



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**

The Board of Directors of Guinness Anchor Berhad wishes to announce the unaudited results of the Group for the period ended 30 June 2014.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD 3 MONTHS ENDED			CUMULATIVE PERIOD 12 MONTHS ENDED		
	30/06/2014	30/06/2013	% Change + / (-)	30/06/2014	30/06/2013	% Change + / (-)
	RM'000	RM'000		RM'000	RM'000	
1. Revenue	412,870	412,097	0.2%	1,610,587	1,676,348	(3.9%)
2. Operating expenses	(347,658)	(367,882)		(1,339,979)	(1,383,602)	
3. Interest income	621	400		2,591	3,014	
4. Profit from operations	65,833	44,615	47.6%	273,199	295,760	(7.6%)
5. Interest expense	(1,764)	(1,404)		(7,413)	(7,024)	
6. Profit before tax	64,069	43,211	48.3%	265,786	288,736	(7.9%)
7. Taxation	(17,133)	(9,752)		(67,580)	(71,132)	
8. Net profit for the period	<u>46,936</u>	<u>33,459</u>	40.3%	<u>198,206</u>	<u>217,604</u>	(8.9%)
9. Foreign currency translation differences for foreign operation	0	8		0	0	
10. Total comprehensive income for the period	<u>46,936</u>	<u>33,467</u>	40.2%	<u>198,206</u>	<u>217,604</u>	(8.9%)
11. Profit attributable to owners of the company	<u>46,936</u>	<u>33,459</u>		<u>198,206</u>	<u>217,604</u>	
12. Total comprehensive income attributable to owners of the company	<u>46,936</u>	<u>33,467</u>		<u>198,206</u>	<u>217,604</u>	
13. Earnings per share :						
(a) Basic (based on 302,098,000 stock units) (sen)	15.54	11.08		65.61	72.03	
(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 30/06/2014 RM'000	AS AT 30/06/2013 RM'000
Non-current assets		
Property, plant and equipment	220,424	225,775
Intangible assets	38,790	35,787
Other receivables	1,019	1,098
	<u>260,233</u>	<u>262,660</u>
Current assets		
Inventories	39,489	46,957
Trade and other receivables	333,368	341,359
Current tax assets	7,446	22,397
Cash and cash equivalents	61,804	68,242
	<u>442,107</u>	<u>478,955</u>
Current liabilities		
Trade and other payables	152,676	185,857
Current tax liabilities	0	0
Borrowings	100,000	0
	<u>252,676</u>	<u>185,857</u>
Net current assets	<u>189,431</u>	<u>293,098</u>
	<u>449,664</u>	<u>555,758</u>
Financed by:		
Capital and reserves		
Share capital	151,049	151,049
Reserves		
Retained earnings	205,760	214,491
Shareholders' funds	<u>356,809</u>	<u>365,540</u>
Non-current liabilities		
Deferred tax liabilities	42,855	40,218
Borrowings	50,000	150,000
	<u>92,855</u>	<u>190,218</u>
	<u>449,664</u>	<u>555,758</u>
Net Assets per share attributable to owners of the company (RM)	<u>1.18</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 30 JUNE 2014**

	12 MONTHS ENDED	
	30/06/2014	30/06/2013
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	265,786	288,736
Adjustments for:		
Amortisation of intangible assets	9,662	9,850
Depreciation of property, plant and equipment	31,517	30,706
(Gain)/loss on disposal of property, plant and equipment	(513)	(76)
Capital repayment/Crystalisation of capital reserve	0	(5,193)
Interest expense	7,413	7,024
Interest income	(2,591)	(3,014)
Restructuring of distribution channel expenses	0	(1,600)
Operating profit before changes in working capital	311,274	326,433
(Increase)/Decrease in working capital		
Inventories	7,468	18,877
Receivables, deposits and prepayment	8,070	(57,952)
Payables and accruals	(33,181)	33,849
Cash generated from operations	293,631	321,207
Tax paid	(49,994)	(88,580)
Interest paid	(7,413)	(7,024)
Net cash from operating activities	236,224	225,603
Cash flows from investing activities		
Acquisition of property, plant and equipment	(25,418)	(25,348)
Acquisition of intangible assets	(13,862)	(20,202)
Interest received	2,591	3,014
Proceeds from disposal of property, plant and equipment	964	929
Net cash used in investing activities	(35,725)	(41,607)
Cash flows from financing activity		
Dividends paid	(206,937)	(226,574)
Borrowings	0	(50,000)
Net cash used in financing activity	(206,937)	(276,574)
Net change in cash and cash equivalents	(6,438)	(92,578)
Cash and cash equivalents at beginning of year	68,242	160,820
Cash and cash equivalents at end of period	61,804	68,242

(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 30 JUNE 2014**

	Attributable to equity holders of the Company			
	<i>Share Capital</i>	<i>Non- Distributable Capital Reserve</i>	<i>Distributable Retained Earnings</i>	<i>Total</i>
	RM'000	RM'000	RM'000	RM'000
<u>12 months ended 30 June 2014</u>				
Balance at 1 July 2013	151,049	-	214,491	365,540
Total comprehensive income for the period	-	-	198,206	198,206
Dividends paid	-	-	(206,937)	(206,937)
Balance at 30 June 2014	151,049	-	205,760	356,809
<u>12 months ended 30 June 2013</u>				
Balance at 1 July 2012	151,049	5,193	223,461	379,703
Total comprehensive income for the period	-	-	217,604	217,604
Capital repayment/Crystallisation of capital reserve	-	(5,193)	-	(5,193)
Dividends paid	-	-	(226,574)	(226,574)
Balance at 30 June 2013	151,049	0	214,491	365,540

(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 30/06/2014 <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	248,142	256,703
- Unrealised	(41,142)	(41,343)
	-----	-----
	207,000	215,360
Less: consolidation adjustment	(1,240)	(869)
	-----	-----
Total group retained profits / (accumulated losses) as per consolidated accounts	205,760	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 30 June 2014, save for those as disclosed under Note 22.

9. Dividend Paid

	12 Months ended 30 June	
	2014 RM'000	2013 RM'000
<u>Final Dividend Paid</u>		
2013 – 48.5 sen per share tax exempt	146,517	
2012 – 55 sen per share tax exempt		166,154
<u>Interim Dividend Paid</u>		
2014 – 20 sen per share tax exempt	60,420	
2013 – 20 sen per share tax exempt		60,420
	<hr/>	<hr/>
	206,937	226,574
	<hr/> <hr/>	<hr/> <hr/>

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 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.

10. Segmental Reporting (continued)

	12 months ended 30/06/2014 RM'000	12 months ended 30/06/2013 RM'000
Total Segment Assets	702,340 =====	741,615 =====
Total Segment Liabilities	345,531	376,075
Total Segment Equity	356,809 ----- 702,340 =====	365,540 ----- 741,615 =====

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

	3 months ended 30/06/2014 RM'000	12 months ended 30/06/2014 RM'000
Segment profit	64,069	265,786
<i>Included in the measure of segment profit are:</i>		
Revenue from external customers	393,733	1,520,297
Cost of sales	(262,423)	(1,001,851)
Depreciation	10,070 =====	41,179 =====
<i>Not included in the measure of segment profit but provided to Managing Director</i>		
Interest income/(expense)	(1,143) =====	(4,822) =====

	3 months ended 30/06/2014 RM'000	12 months ended 30/06/2014 RM'000
Profit or loss		
Segment profit	64,069	265,786
Foreign Operation Translation	0	0
Consolidated profit before tax	----- 64,069 =====	----- 265,786 =====

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 30 June 2014.

13. Changes in the Composition of the Group

There was no change in the composition of the Group during the financial year 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 30 June 2014 are as follows:

	<u>RM'000</u>
Property, plant and equipment	
Authorised but not contracted for	109,477
Authorised and contracted for	3,935
	<u>113,412</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	14,433	1	13,317
Sale of products	12,934	-	-
Royalties payable	11,507	18,414	9,012
Marketing and technical services fees payable	-	-	147
Marketing and advertising services fee receivable	-	13,918	6,465

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 30 June 2014 versus the corresponding quarter in 2013

Group revenue increased marginally by 0.2% to RM412.9 million compared to the corresponding quarter last year.

The Group registered a profit before interest and tax (PBIT) of RM65.2 million, an increase of 47.5% compared to the same quarter last year. The improved performance was mainly due to lower commercial spends and more efficient cost management in the current quarter versus same period of last year.

Performance for the 12 months ended 30 June 2014 versus the corresponding period in 2013

The Group registered a total revenue of RM1.6 billion, a decline of 3.9% compared to the previous financial year. Group PBIT also declined by 7.6% to RM270.6 million. The key factors contributing to the decline include:

- (i) Overall domestic consumption was weak as a result of inflationary pressures and overall economic challenges;
- (ii) Unfair competition from contraband beers; and

(iii) Increase in excise duty

The Royal Malaysian Customs has changed the basis for excise duty valuation resulting in higher duty payment with effect from 1 November 2013. Given the difficult market circumstances, the Company decided not to pass on the increase immediately as this would have affected its competitiveness, particularly against imported beer products which are not affected by this change. As such, the new valuation method has negatively impacted the Group's profit by RM18 million or 80% of the 7.6% decline in profit from operations for the financial year ended 30 June 2014 versus previous year.

The Company maintains that the new valuation method is not in line with internationally applied rules of valuation.

Comparison of results with preceding quarter

Group revenue rose by RM40.3 million or 10.8%. PBIT improved by 32.3% to RM65.2 million due to new brand launches, better performance of the core portfolio coupled with the lower costs incurred in the current quarter under review.

18. Prospects

The domestic beer business environment is expected to remain challenging and to experience relatively low growth going forward. Consumers have been cautious in their spending in light of the rise in living cost. Unfair competition from contraband beers which are widely available in the market is also on the rise and it continues to affect the Group business. The Company hopes that the Authorities will step up their enforcement against contrabands.

Nevertheless, the Group will continue to focus on innovation and invest in its strong core portfolio of beers. In addition, the Group will drive cost efficiency and optimization as well as productivity improvement across all aspects of its operations including brand building and promotions. With this, the Group is confident of navigating its way through the challenging year ahead to deliver a sustainable performance.

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 30/06/2014 RM'000	Current year to date 30/06/2014 RM'000
Taxation		
Malaysian - current	14,051	64,498
- prior year	446	446
	<u>14,497</u>	<u>64,944</u>
Deferred taxation		
Malaysian - current	2,636	2,636
- prior year	-	-
	<u>2,636</u>	<u>2,636</u>
	<u>17,133</u>	<u>67,580</u>

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 30 June 2014 are as follows:

	<u>RM'000</u>
<u>Current</u>	
Medium Term Notes (MTNs)	100,000
<u>Non-Current - Unsecured</u>	
Medium Term Notes (MTNs)	50,000
	<u>150,000</u>

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. However, as of 30 June 2014 there were no open hedging contracts.

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 30/06/2014 RM'000	Current year to date 30/06/2014 RM'000
Depreciation and amortization	10,070	41,179
Provision for and write-off of receivables	-	(40)
Provision for and write-off of inventories	3,565	7,103
(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 30 June 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 has proposed a final single tier dividend of 44.5 sen per 50 sen stock unit for the financial year ended 30 June 2014 (2013: 48.5 sen per 50 sen stock unit, single tier). Subject to approval of the shareholders at the forthcoming 50th Annual General Meeting, the date of which will be announced later, the final single tier dividend will be paid on 31 December 2014 to stockholders registered at the close of business on 12 December 2014. The entitlement date shall therefore be 12 December 2014.

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 9 December 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 12 December 2014 in respect of ordinary transfers; and
- (c) Shares bought on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

Pursuant to FRS 110, the proposed final single tier dividend totaling RM134,433,610 has not been accounted for in the financial statements as at 30 June 2014.

Total dividends for the year ended 30 June 2014 will amount to 64.5 sen per 50 sen stock unit (2013: 68.5 sen) comprising:

- (i) a single tier Interim Dividend of 20 sen per 50 sen stock unit paid on 25 April 2014; and
- (ii) a proposed final single tier dividend of 44.5 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 RM198,206,000 by the weighted average number of ordinary stock units outstanding as at 30 June 2014 of 302,098,000.

(b) Diluted Earnings Per Share

Not Applicable.

For and on Behalf of the Board

Hans Essaadi
Managing Director