



# 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 2005

The Directors are pleased to make the following announcement of the unaudited results for the 1st Quarter ended 31 December 2005.

### 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 31/12/2005	1st Quarter to 31/12/2004 (Restated)	Change
	\$'000	\$'000	%
Revenue	453,063	414,560	9.3
Cost of sales	(264,619)	(244,768)	8.1
Gross profit	188,444	169,792	11.0
Operating expenses			
- Distribution	(14,536)	(12,475)	16.5
- Marketing	(73,069)	(71,883)	1.6
- Administration	(29,606)	(25,919)	14.2
	(117,211)	(110,277)	6.3
Trading profit	71,233	59,515	19.7
Share of joint venture and associated companies' profits	4,520	6,807	(33.6)
Gross income from investments	1,460	691	111.3
Profit before interest, taxation and exceptional items	77,213	67,013	15.2
Net interest income	45	731	(93.8)
Profit before taxation and exceptional items	77,258	67,744	14.0
Exceptional items	1,192	(536)	N/M
Profit before taxation	78,450	67,208	16.7
Taxation	(25,480)	(22,832)	11.6
Profit after taxation	52,970	44,376	19.4
Attributable profit to :			
Shareholders of the Company			
- Before exceptional items	39,436	33,990	16.0
- Exceptional items	1,207	(576)	N/M
	40,643	33,414	21.6
Minority interests	12,327	10,962	12.5
	52,970	44,376	19.4

N/M - Not meaningful

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

	1st Quarter to 31/12/2005 \$'000	1st Quarter to 31/12/2004 (Restated) \$'000	Change %
<b>Investment income</b>			
(A) Gross income from investments	1,460	691	111.3
<b>Net interest income</b>			
(B) Interest income	1,065	1,265	(15.8)
(C) Interest expense	(1,020)	(534)	91.0
	45	731	(93.8)
<b>Operating expenses</b>			
Included in operating expenses are:			
(D) Depreciation & amortisation	(11,404)	(9,699)	17.6
(E) Provision for doubtful debts & bad debts written back/(off)	17	(402)	N/M
(F) Provision for inventory obsolescence written back/(charged)	22	(82)	N/M
(G) Impairment in value of investments	-	-	-
(H) Foreign exchange loss	(396)	(228)	73.7
(J) Profit on disposal of property, plant & equipment	245	137	78.8
Employee share-based expense	(351)	(298)	17.8
<b>Taxation</b>			
(I) Under provision of prior year taxation	-	(17)	N/M
<b>Exceptional items</b>			
(K) Gain on disposal of other investments/properties	1,847	159	N/M
Share of restructuring cost of joint venture companies	(52)	(95)	(45.3)
Professional fee	(603)	(600)	0.5
	1,192	(536)	N/M
(L) Extraordinary items	-	-	-
(M) Profit before interest, taxation and exceptional items as a percentage of revenue	17.0%	16.2%	

N/M - Not meaningful

## 1(a)(iii) ADDITIONAL INFORMATION

## GROUP REVENUE AND PROFIT ANALYSIS

	Revenue		PBIT *	
	1st Quarter to 31/12/2005	1st Quarter to 31/12/2004	1st Quarter to 31/12/2005	1st Quarter to 31/12/2004 (Restated)
	\$'000	\$'000	\$'000	\$'000
<b>By Business Activity</b>				
Brewery operations				
- subsidiary companies	452,425	413,869	77,177	70,620
- joint venture and associated companies	-	-	4,520	6,807
Investment	-	-	1,460	691
Corporate office	638	691	(5,944)	(11,105)
	<u>453,063</u>	<u>414,560</u>	<u>77,213</u>	<u>67,013</u>
<b>By Territory</b>				
Singapore	121,053	107,342	10,027	10,789
Malaysia	-	-	4,764	4,420
Papua New Guinea	46,023	37,120	11,366	8,855
New Zealand	135,014	133,620	25,436	25,318
Indochina	148,710	135,787	33,562	28,365
China	-	-	(2,480)	(2,535)
Thailand	-	-	821	2,906
Sri Lanka	1,625	-	(339)	-
Corporate office	638	691	(5,944)	(11,105)
	<u>453,063</u>	<u>414,560</u>	<u>77,213</u>	<u>67,013</u>

**Attributable Profit to  
shareholders of the Company**

	1st Quarter to 31/12/2005	1st Quarter to 31/12/2004 (Restated)
	\$'000	\$'000
<b>By Business Activity</b>		
Brewery operations		
- subsidiary companies	44,061	40,933
- joint venture and associated companies	2,758	4,097
Investment	1,038	463
Corporate office	(8,421)	(11,503)
	<u>39,436</u>	<u>33,990</u>
Exceptional items	1,207	(576)
	<u>40,643</u>	<u>33,414</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**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31/12/2005 \$'000</b>	<b>As at 30/9/2005 (Restated) \$'000</b>	<b>As at 31/12/2005 \$'000</b>	<b>As at 30/9/2005 (Restated) \$'000</b>
Fixed assets	534,841	525,840	2,006	1,989
Subsidiary companies	-	-	577,816	576,891
Joint venture companies	256,124	263,612	253,767	253,155
Associated company	433	445	-	-
Other investments	42,814	41,532	28	589
Intangibles	100,851	100,958	4,160	4,267
Deferred tax assets	1,167	1,201	-	-
<b>CURRENT ASSETS</b>				
Inventories	87,973	91,108	-	-
Trade debtors	164,593	94,012	-	-
Other debtors	30,009	21,744	8,093	5,734
Amounts due from subsidiary companies	-	-	29,691	26,122
Amounts due from joint venture companies	20,746	18,440	20,721	18,342
Amounts due from related companies	2,607	863	256	195
Short term investments	12,361	11,481	-	-
Bank fixed deposits	88,271	72,218	46,067	1,930
Cash and bank balances	49,835	30,610	464	1,022
	<b>456,395</b>	<b>340,476</b>	<b>105,292</b>	<b>53,345</b>
<b>Deduct: CURRENT LIABILITIES</b>				
Trade creditors	145,522	116,770	135	-
Other creditors	111,413	99,007	21,243	25,562
Amounts due to joint venture companies	9,771	4,378	6,883	1,740
Amounts due to related and associated companies	21,613	18,536	7,893	6,832
Bank borrowings	73,974	38,029	-	-
Provision for taxation	40,042	30,118	11,217	8,638
	<b>402,335</b>	<b>306,838</b>	<b>47,371</b>	<b>42,772</b>
<b>NET CURRENT ASSETS</b>	<b>54,060</b>	<b>33,638</b>	<b>57,921</b>	<b>10,573</b>
	<b>990,290</b>	<b>967,226</b>	<b>895,698</b>	<b>847,464</b>
<b>Deduct: DEFERRED LIABILITIES</b>				
Bank borrowings	-	1,995	-	-
Deferred tax liabilities	24,062	23,900	-	-
Provision for employee benefits	3,049	2,967	-	-
	<b>27,111</b>	<b>28,862</b>	<b>-</b>	<b>-</b>
	<b>963,179</b>	<b>938,364</b>	<b>895,698</b>	<b>847,464</b>
Financed by:				
Share capital	256,523	256,405	256,523	256,405
Reserves	636,236	608,117	639,175	591,059
	<b>892,759</b>	<b>864,522</b>	<b>895,698</b>	<b>847,464</b>
Minority interests	70,420	73,842	-	-
	<b>963,179</b>	<b>938,364</b>	<b>895,698</b>	<b>847,464</b>

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

As at 31/12/2005		As at 30/9/2005	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
3,497	70,477	1,324	36,705

**Amount repayable after one year**

As at 31/12/2005		As at 30/9/2005	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	1,995	-

**Details of any collateral**

The secured group borrowings at 31 December 2005 are secured on the assets of a subsidiary company.

- 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 31/12/2005 \$'000	1st Quarter to 31/12/2004 (Restated) \$'000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Profit before taxation and exceptional items	77,258	67,744
Adjustment for:		
Depreciation of fixed assets	11,297	9,593
Provision for fixed assets write off	308	32
Gain on disposal of fixed assets (net)	(245)	(137)
Fair value gain on derivatives	(342)	-
Amortisation of brand	107	106
Investment income	(1,460)	(691)
Net interest income	(45)	(731)
Provision for employee benefits	220	131
Share of joint venture and associated companies' profits	(4,520)	(6,807)
Employee share-based expense	351	298
Operating cash before working capital changes	82,929	69,538
Change in inventories	3,135	2,688
Change in trade and other debtors	(79,163)	(53,300)
Change in trade and other creditors	39,414	60,814
Change in related companies' balance	4,420	944
Currency realignment	165	1,469
Cash generated from operations	50,900	82,153
Net interest received	368	546
Employee benefits paid	(83)	(33)
Income taxes paid	(12,936)	(13,306)
<b>Net cash from operating activities</b>	<b>38,249</b>	<b>69,360</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Dividends from joint venture and associated companies	7,206	6,947
Proceeds from sale of investments	2,407	4,545
Investment income	1,560	693
Proceeds from disposal of fixed assets	1,526	549
Purchase of fixed assets	(30,337)	(13,845)
Purchase of investments	(4,185)	(7,639)
Loans to joint venture company	(842)	(4,850)
Purchase of minorities' shares in a subsidiary company	-	(2,842)
<b>Net cash used in investing activities</b>	<b>(22,665)</b>	<b>(16,442)</b>

**GROUP CASH FLOW STATEMENT (cont'd)**

	<b>1st Quarter to 31/12/2005 \$'000</b>	<b>1st Quarter to 31/12/2004 (Restated) \$'000</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds from borrowings	35,461	1,342
Proceeds from issue of shares by the company	559	564
Proceeds from issue of shares by a subsidiary company	75	-
Payment of dividends by subsidiary companies to minority interests	(14,200)	(278)
<b>Net cash from financing activities</b>	<b>21,895</b>	<b>1,628</b>
<b>Net increase in cash and cash equivalents</b>	<b>37,479</b>	<b>54,546</b>
Cash and cash equivalents at beginning of year	102,146	112,898
Effect of exchange rate changes on cash and cash equivalents	(1,585)	(2,399)
<b>Cash and cash equivalents at end of period</b>	<b>138,040</b>	<b>165,045</b>
<b>Cash and cash equivalents at end of period comprise:</b>		
Cash and bank deposits	138,106	166,696
Bank overdrafts	(66)	(1,651)
	<b>138,040</b>	<b>165,045</b>

- 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	Share Premium \$'000	Capital Reserve \$'000	Revenue Reserve \$'000	Exchange Reserve \$'000	Dividend Reserve \$'000	Other Reserves \$'000	Total \$'000	Minority Interests \$'000	Total Equity \$'000
<b>Quarter ended 31 December 2005</b>										
Balance at 1 October 2005										
- As previously reported	256,405	9,983	15,799	584,435	(42,430)	41,025	-	865,217	73,842	939,059
- Effect of adopting FRS 102	-	-	-	(1,767)	-	-	1,072	(695)	-	(695)
- As restated	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 exchange difference arising from translating foreign assets and liabilities of subsidiary, joint venture and associated companies	-	-	-	-	(11,969)	-	-	(11,969)	(1,590)	(13,559)
Disposal of available-for-sale financial assets	-	-	-	-	-	-	(1,851)	(1,851)	-	(1,851)
Net change in fair value of cash flow hedge	-	-	-	-	-	-	733	733	466	1,199
Net losses not recognised in the profit statement	-	-	-	-	(11,969)	-	(1,118)	(13,087)	(1,124)	(14,211)
Injection of share capital by MI	-	-	-	-	-	-	-	-	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
Profit after taxation	-	-	-	40,643	-	-	-	40,643	12,327	52,970
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
<b>Quarter ended 31 December 2004</b>										
Balance at 1 October 2004										
- As previously reported	255,450	6,917	15,799	545,146	(52,416)	35,763	-	806,659	63,096	869,755
- Effect of adopting FRS 102	-	-	-	(536)	-	-	536	-	-	-
- As restated	255,450	6,917	15,799	544,610	(52,416)	35,763	536	806,659	63,096	869,755
Currency exchange difference arising from translating foreign assets and liabilities of subsidiary, joint venture and associated companies	-	-	-	-	(4,871)	-	-	(4,871)	(1,594)	(6,465)
Net losses not recognised in the profit statement	-	-	-	-	(4,871)	-	-	(4,871)	(1,594)	(6,465)
Change in group structure	-	-	-	-	-	-	-	-	(978)	(978)
Issue of shares in the Company upon exercise of Executives' Share Option	142	422	-	-	-	-	-	564	-	564
Dividend paid to minority interests	-	-	-	-	-	-	-	-	(1,370)	(1,370)
Employee share-based expense	-	-	-	-	-	-	134	134	-	134
Additional dividend due to exercise of Executives' Share Options	-	-	-	(20)	-	20	-	-	-	-
Profit after taxation	-	-	-	33,414	-	-	-	33,414	10,962	44,376
Balance at 31 December 2004	255,592	7,339	15,799	578,004	(57,287)	35,783	670	835,900	70,116	906,016

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

	<b>Company</b>						<b>Total \$'000</b>
	<b>Share Capital \$'000</b>	<b>Share Premium \$'000</b>	<b>Revenue Reserve \$'000</b>	<b>Exchange Reserve \$'000</b>	<b>Dividend Reserve \$'000</b>	<b>Other Reserve \$'000</b>	
<b><u>Quarter ended 31 December 2005</u></b>							
Balance at 1 October 2005							
- As previously reported	256,405	9,983	541,196	(450)	41,025	-	848,159
- Effect of adopting FRS 102	-	-	(1,767)	-	-	1,072	(695)
- Effect of adopting FRS 21	-	-	(450)	450	-	-	-
- As restated	256,405	9,983	538,979	-	41,025	1,072	847,464
Effect of adopting FRS 39	-	-	(112)	-	-	1,851	1,739
	256,405	9,983	538,867	-	41,025	2,923	849,203
Issue of shares in the Company upon exercise of Executives' Share Options	118	441	-	-	-	-	559
Employee share-based expense	-	-	-	-	-	127	127
Disposal of available-for-sale financial assets	-	-	-	-	-	(1,851)	(1,851)
Profit after taxation	-	-	47,660	-	-	-	47,660
Balance at 31 December 2005	256,523	10,424	586,527	-	41,025	1,199	895,698
<b><u>Quarter ended 31 December 2004</u></b>							
Balance at 1 October 2004							
- As previously reported	255,450	6,917	528,539	(450)	35,763	-	826,219
- Effect of adopting FRS 102	-	-	(536)	-	-	536	-
- Effect of adopting FRS 21	-	-	(450)	450	-	-	-
- As restated	255,450	6,917	527,553	-	35,763	536	826,219
Issue of shares in the Company upon exercise of Executives' Share Options	142	422	-	-	-	-	564
Employee share-based expense	-	-	-	-	-	134	134
Additional dividend due to exercise of Executives' Share Options	-	-	(20)	-	20	-	-
Profit after taxation	-	-	7,269	-	-	-	7,269
Balance at 31 December 2004	255,592	7,339	534,802	-	35,783	670	834,186

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.

	<b>1st Quarter to 31/12/2005</b>	<b>4th Quarter to 30/9/2005</b>
Issued and fully paid ordinary shares of \$1.00 each:		
As at beginning of period	256,404,474	256,006,784
Issue during the period - Exercise of share options	118,550	397,690
	<hr/>	<hr/>
As at end of period	256,523,024	256,404,474
	<hr/>	<hr/>
	<b>As at 31/12/2005</b>	<b>As at 31/12/2004</b>
The number of shares that may be issued on exercise of share options outstanding at the end of the period	1,742,674	2,732,844
	<hr/>	<hr/>

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 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.**

The Group has applied the same accounting policies and methods of computations in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 30 September 2005 except for the adoption of the following new Financial Reporting Standards (FRS) that are mandatory to the group for the financial year beginning on 1 October 2005.

FRS 21 (Revised)	The effect of changes in Foreign Exchange Rates
FRS 39	Financial Instruments: Recognition and Measurement
FRS 102	Share-based Payment

The impact of the changes in accounting policies is as follows:

**FRS 21 (Revised)**

In accordance with Revised FRS 21, the translation difference arising from the foreign currency shareholder's loan (quasi-equity) given by the Company to a joint venture company has to be taken to the profit statement of the Company and has been applied retrospectively. Consequently, the cumulative exchange differences as at 1 October 2005 of \$0.45 million has been adjusted against revenue reserve of the Company. In respect of the quarter under review, the impact on the profit of the Company is a charge of \$0.2 million (Q1 2005 : \$0.5 million). This adjustment has no impact on the Group.

**FRS 39**

In accordance with FRS 39, the financial effects arising from the measurement of financial instruments and financial assets at fair value will be recorded prospectively. Consequently, the comparatives for 2005 have not been restated. On 1 October 2005, the adjustment arising from the implementation of FRS 39 is a decrease in group equity of \$5,000 (made up of a reduction in hedging reserve and revenue reserve of \$842,000 and \$1,014,000 respectively offset by an increase in fair value reserve of \$1,851,000). The impact on the Group's attributable profit for the quarter is a charge of \$300,000.

**FRS 102**

In accordance with FRS 102, share based compensation, the implementation of the new standard will be recorded retrospectively. Consequently the Group's opening reserves have been restated to take into account a cumulative charge of \$1.8 million up to 30 September 2005. The impact on the Group's attributable profit for the quarter is a charge of \$0.4 million (Q1 2005 : \$0.3 million).

In addition to the adoption of the above-mentioned FRS, the Group adopted other revisions in FRS, applicable from 1 October 2005. These do not have a material financial impact on the Group's results.

**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).

	<b>Group</b>	
	<b>1st Quarter to 31/12/2005</b>	<b>1st Quarter to 31/12/2004 (Restated)</b>
Earnings per ordinary share:		
(a) Based on the weighted average number of ordinary shares in issue (cents)		
- before exceptional items	15.4	13.3
- after exceptional items	15.8	13.1
(b) On a fully diluted basis (cents)		
- before exceptional items	15.3	13.3
- after exceptional items	15.8	13.0

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 31/12/2005	As at 30/9/2005 (Restated)	As at 31/12/2005	As at 30/9/2005 (Restated)
Net asset value per ordinary share based on issued share capital	\$3.48	\$3.37	\$3.49	\$3.31

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 report a strong performance for the quarter ended 31 December 2005. Group profit before interest and tax (PBIT) at \$77.2 million increased by \$10.2 million or 15% over last year. Attributable profit to shareholders of the Company before exceptional items rose by \$5.4 million or 16% to reach \$39.4 million.

**Commentary on 1st Quarter performance**

**Singapore**

Domestic volume grew by 7%. However, export and contract-brewing volumes contracted resulting in an overall volume drop of 5% compared to last year. PBIT declined by 7%.

**Malaysia**

Despite continuing weak consumer sentiments from successive excise duty increases in past years, the company did well to grow volume by 3%. PBIT improved by 8% due to higher volume and lower commercial and operating expenses.

**Papua New Guinea**

Volume grew strongly by 15% and PBIT by 28%, driven by increased consumer spending during the festive season, and marginal increases on selling prices.

**New Zealand**

Volume declined slightly by 1% in a mature market, but the effect was offset by a favourable sales mix shift to premium brands, and PBIT was maintained at the same level as the previous quarter.

**Indochina**

Volume for the region grew by 7%, boosted by continued double digit growth in Cambodia. As a result, PBIT improved by 18%.

**China**

The group achieved higher sales in our breweries in Shanghai, Hainan and Guangdong. Loss before interest and tax was reduced marginally by 2% to \$2.5 million.

**Thailand**

Volume grew by 17% driven by the launch of *Cheers* in October 2005. As expected with higher brand related expenses with new launches, PBIT fell by 72%. Hence the reduction in the share of joint venture companies profit. *Heineken* continues to dominate the premium segment with a market share of more than 95%.

**Sri Lanka**

Following the company's announcement of its new venture in Sri Lanka, efforts are being made to improve operations and small initial losses of \$0.3 million were incurred for the quarter.

**Investment Income**

Group income from investments increased by 111% mainly due to higher income from unquoted investments in New Zealand.

**Corporate Office**

Net corporate expense decreased by 46% due mainly to higher royalty income and lower marketing expenses.

**Taxation**

Higher proportion of group profit from overseas subsidiaries with higher tax rate increases the Group's overall effective tax rate to 32.5% (Q1 2005: 34%) as compared to Singapore corporate tax rate of 20%.

**REVIEW OF BALANCE SHEET****Company**

Bank fixed deposits grew by \$44.1 million mainly from dividends received from subsidiaries during the quarter.

**Group**

The increase in trade debtors and trade creditors of \$70.6 million and \$28.8 million respectively arose mainly from an earlier ramp up of sales compared to last year, in preparation for the year end and new year festivals.

**REVIEW OF CASHFLOW**

Purchase of fixed assets of \$30.3 million relate mainly to the capacity expansion in Vietnam. Bank borrowings of \$35.5 million are taken by subsidiaries to finance working capital.

9. **Where as 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**

The fundamentals of the Company remain sound. Barring any unforeseen circumstances, the Directors expect attributable profit to shareholders of the Company (before exceptional items) for the full 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 2005 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 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")	1,313,938	7,981,201
Fraser and Neave, Limited ("F&NL")	-	-
Fraser & Neave Holdings Bhd	-	7,148,553

BY ORDER OF THE BOARD  
Anthony Cheong Fook Seng  
Company Secretary

10 February 2006