



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND PERIOD ENDED 31 DECEMBER 2015**

The Board of Directors of Guinness Anchor Berhad wishes to announce the unaudited results of the Group for the quarter and period ended 31 December 2015.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD 3 MONTHS ENDED			CUMULATIVE PERIOD 6 MONTHS ENDED		
	31/12/2015	31/12/2014	% Change +/(-)	31/12/2015	31/12/2014	% Change +/(-)
	RM'000	RM'000		RM'000	RM'000	
1. Revenue	524,547	520,768	0.7%	929,547	913,930	1.7%
2. Operating expenses	(406,703)	(419,285)		(727,497)	(738,761)	
3. Operating profit	117,844	101,483	16.1%	202,050	175,169	15.3%
4. Interest income/(expense)	167	10		93	(883)	
5. Profit before tax	118,011	101,493	16.3%	202,143	174,286	16.0%
6. Taxation	(27,173)	(25,374)		(48,206)	(43,572)	
7. Net profit for the period	<u>90,838</u>	<u>76,119</u>	19.3%	<u>153,937</u>	<u>130,714</u>	17.8%
8. Profit attributable to owners of the company	<u>90,838</u>	<u>76,119</u>		<u>153,937</u>	<u>130,714</u>	
9. Total comprehensive income attributable to owners of the company	<u>90,838</u>	<u>76,119</u>		<u>153,937</u>	<u>130,714</u>	
10. Earnings per share :						
(a) Basic (based on 302,098,000 stock units) (sen)	30.07	25.20		50.96	43.27	
(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)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31/12/2015 RM'000	AS AT 30/06/2015 RM'000
Non-current assets		
Property, plant and equipment	213,188	219,581
Intangible assets	30,532	33,317
Other receivables	24,659	27,005
	<u>268,379</u>	<u>279,903</u>
Current assets		
Inventories	84,384	49,049
Trade and other receivables	395,251	296,269
Current tax assets	6,434	15,138
Cash and cash equivalents	32,276	52,294
	<u>518,345</u>	<u>412,750</u>
Current liabilities		
Trade and other payables	246,886	193,007
Borrowings	120,000	25,000
	<u>366,886</u>	<u>218,007</u>
Net current assets	<u>151,459</u>	<u>194,743</u>
	<u>419,838</u>	<u>474,646</u>
Financed by:		
Capital and reserves		
Share capital	151,049	151,049
Reserves		
Retained earnings	224,966	225,099
Shareholders' funds	<u>376,015</u>	<u>376,148</u>
Non-current liabilities		
Deferred tax liabilities	43,823	48,498
Borrowings	-	50,000
	<u>43,823</u>	<u>98,498</u>
	<u>419,838</u>	<u>474,646</u>
Net Assets per share attributable to owners of the company (RM)	<u>1.24</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)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 31 DECEMBER 2015**

	6 MONTHS ENDED	
	31/12/2015	31/12/2014
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	202,143	174,286
Adjustments for:		
Amortisation of intangible assets	5,727	5,319
Depreciation of property, plant and equipment	17,406	14,946
Loss/(Gain) on disposal of property, plant and equipment	759	(188)
Amortisation of prepaid contractual promotion expenses	40,764	16,727
Interest expense	1,160	2,329
Interest income	(1,253)	(1,446)
Unrealised foreign exchange differences	20	(22)
Operating profit before changes in working capital	266,726	211,951
Movements in working capital		
Inventories	(35,335)	(62,845)
Receivables, deposits and prepayment	(137,400)	(49,446)
Payables and accruals	48,608	32,175
Cash generated from operations	142,599	131,835
Tax paid	(38,926)	(35,750)
Interest paid	(1,160)	(2,329)
Net cash from operating activities	102,513	93,756
Cash flows from investing activities		
Acquisition of property, plant and equipment	(12,047)	(998)
Acquisition of intangible assets	(3,750)	(7,765)
Interest received	1,253	1,446
Proceeds from disposal of property, plant and equipment	1,083	190
Net cash used in investing activities	(13,461)	(7,127)
Cash flows from financing activity		
Dividends paid	(154,070)	(134,434)
Borrowings/ (Repayment)	45,000	-
Net cash used in financing activity	(109,070)	(134,434)
Net change in cash and cash equivalents	(20,018)	(47,805)
Cash and cash equivalents at beginning of year	52,294	61,804
Cash and cash equivalents at end of period	32,276	13,999

(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)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2015**

	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>6 months ended 31 December 2015</u>				
Balance at 1 July 2015	151,049	-	225,099	376,148
Total comprehensive income for the period	-	-	153,937	153,937
Dividends paid	-	-	(154,070)	(154,070)
Balance at 31 December 2015	151,049	-	224,966	376,015
<u>6 months ended 31 December 2014</u>				
Balance at 1 July 2014	151,049	-	205,760	356,809
Total comprehensive income for the period	-	-	130,714	130,714
Dividends paid	-	-	(134,434)	(134,434)
Balance at 31 December 2014	151,049	-	202,040	353,089

(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)

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 31/12/2015 <u>RM’000</u>	As at 30/06/2015 <u>RM’000</u>
Total retained profits / (accumulated losses) of the Company and its subsidiaries :		
- Realised	273,450	276,326
- Unrealised	(44,450)	(49,054)
	-----	-----
	229,000	227,272
Less: consolidation adjustment	(4,034)	(2,173)
	-----	-----
Total group retained profits / (accumulated losses) as per consolidated accounts	224,966	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.

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, repayment of debt and equity securities for the current financial quarter under review, save for those as disclosed under Note 22.

9. Dividend Paid

	6 Months ended 31 December	
	2015	2014
	RM'000	RM'000
<u>Final Dividend Paid</u>		
2015 – 51.0 sen per share tax exempt	154,070	
2014 – 44.5 sen per share tax exempt		134,434

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 Managing Director of the Company.

	6 months ended 31/12/2015 RM'000	6 months ended 31/12/2014 RM'000
Total Segment Assets	786,724	731,149
	=====	=====
Total Segment Liabilities	410,709	378,060
Total Segment Equity	376,015	353,089
	-----	-----
	786,724	731,149
	=====	=====

10. Segmental Reporting (continued)

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

	3 months ended 31/12/2015 RM'000	6 months ended 31/12/2015 RM'000
Segment profit	118,011	202,143
<i>Included in the measure of segment profit are:</i>		
Revenue from external customers	517,043	916,105
Cost of sales	(337,109)	(592,970)
Depreciation	(11,652)	(23,133)
	=====	=====
<i>Not included in the measure of segment profit but provided to Managing Director</i>		
Interest income/(expense)	167	93
	=====	=====
	3 months ended 31/12/2015 RM'000	6 months ended 31/12/2015 RM'000
Profit or loss		
Segment profit	118,011	202,143
Foreign Operation Translation	-	-
	-----	-----
Consolidated profit before tax	118,011	202,143
	=====	=====

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 2015.

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 period ended 31 December 2015.

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.

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 31 December 2015 are as follows:

	<u>RM'000</u>
Property, plant and equipment	
Authorised but not contracted for	38,393
Authorised and contracted for	<u>5,357</u>
	<u>43,750</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:

	Diageo Plc and its related corporations RM'000	Heineken N.V. and its related corporations RM'000
Purchase of goods	12,115	10,246
Sale of products	13,456	-
Royalties payable	8,148	16,530
Marketing and technical services fees payable	-	159
Marketing and advertising services fee receivable	-	17,212

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.

17. Review of Performance

Performance for the quarter ended 31 December 2015 versus the same quarter in 2014

Group revenue grew marginally by 0.7% to RM524 million compared to the same quarter last year. Despite higher sales driven by the Chinese New Year sell-in, the underlying growth was partially off-set by the replacement of sales tax by GST.

Group profit before tax ("PBT") rose 16% attributed to improved cost efficiency, phasing of spend for certain commercial programmes which will only take place in the following quarter and higher sales.

Performance for the 6 months ended 31 December 2015 versus the same period in 2014

Group revenue increased by 1.7% to RM930 million compared to the same period of last year mainly driven by higher sales.

Group PBT grew 16% to RM914 million due to improved cost efficiency in commercial spend.

Comparison of Results with Preceding Quarter

Group revenue and PBT improved significantly against the preceding quarter due to cyclical demand for Chinese New Year sell-in in the current quarter under review. New launches of products also contributed to the increase in revenue and profit.

18. Prospects

In view of the very challenging environment, the Group will continue to focus on delivering its key strategies for the financial year, while staying agile and quickly adapting to the changing environment.

Backed by a resilient first 6 months performance, the Group remains optimistic that it will deliver another year of good 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 31/12/2015 RM'000	Current year to date 31/12/2015 RM'000
Taxation		
Malaysian - current	31,848	52,881
- prior year	-	-
	<hr/> 31,848	<hr/> 52,881
Deferred taxation		
Malaysian - current	(4,675)	(4,675)
- prior year	-	-
	<hr/> (4,675)	<hr/> (4,675)
	<hr/> 27,173	<hr/> 48,206

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 2015 are as follows:

	<u>RM'000</u>
<u>Current - Unsecured</u>	
Medium Term Notes (MTNs)	50,000
Commercial Papers (CPs)	30,000
Revolving Credit (RC)	40,000
	<u>120,000</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.

Commercial Papers (CPs) of RM30 million, which were issued in December 2015, are repayable in February 2016.

Revolving Credit (RC) of RM40 million, which was granted to the Company in December 2015, is repayable in January 2016.

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 31 December 2015, 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 31/12/2015 RM'000	Current year to date 31/12/2015 RM'000
Depreciation and amortisation	11,652	23,133
Provision for and write-off of inventories	2,099	3,290

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 31 December 2015.

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 and a single tier special dividend of 30 sen per 50 sen stock unit for the financial period ending 31 December 2016 (2015: single tier interim dividend of 20 sen per 50 sen stock unit), payable on 15 April 2016 to stockholders registered at the close of business on 22 March 2016. The entitlement date shall therefore be 22 March 2016.

Total net dividend payable to stockholders will be at 50 sen per 50 sen stock unit (2015: 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 17 March 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 22 March 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 31 December 2015 was 50 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 RM153,937,000 by the weighted average number of ordinary stock units outstanding as at 31 December 2015 of 302,098,000.

(b) Diluted Earnings Per Share

Not Applicable.

For and on Behalf of the Board

Hans Essaadi
Managing Director

19 January 2016