



ASIA PACIFIC BREWERIES LIMITED

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

FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2006

The Directors are pleased to make the following announcement of the unaudited results for the 1st Quarter ended 31 December 2006.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF 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 31/12/2006 \$'000	1st Quarter to 31/12/2005 \$'000	Change %
Revenue	476,241	453,063	5.1
Cost of sales	(288,894)	(264,619)	9.2
Gross profit	187,347	188,444	(0.6)
Operating expenses			
- Distribution	(16,701)	(14,536)	14.9
- Marketing	(66,236)	(73,069)	(9.4)
- Administration	(31,944)	(29,606)	7.9
	(114,881)	(117,211)	(2.0)
Trading profit	72,466	71,233	1.7
Share of joint venture and associated companies' profits	2,762	2,769	(0.3)
Gross income from investments	972	1,460	(33.4)
Profit before interest, taxation and exceptional items	76,200	75,462	1.0
Interest income	1,870	1,065	75.6
Interest expense	(1,431)	(1,020)	40.3
	439	45	NM
Profit before taxation and exceptional items	76,639	75,507	1.5
Exceptional items	(75)	1,207	NM
Profit before taxation	76,564	76,714	(0.2)
Taxation	(24,700)	(23,744)	4.0
Profit after taxation	51,864	52,970	(2.1)
Attributable profit to :			
Shareholders of the Company			
- Before exceptional items	40,516	39,436	2.7
- Exceptional items	(75)	1,207	NM
	40,441	40,643	(0.5)
Minority interests	11,423	12,327	(7.3)
	51,864	52,970	(2.1)

NM - Not meaningful

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

	1st Quarter to 31/12/2006 \$'000	1st Quarter to 31/12/2005 \$'000	Change %
Operating expenses			
Included in operating expenses are:			
Depreciation and amortisation	(12,541)	(11,404)	10.0
Write-back of provision for bad and doubtful debts	7	17	(58.8)
(Provision for)/Write-back of inventory obsolescence	(135)	22	NM
Foreign exchange loss	(927)	(396)	134.1
(Loss)/Gain on disposal of plant and equipment	(134)	245	NM
Employee share-based expense	<u>(1,176)</u>	<u>(351)</u>	235.0
Taxation			
Over provision of prior year taxation	<u>19</u>	<u>-</u>	NM
Exceptional items			
Gain on disposal of other investments	-	1,847	NM
Restructuring cost and professional fees	(75)	(640)	(88.3)
	<u>(75)</u>	<u>1,207</u>	NM
Profit before interest, taxation and exceptional items as a percentage of revenue	<u>16.0%</u>	<u>16.7%</u>	

NM - Not meaningful

1(a)(iii) ADDITIONAL INFORMATION

GROUP REVENUE AND PROFIT ANALYSIS

	Revenue		PBIT *	
	1st Quarter to 31/12/2006 \$'000	1st Quarter to 31/12/2005 \$'000	1st Quarter to 31/12/2006 \$'000	1st Quarter to 31/12/2005 \$'000
By Business Activity				
Brewery operations				
- subsidiary companies	475,407	452,425	76,707	77,177
- joint venture and associated companies	-	-	2,762	2,769
Investment	-	-	972	1,460
Corporate office	834	638	(4,241)	(5,944)
	<u>476,241</u>	<u>453,063</u>	<u>76,200</u>	<u>75,462</u>
By Territory				
Singapore	123,796	121,053	10,349	9,736
Malaysia	-	-	2,694	3,437
Papua New Guinea	51,246	46,023	14,935	11,366
New Zealand	130,266	135,014	22,429	25,436
Indochina	160,368	148,710	32,718	33,562
Mongolia	460	32	(551)	(16)
South Asia	9,271	1,593	(1,060)	(323)
China	-	-	(2,354)	(2,366)
Thailand	-	-	1,281	574
Corporate office	834	638	(4,241)	(5,944)
	<u>476,241</u>	<u>453,063</u>	<u>76,200</u>	<u>75,462</u>

**Attributable Profit to
shareholders of the Company**

	1st Quarter to 31/12/2006 \$'000	1st Quarter to 31/12/2005 \$'000
By Business Activity		
Brewery operations		
- subsidiary companies	42,766	44,061
- joint venture and associated companies	2,627	2,758
Investment	651	1,038
Corporate office	(5,528)	(8,421)
	<u>40,516</u>	<u>39,436</u>
Exceptional items	(75)	1,207
	<u>40,441</u>	<u>40,643</u>

* 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 31/12/2006 \$'000	As at 30/09/2006 \$'000	As at 31/12/2006 \$'000	As at 30/9/2006 \$'000
CAPITAL AND RESERVES				
Share capital	276,903	276,688	276,903	276,688
Reserves	649,104	609,319	638,978	617,323
	926,007	886,007	915,881	894,011
MINORITY INTERESTS	85,132	86,650	-	-
	1,011,139	972,657	915,881	894,011
Represented by:				
Fixed assets	549,467	550,381	1,982	1,792
Subsidiary companies	-	-	622,835	610,592
Joint venture companies	265,853	273,441	262,744	262,952
Associated company	412	395	-	-
Other investments	11,667	11,848	28	28
Intangible assets	246,943	249,457	3,734	3,840
Deferred tax assets	6,514	6,212	590	590
Other debtors	27,200	27,718	955	1,103
CURRENT ASSETS				
Inventories	101,486	100,840	-	-
Trade debtors	183,333	114,178	-	-
Other debtors	47,167	31,058	3,799	3,427
Amounts due from subsidiary companies	-	-	201,868	199,656
Amounts due from joint venture companies	24,166	22,617	24,163	22,622
Amounts due from related companies	2,484	2,885	167	91
Short term investments	5,646	5,029	-	-
Bank fixed deposits	109,001	114,832	8,852	3,711
Cash and bank balances	47,271	36,924	910	603
	520,554	428,363	239,759	230,110
Deduct: CURRENT LIABILITIES				
Trade creditors	157,750	139,787	-	-
Other creditors	110,034	96,626	17,975	23,701
Amounts due to joint venture and associated companies	2,150	4,332	-	72
Amounts due to related companies	25,779	23,355	10,322	9,590
Borrowings	237,689	235,090	176,784	173,200
Provision for taxation	50,688	39,542	11,665	10,433
	584,090	538,732	216,746	216,996
NET CURRENT (LIABILITIES)/ASSETS	(63,536)	(110,369)	23,013	13,114
	1,044,520	1,009,083	915,881	894,011
Deduct: DEFERRED LIABILITIES				
Other creditors	4,241	7,296	-	-
Borrowings	2,100	2,193	-	-
Deferred tax liabilities	23,404	23,381	-	-
Provision for employee benefits	3,636	3,556	-	-
	33,381	36,426	-	-
	1,011,139	972,657	915,881	894,011

1(b)(ii) Aggregate amount of group's borrowings and debt securities.
Amount repayable in one year or less, or on demand

	As at 31/12/2006	As at 30/9/2006
	\$'000	\$'000
Secured :	5,066	7,675
Unsecured :	232,623	227,415
	<hr/>	<hr/>
	237,689	235,090
	<hr/> <hr/>	<hr/> <hr/>

Amount repayable after one year

	As at 31/12/2006	As at 30/9/2006
	\$'000	\$'000
Secured :	2,100	2,193
Unsecured :	-	-
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	2,100	2,193
	<hr/> <hr/>	<hr/> <hr/>

Details of any collateral

The secured group borrowings at 31 December 2006 are secured on the assets of the respective borrowing subsidiary companies.

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

GROUP CASH FLOW STATEMENT

	1st Quarter to 31/12/2006 \$'000	1st Quarter to 31/12/2005 \$'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before taxation and exceptional items	76,639	75,507
Adjustments for:		
Depreciation of fixed assets	12,435	11,297
Provision for fixed assets write off	28	308
Loss/(Gain) on disposal of fixed assets	134	(245)
Fair value loss/(gain) on derivatives	499	(342)
Amortisation of brand	106	107
Investment income	(972)	(1,460)
Interest income	(1,870)	(1,065)
Interest expense	1,431	1,020
Provision for employee benefits	199	220
Employee share-based expense	1,176	351
Share of joint venture and associated companies' profits	(2,762)	(2,769)
Operating cash before working capital changes	87,043	82,929
Change in inventories	(646)	3,135
Change in trade and other debtors	(83,875)	(79,163)
Change in trade and other creditors	21,107	39,414
Change in related companies' balances	(906)	4,420
Currency realignment	10,312	165
Cash generated from operations	33,035	50,900
Interest received	1,958	1,384
Interest paid	(1,476)	(1,016)
Employee benefits paid	(65)	(83)
Income taxes paid	(12,741)	(12,936)
Net cash from operating activities	20,711	38,249
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Dividends from joint venture and associated companies	6,872	7,206
Proceeds from disposal of investments	732	2,407
Investment income	1,099	1,560
Proceeds from disposal of fixed assets	165	1,526
Purchase of fixed assets	(15,348)	(30,337)
Purchase of investments	(395)	(223)
Loan to joint venture company	-	(842)
Repayment/(payment) of trade advances	332	(3,962)
Net cash used in investing activities	(6,543)	(22,665)

GROUP CASH FLOW STATEMENT (cont'd)

	1st Quarter to 31/12/2006 \$'000	1st Quarter to 31/12/2005 \$'000
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from borrowings	1,817	35,461
Proceeds from issue of shares by the company	177	559
Proceeds from issue of shares by a subsidiary company	-	75
Payment of dividends by subsidiary companies to minority interests	(10,677)	(14,200)
Loans from minority interests	3,072	-
Net cash (used in)/from financing activities	(5,611)	21,895
Net increase in cash and cash equivalents	8,557	37,479
Effect of exchange rate changes on cash and cash equivalents	(4,334)	(1,585)
Cash and cash equivalents at beginning of period	151,653	102,146
Cash and cash equivalents at end of period	155,876	138,040
Cash and cash equivalents at end of period comprise:		
Bank fixed deposits	109,001	88,271
Cash and bank balances	47,271	49,835
Bank overdrafts	(396)	(66)
	155,876	138,040

- 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								
	Share Capital \$'000	Capital Reserve \$'000	Revenue Reserve \$'000	Exchange Reserve \$'000	Dividend Reserve \$'000	Other Reserve \$'000	Total \$'000	Minority Interests \$'000	Total Equity \$'000
1st Quarter ended 31 December 2006									
Balance at 1 October 2006	276,688	15,799	633,546	(81,503)	41,290	187	886,007	86,650	972,657
Currency translation difference	-	-	-	(618)	-	-	(618)	(2,264)	(2,882)
Net losses recognised directly in equity	-	-	-	(618)	-	-	(618)	(2,264)	(2,882)
Profit after taxation	-	-	40,441	-	-	-	40,441	11,423	51,864
Issue of shares in the Company upon exercise of Executives' Share Options	215	-	-	-	-	(38)	177	-	177
Dividend paid to minority interests	-	-	-	-	-	-	-	(10,677)	(10,677)
Balance at 31 December 2006	276,903	15,799	673,987	(82,121)	41,290	149	926,007	85,132	1,011,139

STATEMENT OF CHANGES IN EQUITY (cont'd)
Group

	Share Capital \$'000	Share Premium \$'000	Capital Reserve \$'000	Revenue Reserve \$'000	Exchange Reserve \$'000	Dividend Reserve \$'000	Other Reserve \$'000	Total \$'000	Minority Interests \$'000	Total Equity \$'000
1st Quarter ended 31 December 2005										
Balance at 1 October 2005	256,405	9,983	15,799	582,668	(42,430)	41,025	1,072	864,522	73,842	938,364
Effect of adopting FRS 39	-	-	-	(1,014)	-	-	1,009	(5)	(500)	(505)
	256,405	9,983	15,799	581,654	(42,430)	41,025	2,081	864,517	73,342	937,859
Currency translation difference	-	-	-	-	(11,969)	-	-	(11,969)	(1,590)	(13,559)
Disposal of available-for-sale financial assets	-	-	-	-	-	-	(1,851)	(1,851)	-	(1,851)
Net changes in fair value of cash flow hedge	-	-	-	-	-	-	733	733	466	1,199
Net losses recognised directly in equity	-	-	-	-	(11,969)	-	(1,118)	(13,087)	(1,124)	(14,211)
Profit after taxation	-	-	-	40,643	-	-	-	40,643	12,327	52,970
Injection of share capital by minority interests	-	-	-	-	-	-	-	-	75	75
Issue of shares in the Company upon exercise of Executives' Share Options	118	441	-	-	-	-	-	559	-	559
Dividend paid to minority interests	-	-	-	-	-	-	-	-	(14,200)	(14,200)
Employee share-based expense	-	-	-	-	-	-	127	127	-	127
Balance at 31 December 2005	256,523	10,424	15,799	622,297	(54,399)	41,025	1,090	892,759	70,420	963,179

STATEMENT OF CHANGES IN EQUITY (cont'd)

	Company					
	Share Capital \$'000	Revenue Reserve \$'000	Exchange Reserve \$'000	Dividend Reserve \$'000	Other Reserve \$'000	Total \$'000
<u>1st Quarter ended 31 December 2006</u>						
Balance at 1 October 2006	276,688	575,846	-	41,290	187	894,011
Profit after taxation	-	21,693	-	-	-	21,693
Issue of shares in the Company upon exercise of Executives' Share Options	215	-	-	-	(38)	177
Balance at 31 December 2006	276,903	597,539	-	41,290	149	915,881

	Company						
	Share Capital \$'000	Share Premium \$'000	Revenue Reserve \$'000	Exchange Reserve \$'000	Dividend Reserve \$'000	Other Reserve \$'000	Total \$'000
<u>1st Quarter ended 31 December 2005</u>							
Balance at 1 October 2005	256,405	9,983	538,867	-	41,025	2,923	849,203
Disposal of available-for-sale financial assets	-	-	-	-	-	(1,851)	(1,851)
Net losses recognised directly in equity	-	-	-	-	-	(1,851)	(1,851)
Profit after taxation	-	-	47,660	-	-	-	47,660
Issue of shares in the Company upon exercise of Executives' Share Options	118	441	-	-	-	-	559
Employee share-based expense	-	-	-	-	-	127	127
Balance at 31 December 2005	256,523	10,424	586,527	-	41,025	1,199	895,698

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 the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	1st Quarter to 31/12/2006	4th Quarter to 30/9/2006
Issued and fully paid ordinary shares:		
As at beginning of period	258,060,779	256,941,859
Issue during the period - Exercise of share options	28,650	1,118,920
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As at end of period	258,089,429	258,060,779
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	As at 31/12/2006	As at 31/12/2005
The number of shares that may be issued on exercise of share options outstanding at the end of the period	179,419	1,742,674
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2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

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 financial statements, except where new or revised Singapore Financial Reporting Standards became effective from this financial year.

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.

The adoption of the new or revised Singapore Financial Reporting Standards did not result in any substantial changes to the Group's accounting policies.

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:

- (a) based on the weighted average number of ordinary shares on issue and
 (b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	1st Quarter to 31/12/2006	1st Quarter to 31/12/2005
Earnings per ordinary share:		
(a) Based on the weighted average number of ordinary shares in issue (cents)		
- before exceptional items	15.7	15.4
- after exceptional items	15.7	15.8
(b) On a fully diluted basis (cents)		
- before exceptional items	15.7	15.3
- after exceptional items	15.7	15.8

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 financial period reported on; and
 (b) immediately preceding financial year.

	Group		Company	
	As at 31/12/2006	As at 30/9/2006	As at 31/12/2006	As at 30/9/2006
Net asset value per ordinary share based on issued share capital	\$3.59	\$3.43	\$3.55	\$3.46

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonable or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

REVIEW OF PERFORMANCE

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 announce that the Group posted profit in line with expectations. Group profit before interest and tax ("PBIT") at \$76.2 million for the quarter increased by \$0.7 million or 1% over last year. Excluding translation losses, gestation losses and related costs, PBIT increased organically by \$10.3 million or 14% over last year.

Attributable profit before exceptional items rose by \$1.1 million or 3% to reach \$40.5 million. Excluding translation losses, gestation losses and related costs, attributable profit before exceptional items increased organically by \$7.6 million or 19% over last year.

Commentary on 1st Quarter performance

Singapore

Volume grew by 8% on the back of strong export and contract brew sales. PBIT grew by 6%.

Malaysia

Volume fell by 13% due mainly to the calendar shift in Chinese New Year promotional sales relative to last year. The lower volume, coupled with higher marketing investments resulted in the 22% decline in PBIT.

Papua New Guinea

PBIT gained 31% due to improved margins arising from beer price increases and healthy volume growth of 14%.

New Zealand

Volume grew by 12%. However, due to the weaker NZ dollar exchange rate and reduction in gross margin due to price competition, PBIT declined by \$3 million or 12%. The impact of the weaker NZ dollar on PBIT was approximately \$2.5 million.

Indochina

Volume for the region registered a robust 26% growth following the acquisition of two additional breweries in Vietnam which was completed in September 2006. However, due to the weaker Vietnamese Dong exchange rate against Singapore dollar, higher marketing investments and the calendar shift in promotional sales for Tet in Vietnam, PBIT fell by \$0.8 million or 3%. The impact of the weaker Vietnamese Dong and US dollar on PBIT was approximately \$3.1 million.

China

Sales volume increased by 11%. Overall losses narrowed by 1% due mainly to timing of marketing expenses.

Thailand

PBIT more than doubled compared to the same period last year due to lower marketing investments for *Cheers* which was launched in October 2005. Volume fell by 10% as a result of local anti-alcohol advertising campaign and restriction of consumption.

New Markets

Gestation losses incurred by new and start-up ventures in Sri Lanka, Mongolia and India were at \$1.6 million for the quarter.

Corporate Office

Corporate expenses incurred were lower due mainly to higher royalty income and lower marketing investments.

Taxation

The group effective tax rate of 32.3% (1Q 2006: 31%) is higher than the Singapore statutory tax rate of 20%. This is mainly due to the higher profit contribution from operating companies located in high-tax countries.

REVIEW OF BALANCE SHEET

Company

The increase in investments in subsidiaries was mainly due to injection of capital to finance the working capital of subsidiaries. Other creditors decreased as a result of lower accrual of marketing expenses.

Group

The increase in trade debtors was mainly attributable to higher sales in preparation for the year end festive periods. The decrease in investments in joint venture companies was mainly due to distribution of dividends. Trade creditors increased due mainly to higher purchases as a result of increased sales. Higher sales tax prepayment and trade advances have contributed to the increase in other debtors.

REVIEW OF CASHFLOW

The decrease in the purchase of fixed assets of \$15 million was mainly due to the capacity expansion in Vietnam in the first quarter last year. Lower bank borrowings of \$33.6 million was due to borrowings taken in the first quarter last year to finance the working capital of subsidiaries.

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 significant trends and 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

Today, APB has 29 operational breweries in 10 countries. APB's footprint is expected to extend further to 35 breweries in 12 countries by 2007/08, as greenfield breweries come on stream in China, Mongolia, Laos and India. It is recognised that these new start-up breweries will result in a temporary dilution of net earnings for the current financial year. Nevertheless, it is imperative that APB continues to invest in new emerging markets to prime the Company for further growth in the coming years.

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 2006 as required under SGX Listing Rule 907.

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 902)	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")	\$1,233,359	\$7,398,428
Fraser & Neave Holdings Bhd	-	\$11,935,813

BY ORDER OF THE BOARD

Anthony Cheong Fook Seng
Company Secretary

9 February 2007

STATEMENT BY DIRECTORS

Pursuant to SGX Listing Rule 705(4)

To the best of our knowledge, nothing has come to the attention of the Directors which may render the interim financial results to be false or misleading. Based on our knowledge, the financial statements and other financial information included in this report, present fairly in all material respects the financial condition, results of operations and cash flows of the Group as of, and for, the periods presented in this report.

On behalf of the Board

Michael Fam
Director

Koh Poh Tiong
Director