



HEINEKEN MALAYSIA BERHAD
 (formerly known as Guinness Anchor Berhad)
 (Company No. 5350-X)
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2016**

The Board of Directors of Heineken Malaysia Berhad (formerly known as Guinness Anchor Berhad) (“the Company”) wishes to announce the unaudited results of the Group for the quarter and period ended 30 June 2016.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD 3 MONTHS ENDED			CUMULATIVE PERIOD 12 MONTHS ENDED		
	30/06/2016 RM'000	30/06/2015 RM'000	% Change + / (-)	30/06/2016 RM'000	30/06/2015 RM'000	% Change + / (-)
1. Revenue	459,512	397,621	15.6%	1,847,973	1,748,885	5.7%
2. Operating expenses	(379,728)	(331,772)		(1,495,057)	(1,453,524)	
3. Operating profit	79,784	65,849	21.2%	352,916	295,361	19.5%
4. Interest income/(expense)	(166)	(341)		(953)	(2,962)	
5. Profit before tax	79,618	65,508	21.5%	351,963	292,399	20.4%
6. Taxation	(18,742)	(21,484)		(86,301)	(78,206)	
7. Net profit for the period	<u>60,876</u>	<u>44,024</u>	38.3%	<u>265,662</u>	<u>214,193</u>	24.0%
8. Profit attributable to owners of the Company	<u>60,876</u>	<u>44,024</u>		<u>265,662</u>	<u>214,193</u>	
9. Total comprehensive income attributable to owners of the Company	<u>60,876</u>	<u>44,024</u>		<u>265,662</u>	<u>214,193</u>	
10. Earnings per share :						
(a) Basic (based on 302,098,000 stock units) (sen)	20.15	14.57		87.94	70.90	
(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 2015)

HEINEKEN MALAYSIA BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30/06/2016 RM'000	AS AT 30/06/2015 RM'000
Non-current assets		
Property, plant and equipment	219,501	219,581
Intangible assets	33,640	33,317
Other receivables	17,010	27,005
	<u>270,151</u>	<u>279,903</u>
Current assets		
Inventories	38,434	49,049
Trade and other receivables	359,377	296,269
Current tax assets	676	15,138
Cash and cash equivalents	4,542	52,294
	<u>403,029</u>	<u>412,750</u>
Current liabilities		
Trade and other payables	246,651	193,007
Borrowings	55,000	25,000
	<u>301,651</u>	<u>218,007</u>
Net current assets	<u>101,378</u>	<u>194,743</u>
	<u>371,529</u>	<u>474,646</u>
Financed by:		
Capital and reserves		
Share capital	151,049	151,049
Reserves		
Retained earnings	185,642	225,099
Shareholders' funds	<u>336,691</u>	<u>376,148</u>
Non-current liabilities		
Deferred tax liabilities	34,838	48,498
Borrowings	-	50,000
	<u>34,838</u>	<u>98,498</u>
	<u>371,529</u>	<u>474,646</u>
Net Assets per share attributable to owners of the Company (RM)	<u>1.11</u>	<u>1.25</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 2015)

HEINEKEN MALAYSIA BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE 12 MONTHS ENDED 30 JUNE 2016

	12 MONTHS ENDED	
	30/06/2016	30/06/2015
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	351,963	292,399
Adjustments for:		
Amortisation of intangible assets	11,529	10,758
Depreciation of property, plant and equipment	34,780	30,968
Loss on disposal of property, plant and equipment	6,149	1,894
Amortisation of prepaid contractual promotion expenses	56,685	46,489
Interest expense	3,110	5,593
Interest income	(2,157)	(2,631)
Unrealised foreign exchange differences	(171)	(40)
Operating profit before changes in working capital	461,888	385,430
Movements in working capital		
Inventories	10,615	(9,074)
Receivables, deposits and prepayment	(109,798)	(36,089)
Payables and accruals	53,815	45,427
Cash generated from operations	416,520	385,694
Tax paid	(85,499)	(85,084)
Interest paid	(3,110)	(5,593)
Net cash from operating activities	327,911	295,017
Cash flows from investing activities		
Acquisition of property, plant and equipment	(40,649)	(32,930)
Acquisition of intangible assets	(13,829)	(5,499)
Interest received	2,157	2,631
Proceeds from disposal of property, plant and equipment	1,777	1,125
Net cash used in investing activities	(50,544)	(34,673)
Cash flows from financing activity		
Dividends paid	(305,119)	(194,854)
Repayment of borrowings	(20,000)	(75,000)
Net cash used in financing activity	(325,119)	(269,854)
Net change in cash and cash equivalents	(47,752)	(9,510)
Cash and cash equivalents at beginning of year	52,294	61,804
Cash and cash equivalents at end of period	4,542	52,294

(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 2015)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 12 MONTHS ENDED 30 JUNE 2016

	Attributable to equity holders of the Company			
	<i>Non-Distributable</i>	<i>Non-Distributable</i>	<i>Distributable</i>	Total RM'000
Share Capital RM'000	Capital Reserve RM'000	Retained Earnings RM'000		
12 months ended 30 June 2016				
Balance at 1 July 2015	151,049	-	225,099	376,148
Total comprehensive income for the period	-	-	265,662	265,662
Dividends paid / payable	-	-	(305,119)	(305,119)
Balance at 30 June 2016	151,049	-	185,642	336,691
12 months ended 30 June 2015				
Balance at 1 July 2014	151,049	-	205,760	356,809
Total comprehensive income for the period	-	-	214,193	214,193
Dividends paid / payable	-	-	(194,854)	(194,854)
Balance at 30 June 2015	151,049	-	225,099	376,148

(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 2015)

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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 as at and for the year ended 30 June 2015.

Certain comparatives were restated to conform with the disclosure for current reporting period.

On 25 November 2015, the Company announced that the Board of Directors approved the change of the Company’s financial year end from 30 June to 31 December. This is to coincide with the financial year of Heineken N.V., the ultimate holding company, and to comply with Section 168(1) of the Companies Act, 1965. The next audited financial statements of the Company shall be for a period of eighteen (18) months, made up from 1 July 2015 to 31 December 2016. Thereafter, the subsequent financial years of the Company shall end on 31 December. The change of financial year end shall apply to the Company and its subsidiaries.

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 2015.

3. Realised and Unrealised Profits/Losses

	As at 30/06/2016 RM’000	As at 30/06/2015 RM’000
Total retained profits / (accumulated losses) of the Company and its subsidiaries :		
– Realised	221,900	276,326
– Unrealised	(35,660)	(49,054)
	186,240	227,272
Less: consolidation adjustment	(598)	(2,173)
Total group retained profits / (accumulated losses) as per consolidated accounts	185,642	225,099

4. Audit Report on Preceding Annual Financial Statements

The Group annual audited financial statements for the year ended 30 June 2015 were not qualified.

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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 was no issuance, repayment of debt and equity securities for the current financial quarter under review, save for those as disclosed under Note 22.

9. Dividends Paid

	12 months ended 30 June	
	2016	2015
	RM'000	RM'000
<u>Final Dividend Paid</u>		
2015 – 51 sen per share tax exempt	154,070	
2014 – 44.5 sen per share tax exempt		134,434
<u>Interim Dividend Paid</u>		
2016 – 20 sen per share tax exempt	60,420	
2015 – 20 sen per share tax exempt		60,420
<u>Special Dividend Paid</u>		
2016 – 30 sen per share tax exempt	90,629	–
	<u>305,119</u>	<u>194,854</u>

10. Segmental Reporting

No segmental analysis is prepared as the Group's business is focused only in malt liquor brewing including production, packaging, marketing and distribution of its products, principally in Malaysia. The Management Team of the Company reviews the financial information as a whole for decision making.

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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 financial quarter under review 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 2016.

13. Changes in the Composition of the Group

There was no change in the composition of the Group during the financial quarter under review including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations save for the following:

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.

14. Changes in Contingent Liabilities or Contingent Assets

There were no material changes in contingent liabilities or contingent assets for the quarter ended 30 June 2016.

As announced by the Company on 3 September 2015, the Company received bills of demand dated 28 August 2015 from the Royal Malaysian Customs of Federal Territory of Kuala Lumpur ("Customs") demanding payment of additional excise duties and sales tax, totaling RM56.3 million.

The amounts in demand were:

- RM34,166,098.81 claimed under the Excise Act 1976, for the period of 28 August 2012 to 31 October 2013.
- RM22,159,456.40 claimed under the Sales Tax Act 1972, for the period of 1 July 2012 to 31 October 2013.

As reported in the Company's financial report previously, Customs had imposed a new method of valuation for excise duty which came into effect on 1 November 2013. The abovementioned bills of demand are based on historic claims for excise and sales tax for the aforesaid periods. The Company's position is that all excise duties and sales tax for those periods had been paid by the Company based on valuations previously assessed and approved by Customs.

The Company maintains its previous position that the valuation method implemented on 1 November 2013 is not in line with international best practice on rules of valuation. The Company strongly believes that a retrospective application is unjustifiable.

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14. Changes in Contingent Liabilities or Contingent Assets (Continued)

The Company does not admit liability on the bills of demand made by Customs and will take appropriate measures to address this matter. As a result, no provision has been recognised.

The Company will make the necessary announcement on any new development relating to the above matter from time to time.

15. Capital Commitments

Capital commitments not provided for in the financial statements as at 30 June 2016 are as follows:

	<u>RM'000</u>
Property, plant and equipment	
Authorised but not contracted for	54,947
Authorised and contracted for	<u>9,779</u>
	<u><u>64,726</u></u>

16. Significant Related Party Transactions

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

	Heineken N.V. and its related corporations RM'000	Diageo Plc and its related corporations RM'000
Purchase of goods	19,496	14,562
Sale of products	-	20,557
Royalties paid/payable	34,870	11,877
Marketing and technical services fees paid/payable	1,389	-
Marketing and advertising services fee received/receivable	<u>27,462</u>	<u>-</u>

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 25 November 2015.

Diageo Plc was an indirect major shareholder of the Company by virtue of its indirect shareholding in GAPL Pte Ltd ("GAPL"). Diageo Plc ceased to be an indirect major shareholder of the Company following the disposal of its entire stake in GAPL to Heineken N.V. on 7 October 2015. Pursuant to the Bursa Malaysia's Listing Requirements, the Company reports significant related party transactions entered into by the Group with the Diageo Group only up to 7 April 2016.

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17. Review of Performance

Performance for the quarter ended 30 June 2016 versus the same quarter in 2015

Group revenue grew by 16% to RM460 million mainly due to:

- (i) higher sales driven by the four week long football tournament in the quarter under review, and
- (ii) low base of last year as a result of lower consumer demand post-GST implementation in the comparative quarter.

Group profit before tax ("PBT") rose 22% driven by higher sales and more effective commercial investment and channel sales execution.

Performance for the 12 months ended 30 June 2016 versus the same period in 2015

Group revenue increased by 5.7% to RM1.8 billion mainly driven by higher sales and better brand mix.

Group PBT grew 20% to RM352 million mainly attributed to higher sales and improved cost efficiency. Our robust commercial strategy backed by investments behind brands and effective channel executions have continued to yield good results.

Comparison of results with preceding quarter

Group revenue saw a marginal increase of 0.1% with PBT better off by 13% due to different timing of brand building and promotion activities.

18. Prospects

Given the uncertainties in the global economy, the Group expects the domestic economic environment to remain challenging. Consumer sentiment is expected to remain weak.

For the next 6 months, the Group will continue to focus on driving its key strategies to deliver resilient performance, strengthen operational efficiency and execution to deliver value for its shareholders. Backed by a solid 12 months performance, the Group remains confident that it will deliver commendable results for the financial period ending 31 December 2016.

19. Variance from Profit Forecast

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

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20. Taxation

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

	Current quarter ended 30/06/2016 RM'000	Current year to date 30/06/2016 RM'000
Taxation		
Malaysian – current	29,112	94,425
– prior year	–	5,536
	29,112	99,961
Deferred taxation		
Malaysian – current	(10,370)	(13,660)
– prior year	–	–
	(10,370)	(13,660)
	18,742	86,301

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

21. Status of Corporate Proposals

There were no corporate proposals which have not been completed at the date of this report.

On 15 March 2016, the Board of Directors of the Company announced that the Company proposed to change its name from "Guinness Anchor Berhad" to "Heineken Malaysia Berhad" ("Proposed Change of Name"). The Proposed Change of Name is to reflect the corporate identity and branding of the Company and its relationship with the Heineken Group of Companies. The Proposed Change of Name has been approved by the Company's shareholders at the Extraordinary General Meeting on 20 April 2016. The change of name took effect from 21 April 2016, the date of the Certificate of Incorporation on Change of Name issued by the Companies Commission of Malaysia to the Company.

22. Group Borrowings and Debt Securities

Total Group borrowings as at 30 June 2016 are as follows:

<u>Current – Unsecured</u>	<u>RM'000</u>
Medium Term Notes (MTNs)	50,000
Revolving Credit (RC)	5,000
	<u>55,000</u>

MTNs of RM50 million in nominal value, which were issued in December 2011, are repayable in December 2016. The aforesaid MTNs have been assigned a rating of AAA by RAM Ratings Services Berhad.

Revolving Credit (RC) of RM5 million, which was granted to the Company in June 2016, is repayable in July 2016.

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23. Financial Instruments

Forward foreign exchange contracts are 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 2016, 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 30/06/2016 RM'000	Current year to date 30/06/2016 RM'000
Depreciation and amortisation	11,517	46,309
Provision for and write-off of inventories	1,303	7,489

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 quarter ended 30 June 2016.

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 second single tier interim dividend of 35 sen per 50 sen stock unit for the financial period ending 31 December 2016 (2015: 51 sen final dividend), payable on **7 October 2016** to stockholders registered at the close of business on **9 September 2016**. The entitlement date shall therefore be **9 September 2016**.

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26. Dividend (Continued)

Total net dividend payable to stockholders will be at 35 sen per 50 sen stock unit (2015: 51 sen final dividend).

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 6 September 2016 (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 9 September 2016 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 30 June 2016 is 85 sen per 50 sen stock unit comprising:

- (i) a single tier interim dividend of 20 sen and a single tier special dividend of 30 sen per 50 sen stock unit, which were paid on 15 April 2016; and
- (ii) a second single tier interim dividend of 35 sen per 50 sen stock unit, payable on 7 October 2016.

27. Earnings Per Share

(a) Basic Earnings Per Share

Basic earnings per share for the 12 month period under review is calculated by dividing the net profit attributable to the shareholders of RM265,662,000 by the weighted average number of ordinary stock units outstanding as at 30 June 2016 of 302,098,000.

(b) Diluted Earnings Per Share

Not Applicable.

For and on Behalf of the Board

Hans Essaadi
Managing Director

18 July 2016