



ASIA PACIFIC BREWERIES LIMITED

(Registration No. 193100007-k)
(Incorporated in the Republic of Singapore)

FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2004

The Directors are pleased to make the following announcement of the unaudited results for the 1st Quarter ended 31 December 2004.

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) GROUP PROFIT STATEMENT

	1st Quarter to 31/12/2004 \$'000	1st Quarter to 31/12/2003 \$'000	Change %
Revenue	414,560	429,576	(3.5)
Cost of sales	(244,768)	(260,050)	(5.9)
Gross profit	169,792	169,526	0.2
Operating expenses			
- Distribution	(12,475)	(11,934)	4.5
- Marketing	(71,883)	(70,142)	2.5
- Administration	(25,119)	(30,060)	(16.4)
	(109,477)	(112,136)	(2.4)
Trading profit	60,315	57,390	5.1
Share of joint venture and associated companies' profits	6,305	5,686	10.9
Gross income from investments	691	1,491	(53.7)
Profit before interest, taxation and exceptional items	67,311	64,567	4.2
Net interest income	731	973	(24.9)
Profit before taxation and exceptional items	68,042	65,540	3.8
Exceptional items	(536)	(1,209)	(55.7)
Profit before taxation	67,506	64,331	4.9
Taxation	(22,832)	(21,658)	5.4
Profit after taxation	44,674	42,673	4.7
Minority interests, net of taxes	(10,962)	(14,926)	(26.6)
Attributable profit			
- Before exceptional items	34,288	28,899	18.6
- Exceptional items	(576)	(1,152)	(50.0)
	33,712	27,747	21.5



1(a)(ii) BREAKDOWN AND EXPLANATORY NOTES TO GROUP PROFIT STATEMENT

	1st Quarter to 31/12/2004 \$'000	1st Quarter to 31/12/2003 \$'000	Change %
Investment income			
(A) Gross income from investments	691	1,491	(53.7)
(B) & (C) Net interest income			
Interest income	1,265	1,465	(13.7)
Interest expenses	(534)	(492)	8.5
	731	973	(24.9)
Operating expenses			
Included in operating expenses are:			
(D) Depreciation & amortisation	(9,699)	(11,681)	(17.0)
(E) Provision for doubtful debts & bad debts written off	(402)	(575)	(30.1)
(F) Write-off for inventory obsolescence	(82)	(65)	26.2
(G) Impairment in value of investments	-	-	-
(H) Foreign exchange loss	(197)	(282)	(30.1)
(J) Profit/(Loss) on sale of fixed assets	137	(108)	NM
Taxation			
(I) Under provision of prior year taxation	(17)	-	NM
(K) Exceptional items			
Gain on disposal of properties	159	-	NM
Share of restructuring cost of joint venture companies	(95)	(331)	(71.3)
Restructuring cost/professional fee	(600)	(878)	(31.7)
	(536)	(1,209)	(55.7)
(L) Extraordinary items	-	-	-
(M) Profit before interest, taxation and exceptional items as a percentage of revenue	16.2%	15.0%	

N/M - Not meaningful



1(a)(iii) ADDITIONAL INFORMATION

GROUP REVENUE AND PROFIT ANALYSIS

	Revenue		PBIT *	
	1st Quarter to 31/12/2004 \$'000	1st Quarter to 31/12/2003 \$'000	1st Quarter to 31/12/2004 \$'000	1st Quarter to 31/12/2003 \$'000
By Business Activity				
Brewery operations				
- subsidiary companies	413,869	428,869	70,620	65,460
- joint venture and associated companies	-	-	6,305	5,686
Investment	-	-	691	1,491
Corporate office	691	707	(10,305)	(8,070)
	414,560	429,576	67,311	64,567
By Territory				
Singapore	107,342	108,864	10,789	8,282
Malaysia	-	-	4,420	5,542
Papua New Guinea	37,120	32,282	8,855	6,583
New Zealand	133,620	123,504	25,318	19,946
Indochina	135,787	147,910	28,365	34,094
China	-	16,309	(3,037)	(4,165)
Thailand	-	-	2,906	2,355
Corporate office	691	707	(10,305)	(8,070)
	414,560	429,576	67,311	64,567
Attributable profit				
	1st Quarter to 31/12/2004 \$'000	1st Quarter to 31/12/2003 \$'000		
By Business Activity				
Brewery operations				
- subsidiary companies	40,933	32,474		
- joint venture and associated companies	3,595	2,869		
Investment	463	1,373		
Corporate office	(10,703)	(7,817)		
	34,288	28,899		
Exceptional items	(576)	(1,152)		
	33,712	27,747		

* PBIT - Profit before interest, taxation and exceptional items



1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

BALANCE SHEET

	Group		Company	
	As at 31/12/2004 \$'000	As at 30/9/2004 \$'000	As at 31/12/2004 \$'000	As at 30/9/2004 \$'000
Fixed assets	470,341	469,487	2,244	1,936
Subsidiary companies	-	-	570,751	562,369
Joint venture companies	222,476	224,855	227,332	222,985
Associated company	445	430	-	-
Other investments	54,569	45,377	1,027	1,027
Intangibles	92,909	91,119	4,587	4,693
Deferred tax assets	2,197	2,136	-	-
CURRENT ASSETS				
Inventories	76,199	78,658	-	-
Trade debtors	141,539	92,306	-	-
Other debtors	17,845	13,593	1,674	1,731
Amounts due from subsidiary companies	-	-	22,024	23,226
Amounts due from joint venture companies	18,145	16,976	18,123	16,966
Amounts due from related companies	3,295	4,121	143	416
Short term investments	-	4,493	-	-
Bank fixed deposits	137,314	94,952	22,527	22,677
Cash and bank balances	29,382	19,560	587	1,196
	<u>423,719</u>	<u>324,659</u>	<u>65,078</u>	<u>66,212</u>
Deduct: CURRENT LIABILITIES				
Trade creditors	130,435	91,862	32	74
Other creditors	101,622	77,689	14,101	10,040
Amounts due to joint venture companies	11,972	13,184	8,657	10,676
Amounts due to related companies	16,211	13,813	3,866	2,640
Amount due to associated company	129	28	-	-
Bank borrowings	38,431	36,445	-	-
Provision for taxation	37,940	31,390	10,013	9,573
	<u>336,740</u>	<u>264,411</u>	<u>36,669</u>	<u>33,003</u>
NET CURRENT ASSETS	<u>86,979</u>	<u>60,248</u>	<u>28,409</u>	<u>33,209</u>
	929,916	893,652	834,350	826,219
Deduct: DEFERRED LIABILITIES				
Deferred tax liabilities	21,516	21,683	-	-
Provision for employee benefits	2,220	2,214	-	-
	<u>23,736</u>	<u>23,897</u>	<u>-</u>	<u>-</u>
	<u>906,180</u>	<u>869,755</u>	<u>834,350</u>	<u>826,219</u>
Financed by:				
Share capital	255,592	255,450	255,592	255,450
Reserves	580,472	551,209	578,758	570,769
	<u>836,064</u>	<u>806,659</u>	<u>834,350</u>	<u>826,219</u>
Minority interests	70,116	63,096	-	-
	<u>906,180</u>	<u>869,755</u>	<u>834,350</u>	<u>826,219</u>



1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/2004		As at 30/9/2004	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	38,431	-	36,445

Amount repayable after one year

As at 31/12/2004		As at 30/9/2004	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

Details of any collateral

Not applicable.



1(c) A cashflow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP CASHFLOW STATEMENT

	1st Quarter to 31/12/2004	1st Quarter to 31/12/2003
	\$'000	\$'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before taxation and exceptional items	68,042	65,540
Adjustment for:		
Depreciation of fixed assets	9,593	11,511
Provision for fixed assets write off	32	88
(Gain)/Loss on disposal of fixed assets (net)	(137)	108
Amortisation of goodwill	-	63
Amortisation of brand	106	107
Investment income	(691)	(1,491)
Net interest income	(731)	(973)
Provision for employee benefits	131	35
Share of joint venture and associated companies' profits	(6,305)	(5,686)
Operating cash before working capital changes	70,040	69,302
Change in inventories	2,688	2,654
Change in trade and other debtors	(53,300)	(44,645)
Change in trade and other creditors	60,814	54,595
Change in related companies' balances	944	(661)
Currency realignment	967	2,659
Cash generated from operations	82,153	83,904
Net interest received	546	1,224
Employee benefits paid	(33)	(70)
Income taxes paid	(13,306)	(15,727)
Net cash from operating activities	69,360	69,331
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Dividends from joint venture companies	6,947	6,547
Proceeds from sale of investments	4,545	10,535
Investment income	693	1,491
Proceeds from disposal of fixed assets	549	126
Dividends and capital repayment from associated company	-	343
Purchase of fixed assets	(13,845)	(8,507)
Purchase of investments	(7,639)	(14,118)
Loans to joint venture company	(4,850)	(5,126)
Purchase of minorities' shares in a subsidiary company	(2,842)	-
Net cash used in investing activities	(16,442)	(8,709)



GROUP CASHFLOW STATEMENT (cont'd)

	1st Quarter to 31/12/2004 \$'000	1st Quarter to 31/12/2003 \$'000
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from borrowings	1,342	10,827
Proceeds from issue of shares by parent company	564	1,293
Payment of dividends by subsidiaries to minority interests	(278)	(12,114)
Net cash from financing activities	1,628	6
Net increase in cash and cash equivalents	54,546	60,628
Cash and cash equivalents at beginning of period	112,898	247,287
Effect of exchange rates on opening balance of cash and cash equivalents	(2,399)	(1,758)
Cash and cash equivalents at end of period	165,045	306,157
Cash and cash equivalents at end of period consist of:		
Bank fixed deposits	137,314	250,514
Cash and bank balances	29,382	55,756
Bank overdrafts	(1,651)	(113)
	165,045	306,157



- 1(d)(i) A statement (for the issuer and group) showing either**
- (i) all changes in equity or**
 - (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

STATEMENT OF CHANGES IN EQUITY

	Group						Total \$'000
	Share Capital \$'000	Share Premium \$'000	Capital Reserve \$'000	Revenue Reserve \$'000	Exchange Reserve \$'000	Dividend Reserve \$'000	
	Quarter ended 31 December 2004						
Balance at 1 October 2004	255,450	6,917	15,799	545,146	(52,416)	35,763	806,659
Currency exchange difference arising from translating foreign assets and liabilities of subsidiary, joint venture and associated companies	-	-	-	-	(4,871)	-	(4,871)
Net losses not recognised in the profit statement	-	-	-	-	(4,871)	-	(4,871)
Issue of shares in the Company upon exercise of Executives' Share Options	142	422	-	-	-	-	564
Additional dividend due to exercise of Executives' Share Options	-	-	-	(20)	-	20	-
Attributable profit	-	-	-	33,712	-	-	33,712
Balance at 31 December 2004	255,592	7,339	15,799	578,838	(57,287)	35,783	836,064
Quarter ended 31 December 2003							
Balance at 1 October 2003	254,337	3,650	18,769	513,465	(52,311)	35,607	773,517
Currency exchange difference arising from translating foreign assets and liabilities of subsidiary, joint venture and associated companies	-	-	-	-	4,217	-	4,217
Net gains not recognised in the profit statement	-	-	-	-	4,217	-	4,217
Issue of shares in the Company upon exercise of Executives' Share Options	327	966	-	-	-	-	1,293
Additional dividend due to exercise of Executives' Share Options	-	-	-	(46)	-	46	-
Attributable profit	-	-	-	27,747	-	-	27,747
Balance at 31 December 2003	254,664	4,616	18,769	541,166	(48,094)	35,653	806,774

**STATEMENT OF CHANGES IN EQUITY (cont'd)**

	Company					
	Share Capital	Share Premium	Revenue Reserve	Exchange Reserve	Dividend Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Quarter ended 31 December 2004						
Balance at 1 October 2004	255,450	6,917	528,539	(450)	35,763	826,219
Currency exchange difference arising from translating net investment in a joint venture company	-	-	-	(502)	-	(502)
Net losses not recognised in the profit statement	-	-	-	(502)	-	(502)
Issue of shares in the Company upon exercise of Executives' Share Options	142	422	-	-	-	564
Additional dividend due to exercise of Executives' Share Options	-	-	(20)	-	20	-
Net profit	-	-	8,069	-	-	8,069
Balance at 31 December 2004	255,592	7,339	536,588	(952)	35,783	834,350
Quarter ended 31 December 2003						
Balance at 1 October 2003	254,337	3,650	480,505	(114)	35,607	773,985
Currency exchange difference arising from translating net investment in a joint venture company	-	-	-	(253)	-	(253)
Net losses not recognised in the profit statement	-	-	-	(253)	-	(253)
Issue of shares in the Company upon exercise of Executives' Share Options	327	966	-	-	-	1,293
Additional dividend due to exercise of Executives' Share Options	-	-	(46)	-	46	-
Net profit	-	-	25,278	-	-	25,278
Balance at 31 December 2003	254,664	4,616	505,737	(367)	35,653	800,303

**1(d)(ii) SHARE CAPITAL**

Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	1st Quarter to 31/12/2004	4th Quarter to 30/9/2004
Issue and fully paid ordinary shares of \$1.00 each:		
As at beginning of quarter	255,449,879	255,173,509
Issued during the quarter - Exercise of share options	142,075	276,370
As at end of quarter	<u>255,591,954</u>	<u>255,449,879</u>
	As at 31/12/2004	As at 31/12/2003
The number of shares that may be issued on exercise of share options outstanding at the end of the quarter	<u>2,732,844</u>	<u>3,812,972</u>

2. Whether the figures have been audited or reviewed and in accordance with which standard (e.g. Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).

The figures have not been audited or reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation as in the most recently audited annual financial statements, except as disclosed in note 5 below.



5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 1 July 2004, the Council on Corporate Disclosure and Governance issued Financial Reporting Standard (“FRS”) 103 Business Combinations, revised FRS 36 Impairment of Assets and revised FRS 38 Intangible Assets.

The Group adopted these standards with effect from 1 October 2004 which resulted in a change in the accounting treatment for goodwill. FRS 103 requires goodwill acquired in a business combination to be measured at cost less any accumulated impairment losses. Goodwill shall no longer be amortised. Instead, impairment is tested annually, or more frequently if events or changes in circumstances indicate that the goodwill might be impaired. The effect of the adoption of these standards has led to an increase in current quarter profit before tax of the Group by \$1.5 million.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	1st Quarter to 31/12/2004	1st Quarter to 31/12/2003
Earnings per ordinary share (cents):		
(a) Based on the weighted average number of ordinary shares on issue		
- before exceptional items	13.4	11.4
- after exceptional items	13.2	10.9
(b) On a fully diluted basis		
- before exceptional items	13.4	11.3
- after exceptional items	13.2	10.9

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	As at 31/12/2004	As at 30/9/2004	As at 31/12/2004	As at 30/9/2004
Net asset value per ordinary share	\$3.27	\$3.16	\$3.26	\$3.23



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on.**

REVIEW OF OPERATIONS

The principal activities of the Group are the brewing and sale of beer and stout. These activities are carried out through the Company's subsidiary, joint venture and associated companies to which the Company provides management and administrative services.

The Directors are pleased to report that group profit before interest, taxation and exceptional items (PBIT) for the quarter at \$67.3 million increased by \$2.7 million or 4% over last year. Attributable profit before exceptional items increased by \$5.4 million or 19% to reach \$34.3 million.

Commentary on 1st Quarter performance

Singapore

Strong exports pushed sales 11% above last year. PBIT improved by 30% due to the higher sales and effective cost management.

Malaysia

A decline in sales by 18% over last year, due to weak consumer sentiments following hefty duty increases on beer, led to a 20% reduction in PBIT.

Papua New Guinea

Sales increased by 6%. PBIT increased by 35% due mainly to higher selling prices and favourable sales mix.

New Zealand

Sales grew by 3%. PBIT increased by 27% mainly due to increased sales, helped by stronger NZ\$ exchange rates. The latter accounted for 6% of the increase in PBIT.

Indochina

Sales for the region declined by 6% mainly due to weaker performance in Vietnam in the quarter, partially offset by higher sales in Cambodia. Last year, sales in Vietnam benefitted from earlier TET celebrations and strong pre-selling in anticipation of a 10% VAT increase implemented in January 2004. Consequently, PBIT declined by 17%.

China

China losses were reduced by 27% due to strong sales from both Shanghai and Hainan, and profit contributions from Heineken Trading (Shanghai) Co Ltd and 21% held Kingway Brewery Holdings Limited, an associate company of Heineken-APB (China) Pte Ltd.

Thailand

Sales improved by 23% mainly from increase in draught beer installations and sales in anticipation of the year-end festivities, and PBIT increased correspondingly over last year.



REVIEW OF BALANCE SHEET

Company

The increase in investment in subsidiary companies was due to completion of the privatisation of DB Breweries Limited (“DBB”), an increase in the share capital of Vietnam Brewery Ltd, partially offset by repayment of loans from a subsidiary company. The increase in investment in joint venture companies was due to additional loans given.

Group

The increase in other investments was mainly due to higher trade advances by DBB to its distributors as well as higher NZ\$ exchange rate. The higher intangibles arose from the DBB privatisation, which brought APBL’s equity interest in DBB to 100% in October 2004. Higher trade debtors and creditors balances reflected DBB’s higher sales activities in this quarter.

REVIEW OF GROUP CASHFLOW

The operations continued to generate strong cash flows, which, after deductions for purchases of fixed assets and investments and loans given to a joint venture company, resulted in an increase in bank fixed deposits and cash balances.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10. **A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

OUTLOOK

The fundamentals of the company remain sound. The results in the first quarter provide a firm platform and positive momentum for the performance for the rest of the financial year. Barring any unforeseen circumstances, the Directors expect attributable profit before exceptional items for this year to be higher than last year.

11. **Dividend**

(a) **Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No

(b) **Corresponding period of the immediately preceding financial year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) **Date payable**

Not applicable.

(d) **Book closure date**

Not applicable.



12. If no dividend has been declared or recommended, a statement to that effect.

No dividend has been declared for the current financial period.

13. INTERESTED PERSON TRANSACTIONS

Particulars of interested person transactions for 1st quarter to 31 December 2004 as required under Rule 907 of the SGX Listing Manual.

Name of interested person	Aggregate value of all interested person transactions (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Heineken Group of Companies ("Heineken")	\$1,128,598 @	\$1,745,719 *
Fraser and Neave, Limited ("F&NL")	\$742,423	\$711,821 *
Fraser & Neave Holdings Bhd	-	\$6,405,677

@ This relates to royalties payable to Heineken under two trade mark licence agreements entered into in 2004, set out in the Circular to the Shareholders dated 9 February 2004, and approved by shareholders on 27 February 2004.

* Value of Interested Person Transactions amounting to \$711,821 each for Heineken and F&NL are in respect of transactions between Heineken-APB (China) Pte Ltd ("HAPBC") as the interested person, and the Asia Pacific Breweries Limited Group, as the entity at risk. The full value of the transactions has been aggregated in each interested person group of Heineken and F&NL.

BY ORDER OF THE BOARD

Anthony Cheong Fook Seng
Company Secretary

11 February 2005