	(32)		0	(8)	
10. Total comprehensive income for the period	<u>35,558</u>	<u>61,124</u>	(41.8%)	<u>151,270</u>	<u>184,137</u>	(17.8%)
11. Profit attributable to owners of the company	<u>35,558</u>	<u>61,156</u>		<u>151,270</u>	<u>184,145</u>	
12. Total comprehensive income attributable to owners of the company	<u>35,558</u>	<u>61,124</u>		<u>151,270</u>	<u>184,137</u>	
13. Earnings per share :						
(a) Basic (based on 302,098,000 stock units) (sen)	11.77	20.24		50.07	60.96	
(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 31/03/2014 RM'000	AS AT 30/06/2013 RM'000
Non-current assets		
Property, plant and equipment	219,961	225,775
Intangible assets	38,665	35,787
Other receivables	1,146	1,098
	<u>259,772</u>	<u>262,660</u>
Current assets		
Inventories	69,399	46,957
Trade and other receivables	345,451	341,359
Current tax assets	17,153	22,397
Cash and cash equivalents	147,762	68,242
	<u>579,765</u>	<u>478,955</u>
Current liabilities		
Trade and other payables	179,027	185,857
Current tax liabilities	0	0
Borrowings	100,000	0
	<u>279,027</u>	<u>185,857</u>
Net current assets	<u>300,738</u>	<u>293,098</u>
	<u>560,510</u>	<u>555,758</u>
Financed by:		
Capital and reserves		
Share capital	151,049	151,049
Reserves		
Capital reserve	0	0
Retained earnings	219,243	214,491
Shareholders' funds	<u>370,292</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>560,510</u>	<u>555,758</u>
Net Assets per share attributable to owners of the company (RM)	<u>1.23</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 MARCH 2014**

	9 MONTHS ENDED	
	31/03/2014	31/03/2013
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	201,717	245,525
Adjustments for:		
Amortisation of intangible assets	7,073	3,076
Depreciation of property, plant and equipment	24,036	23,602
(Gain)/loss on disposal of property, plant and equipment	(684)	(170)
Interest expense	5,649	5,620
Interest income	(1,970)	(2,614)
Translation differences of foreign operation	0	(8)
Operating profit before changes in working capital	235,821	275,031
(Increase)/Decrease in working capital		
Inventories	(22,442)	(11,285)
Receivables, deposits and prepayment	(4,140)	(133,234)
Payables and accruals	(6,831)	60,743
Cash generated from operations	202,408	191,255
Tax paid	(45,204)	(67,580)
Interest paid	(5,649)	(5,620)
Net cash from operating activities	151,555	118,055
Cash flows from investing activities		
Acquisition of property, plant and equipment	(17,783)	(19,503)
Acquisition of intangible assets	(10,521)	(19,142)
Interest received	1,970	2,614
Proceeds from disposal of property, plant and equipment	817	578
Net cash used in investing activities	(25,517)	(35,453)
Cash flows from financing activity		
Dividends paid	(146,518)	(166,154)
Borrowings	100,000	0
Net cash used in financing activity	(46,518)	(166,154)
Net change in cash and cash equivalents	79,520	(83,552)
Cash and cash equivalents at beginning of year	68,242	160,820
Cash and cash equivalents at end of period	147,762	77,268

(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 MARCH 2014**

	Attributable to equity holders of the Company			
	<i>Non-Distributable</i>		<i>Distributable</i>	
	Share Capital RM'000	Capital Reserve RM'000	Retained Earnings RM'000	Total RM'000
<u>9 months ended 31 March 2014</u>				
Balance at 1 July 2013	151,049	0	214,491	365,540
Total comprehensive income for the period	-	0	151,270	151,270
Dividends paid	-	-	(146,518)	(146,518)
Balance at 31 March 2014	151,049	0	219,243	370,292
<u>9 months ended 31 March 2013</u>				
Balance at 1 July 2012	151,049	5,193	223,461	379,703
Total comprehensive income for the period	-	(8)	184,145	184,137
Dividends paid	-	-	(166,154)	(166,154)
Balance at 31 March 2013	151,049	5,185	241,452	397,686

(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 31/03/2014 <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	263,353	256,703
- Unrealised	(41,347)	(41,343)
	-----	-----
	222,006	215,360
Less: consolidation adjustment	(2,763)	(869)
	-----	-----
Total group retained profits / (accumulated losses) as per consolidated accounts	219,243	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 March 2014, save for those as disclosed under Note 22.

9. Dividend Paid

	9 Months ended 31 March	
	2014 RM'000	2013 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

On 20 February 2014, the Company declared a single tier Interim Dividend of 20 sen per 50 sen stock unit, amounting to RM60,419,600 in respect of the financial year ending 30 June 2014. The said dividend was paid on 25 April 2014.

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 Managing Director.

10. Segmental Reporting (continued)

	9 months ended 31/03/2014 RM'000	9 months ended 31/03/2013 RM'000
Total Segment Assets	839,537 =====	857,527 =====
Total Segment Liabilities	279,027	277,156
Total Segment Equity	560,510 ----- 839,537 =====	580,371 ----- 857,527 =====

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

	3 months ended 31/03/2014 RM'000	9 months ended 31/03/2014 RM'000
Segment profit	47,412	201,717
<i>Included in the measure of segment profit are:</i>		
Revenue from external customers	347,730	1,126,564
Cost of sales	(233,503)	(739,428)
Depreciation	9,966 =====	31,109 =====
<i>Not included in the measure of segment profit but provided to Managing Director</i>		
Interest income/(expense)	(1,885) =====	(3,679) =====

	3 months ended 31/03/2014 RM'000	9 months ended 31/03/2014 RM'000
Profit or loss		
Segment profit	47,412	201,717
Foreign Operation Translation	0	0
Consolidated profit before tax	----- 47,412 =====	----- 201,717 =====

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 March 2014.

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 save for the following:

- (i) On 10 April 2014, Guinness Singapore Pte Limited applied to the Accounting and Corporate Regulatory Authority (“ACRA”) to strike-off its name from the register of ACRA. Guinness Singapore Pte Limited is a dormant subsidiary of Guinness Anchor Berhad (“GAB”). The striking-off is pending completion.
- (ii) The deregistration of Malayan Breweries (Malaya) Sdn Bhd is still pending completion.

The deregistration of the above dormant subsidiaries are not expected to have any material impact on the net assets and earnings per share of the GAB 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 March 2014 are as follows:

	RM'000
Property, plant and equipment	
Authorised but not contracted for	104,068
Authorised and contracted for	8,621
	<u>112,689</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:

	Diageo Plc and its related corporations	Heineken International BV 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	7,279	1	9,172
Sale of products	9,946	-	-
Royalties payable	8,898	12,833	5,607
Marketing and technical services fees payable	-	-	147
Marketing and advertising services fee receivable	-	13,918	4,840

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 on 21 November 2013.

17. Review of Performance

Performance for the quarter ended 31 March 2014 versus the corresponding quarter in 2013

Group revenue declined 15.8% to RM372.5 million compared to the corresponding quarter last year. This was mainly due to lower sales in line with market softness and the timing of Chinese New Year sales which was earlier this year compared to last year. The market has softened as consumers have reduced spending due to inflationary pressure. Company sales was also affected by the poor weather conditions and the negative tourist sentiment.

Correspondingly, the Group registered a profit before interest and tax (PBIT) of RM49.3 million, 40.8% lower compared to the same quarter last year. The weaker performance was mainly due to the reasons stated above coupled with higher investment incurred by the Group to drive sales.

Performance for the 9 months ended 31 March 2014 versus the corresponding period in 2013

The Group registered total revenue of RM1.2 billion, a decrease of 5.3% compared to the corresponding period last year. Market softness and planned reduction in distributor stocks to improve product freshness contributed to the decline.

Group PBIT has also declined by 17.4% to RM205.4 million.

Comparison of results with preceding quarter

Group revenue was down by 25.4% to RM126.8 million and PBIT decreased by 44.8% to RM49.7 million, again due to weak market sentiment.

18. Prospects

The Group expects the domestic beer business environment to remain challenging and competitive going forward. Consumers are scaling back on discretionary spending due to shrinking disposable income as a result of Government's rationalisation of subsidies on petrol, sugar and electricity. Unfair competition from an increasing amount of contraband beers continues to depress the legitimate domestic beer market. The implementation of goods and services tax (GST) in 2015 may further impact consumer spending behavior.

Despite the challenges ahead, the Group will continue to drive its innovation strategy to refresh its brand portfolio, implement better cost discipline and cost optimization exercise and improve productivity and efficiency across all aspects of its operations. With this in place, the Group is confident of navigating its way through this challenging time to deliver an improved performance in the remaining quarter.

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 31/03/2014 RM'000	Current year to date 31/03/2014 RM'000
Taxation		
Malaysian - current	11,854	50,447
- prior year	-	-
	<hr/> 11,854	<hr/> 50,447
Deferred taxation		
Malaysian - current	-	-
- prior year	-	-
	<hr/> -	<hr/> -
	<hr/> 11,854	<hr/> 50,447

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 March 2014 are as follows:

	<u>RM'000</u>
<u>Current</u>	
Commercial Papers (CPs)	100,000
<u>Non-Current - Unsecured</u>	
Medium Term Notes (MTNs)	150,000
	<hr/> 250,000

The Company obtained a short-term borrowing of RM100 million of Commercial Papers to support its Chinese New Year commercial activities. This short-term borrowing was repaid on 6 May 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

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 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.

At the end of the reporting period, the Group does not have any outstanding derivatives.

24. Notes to the Statement of Comprehensive Income

	Current quarter ended 31/03/2014 RM'000	Current year to date 31/03/2014 RM'000
Depreciation and amortization	9,966	31,109
Provision for and write-off of receivables	-	(40)
Provision for and write-off of inventories	1,614	3,538
(Gain)/loss on derivatives	0	(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 March 2014.

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 of Directors does not recommend any dividend to be paid in respect of the quarter ended 31 March 2014.

Total dividend declared for the 9 months ended 31 March 2014 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 RM151,270,000 by the weighted average number of ordinary stock units outstanding as at 31 March 2014 of 302,098,000.

(b) Diluted Earnings Per Share

Not Applicable.

For and on Behalf of the Board

Hans Essaadi
Managing Director

9 May 2014