



## 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 2007

The Directors are pleased to make the following announcement of the unaudited results for the 1st Quarter ended 31 December 2007.

#### 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.

	1st Quarter to 31/12/2007 \$'000	1st Quarter to 31/12/2006 \$'000	Change %
Revenue	567,755	476,241	19.2
Cost of sales	(357,999)	(288,894)	23.9
Gross profit	209,756	187,347	12.0
Other income/(expense)	1,200	(599)	NM
Operating expenses			
- Distribution	(19,310)	(16,701)	15.6
- Marketing	(72,461)	(66,236)	9.4
- Administration	(37,117)	(31,345)	18.4
	(128,888)	(114,282)	12.8
Trading profit	82,068	72,466	13.3
Share of joint venture and associated companies' profits	630	2,762	(77.2)
Gross income from investments	606	972	(37.7)
Profit before interest, taxation and exceptional items	83,304	76,200	9.3
Interest income	3,025	1,870	61.8
Interest expense	(4,571)	(1,431)	NM
	(1,546)	439	NM
Profit before taxation and exceptional items	81,758	76,639	6.7
Exceptional items	(1,351)	(75)	NM
Profit before taxation	80,407	76,564	5.0
Taxation	(26,294)	(24,700)	6.5
Profit after taxation	54,113	51,864	4.3
Attributable profit to:			
Shareholders of the Company			
- Before exceptional items	43,980	40,516	8.5
- Exceptional items	(1,351)	(75)	NM
	42,629	40,441	5.4
Minority interests	11,484	11,423	0.5
	54,113	51,864	4.3

NM - Not meaningful

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

	1st Quarter to 31/12/2007 \$'000	1st Quarter to 31/12/2006 \$'000	Change %
<b>Operating expenses</b>			
Included in operating expenses are:			
Depreciation & amortisation	(13,283)	(12,541)	5.9%
Provision for doubtful debts and provision no longer required	33	7	NM
Provision for inventory obsolescence written back	-	(135)	NM
Foreign exchange gain/(loss)	251	(927)	NM
Profit/(loss) on disposal of fixed assets	30	(134)	NM
Employee share-based expense	(245)	(1,176)	(79.2%)
<b>Taxation</b>			
Over provision of prior year taxation	-	19	NM
<b>Exceptional items</b>			
Gain on disposal of properties	760	-	NM
Share of restructuring cost of joint venture companies	-	(73)	NM
Provision for professional fees	(2,111)	(2)	NM
	(1,351)	(75)	NM
Profit before interest, taxation and exceptional items as a percentage of revenue	14.7%	16.0%	

NM - Not meaningful



**1(a)(iii) ADDITIONAL INFORMATION**

**GROUP REVENUE AND PROFIT ANALYSIS**

	<b>Revenue</b>		<b>PBIT *</b>	
	1st Quarter to 31/12/2007 \$'000	1st Quarter to 31/12/2006 \$'000	1st Quarter to 31/12/2007 \$'000	1st Quarter to 31/12/2006 \$'000
<b>By Business Activity</b>				
Brewery operations				
- subsidiary companies	566,161	475,407	86,780	76,707
- joint venture and associated companies	-	-	630	2,762
Investment	-	-	606	972
Corporate office	1,594	834	(4,712)	(4,241)
	<u>567,755</u>	<u>476,241</u>	<u>83,304</u>	<u>76,200</u>
<b>By Territory</b>				
Singapore	128,211	123,796	11,316	10,349
Malaysia	-	-	2,968	2,694
Papua New Guinea	61,557	51,246	15,682	14,935
New Zealand	143,090	130,266	24,381	22,429
Indochina	222,030	160,368	40,183	32,718
Mongolia	2,397	460	(687)	(551)
South Asia	8,876	9,271	(2,033)	(1,060)
China	-	-	(4,344)	(2,354)
Thailand	-	-	550	1,281
Corporate office	1,594	834	(4,712)	(4,241)
	<u>567,755</u>	<u>476,241</u>	<u>83,304</u>	<u>76,200</u>
<b>Attributable Profit to shareholders of the Company</b>				
	1st Quarter to 31/12/2007 \$'000	1st Quarter to 31/12/2006 \$'000		
<b>By Business Activity</b>				
Brewery operations				
- subsidiary companies	48,181	42,766		
- joint venture and associated companies	551	2,627		
Investment	296	651		
Corporate office	(5,048)	(5,528)		
	<u>43,980</u>	<u>40,516</u>		
Exceptional items	(1,351)	(75)		
	<u>42,629</u>	<u>40,441</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.**

<b>BALANCE SHEET</b>	<b>Group</b>		<b>Company</b>	
	<b>As at 31/12/2007 \$'000</b>	<b>As at 30/9/2007 \$'000</b>	<b>As at 31/12/2007 \$'000</b>	<b>As at 30/9/2007 \$'000</b>
<b>CAPITAL AND RESERVES</b>				
Share capital	277,411	277,411	277,411	277,411
Reserves	710,785	676,408	699,261	673,217
	988,196	953,819	976,672	950,628
<b>MINORITY INTERESTS</b>	106,184	104,623	-	-
	1,094,380	1,058,442	976,672	950,628
Represented by:				
Fixed assets	614,132	603,392	1,916	1,840
Subsidiary companies	-	-	690,110	681,119
Joint venture companies	312,463	304,393	298,620	283,350
Associated company	424	427	-	-
Other investments	20,585	17,988	14	14
Intangible assets	246,653	250,589	3,307	3,413
Deferred tax assets	5,436	5,857	590	590
Other receivables	35,382	34,198	1,055	993
<b>CURRENT ASSETS</b>				
Inventories	103,718	116,172	-	-
Trade receivables	207,217	135,738	-	-
Other receivables	48,767	43,822	16,014	17,511
Amounts due from subsidiary companies	-	-	55,236	40,351
Amounts due from joint venture and associated companies	12,745	25,434	12,776	25,362
Amounts due from related companies	1,721	1,664	367	269
Short term investments	9,267	7,179	-	-
Bank fixed deposits	176,795	130,898	6,717	6,514
Cash and bank balances	49,378	47,674	651	1,087
	609,608	508,581	91,761	91,094
<b>Deduct: CURRENT LIABILITIES</b>				
Trade payables	207,550	164,049	-	-
Other payables	127,067	134,476	20,606	24,359
Amounts due to joint venture and associated companies	6,902	4,091	-	-
Amounts due to related companies	50,200	46,027	1,920	1,237
Borrowings	172,632	139,503	81,507	78,190
Provision for taxation	54,861	43,623	6,668	7,999
	619,212	531,769	110,701	111,785
<b>NET CURRENT (LIABILITIES)</b>	(9,604)	(23,188)	(18,940)	(20,691)
	1,225,471	1,193,656	976,672	950,628
<b>Deduct: NON-CURRENT LIABILITIES</b>				
Other payables	5,063	7,160	-	-
Borrowings	92,087	94,604	-	-
Deferred tax liabilities	28,838	28,687	-	-
Provision for employee benefits	5,103	4,763	-	-
	131,091	135,214	-	-
	1,094,380	1,058,442	976,672	950,628



- 1(b)(ii) Aggregate amount of Group's borrowings and debt securities.**  
The Group's borrowings and debt securities as at the end of the financial period reported on, and comparative figures as at the end of the immediately preceding financial year:

**Amount repayable in one year or less, or on demand**

	<b>As at 31/12/2007</b> <b>\$'000</b>	<b>As at 30/9/2007</b> <b>\$'000</b>
Secured	15,295	6,085
Unsecured	157,337	133,418
	<hr/> <hr/> 172,632	<hr/> <hr/> 139,503

**Amount repayable after one year**

	<b>As at 31/12/2007</b> <b>\$'000</b>	<b>As at 30/9/2007</b> <b>\$'000</b>
Secured	1,597	1,574
Unsecured	90,490	93,030
	<hr/> <hr/> 92,087	<hr/> <hr/> 94,604

**Details of any collateral**

The secured borrowings as at 31 December 2007 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.**

	<b>1st Quarter to 31/12/2007 \$'000</b>	<b>1st Quarter to 31/12/2006 \$'000</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Profit before taxation and exceptional items	81,758	76,639
Adjustments for:		
Depreciation of fixed assets	13,049	12,435
Provision for fixed assets write off	-	28
(Gain)/loss on disposal of fixed assets	(30)	134
Fair value loss on derivative financial instruments	492	499
Amortisation of brand	234	106
Investment income	(606)	(972)
Interest income	(3,025)	(1,870)
Interest expense	4,571	1,431
Provision for employee benefits	994	199
Employee share-based expense	245	1,176
Share of joint venture and associated companies' profits	(630)	(2,762)
	<hr/>	<hr/>
Operating cash flows before working capital changes	97,052	87,043
Change in inventories	14,150	(646)
Change in trade and other receivables	(76,052)	(83,875)
Change in trade and other payables	39,869	21,107
Change in related companies' balances	4,439	(906)
Currency realignment	(2,958)	10,312
	<hr/>	<hr/>
Cash generated from operations	76,500	33,035
Interest received	3,025	1,958
Interest paid	(4,671)	(1,476)
Employee benefits paid	(564)	(65)
Payment of cash-settled options	(162)	-
Income taxes paid	(14,745)	(12,741)
	<hr/>	<hr/>
<b>Net cash from operating activities</b>	<b>59,383</b>	<b>20,711</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Dividends from joint venture companies	7,862	6,872
Proceeds from sale of investments	-	732
Investment income	606	1,099
Proceeds from disposal of fixed assets	2,316	165
Purchase of fixed assets	(35,160)	(15,348)
Purchase of investments	(4,887)	(395)
Cash contribution by minority interests	285	-
Trade advances	(1,432)	332
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(30,410)</b>	<b>(6,543)</b>

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

	<b>1st Quarter to 31/12/2007 \$'000</b>	<b>1st Quarter to 31/12/2006 \$'000</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds from borrowings	33,429	1,817
Proceeds from issue of shares by parent company	-	177
Loans to minority interest	(1,919)	3,072
Payment of dividends: - by subsidiaries to minority interests	(16,205)	(10,677)
<b>Net cash from/(used in) financing activities</b>	<b>15,305</b>	<b>(5,611)</b>
Net increase in cash and cash equivalents	44,278	8,557
Effect of exchange rate changes on cash and cash equivalents	2,889	(4,334)
Cash and cash equivalents at beginning of period	178,243	151,653
<b>Cash and cash equivalents at end of period</b>	<b>225,410</b>	<b>155,876</b>
Cash and cash equivalents at end of period consist of:		
Bank fixed deposits	176,795	109,001
Cash and bank balances	49,378	47,271
Bank overdrafts	(763)	(396)
	<b>225,410</b>	<b>155,876</b>



- 1d(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 for the immediately preceding financial year.

**STATEMENT OF CHANGES IN EQUITY**

	<b>Group</b>								
	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
<b>1st Quarter ended 31 December 2007</b>									
Balance at 1 October 2007	277,411	15,799	684,580	(70,503)	46,469	63	953,819	104,623	1,058,442
Currency translation difference	-	-	-	(8,252)	-	-	(8,252)	(2,148)	(10,400)
Net losses recognised directly in equity	-	-	-	(8,252)	-	-	(8,252)	(2,148)	(10,400)
Profit after taxation	-	-	42,629	-	-	-	42,629	11,484	54,113
Dividend paid to minority interests	-	-	-	-	-	-	-	(7,775)	(7,775)
Balance at 31 December 2007	277,411	15,799	727,209	(78,755)	46,469	63	988,196	106,184	1,094,380
<b>1st Quarter ended 31 December 2006</b>									
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 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)**

	<b>Company</b>				
	<b>Share Capital \$'000</b>	<b>Revenue Reserve \$'000</b>	<b>Dividend Reserve \$'000</b>	<b>Other Reserve \$'000</b>	<b>Total Equity \$'000</b>
<b><u>1st Quarter ended 31 December 2007</u></b>					
Balance at 1 October 2007	277,411	626,685	46,469	63	950,628
Profit after taxation	-	26,044	-	-	26,044
Balance at 31 December 2007	<u>277,411</u>	<u>652,729</u>	<u>46,469</u>	<u>63</u>	<u>976,672</u>
<b><u>1st Quarter ended 31 December 2006</u></b>					
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 Share Options	215	-	-	(38)	177
Balance at 31 December 2006	<u>276,903</u>	<u>597,539</u>	<u>41,290</u>	<u>149</u>	<u>915,881</u>



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

Details of any changes in the company's share capital arising from rights issue, bonus, 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 end of the corresponding period of the immediately preceding financial year.

	<b>Number of Shares</b>	
	<b>1st Quarter to 31/12/2007</b>	<b>4th Quarter to 30/9/2007</b>
Issued and fully paid ordinary shares:		
As at beginning of period	258,159,099	258,145,229
Issued during the period – Exercise of share options	-	13,870
As at end of period	<u>258,159,099</u>	<u>258,159,099</u>
	<b>As at 31/12/2007</b>	<b>As at 31/12/2006</b>
The number of shares that may be issued on exercise of share options outstanding at the end of the period	<u>107,749</u>	<u>179,419</u>

**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 annual financial statements.

**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.**

Not applicable.



**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period for 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 31/12/2007</b>	<b>1st Quarter to 31/12/2006</b>
Earnings per ordinary share:		
(a) Based on the weighted average number of ordinary shares on issue (cents)		
- before exceptional items	17.0	15.7
- after exceptional items	16.5	15.7
(b) On a fully diluted basis (cents)		
- before exceptional items	17.0	15.7
- after exceptional items	16.5	15.7

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at end of the:-**

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

	<b>Group</b>		<b>Company</b>	
	<b>As at 31/12/2007</b>	<b>As at 30/9/2007</b>	<b>As at 31/12/2007</b>	<b>As at 30/9/2007</b>
Net asset value per ordinary share based on issued share capital	\$3.83	\$3.69	\$3.78	\$3.68



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 2007. Group profit before interest and tax ("PBIT") at \$83.3 million registered an increase of \$7.1 million or 9% over last year. Excluding translation difference and gestation losses\*, PBIT grew organically by 13%.

Attributable profit before exceptional items ('APBE") increased by \$3.5 million or 9% to reach \$44.0 million. Excluding translation difference and gestation losses\*, APBE increased organically by 13%.

	PBIT \$'000	APBE \$'000
First Quarter ended Dec 2007 (as published)	83,304	43,980
Add: Gestation losses *	2,364	1,830
Translation losses	1,260	323
Adjusted Qtr 1 results (a)	86,928	46,133
First Quarter ended Dec 2006 (as published)	76,200	40,516
Add: Gestation losses *	552	307
Adjusted Qtr 1 results (b)	76,752	40,823
<u>Organic Growth</u>		
Per adjusted results (a) – (b) = (c)	10,176	5,310
Organic growth % (c) / (b)	13.3%	13.0%

\* *gestation losses refers to the 1st 3 years' results from greenfield breweries in Laos, Ulaanbaatar (Mongolia) and Hyderabad (Andhra Pradesh, India).*

### **Commentary on 1st Quarter performance**

#### **Singapore**

Overall volume grew 12% with export, contract brew and domestic sales outperforming last year. PBIT grew 9%.

#### **Malaysia**

As a result of strong festive sales, volume grew 15% and PBIT grew organically by 9%.

#### **Papua New Guinea**

Volume rose by 12%. PBIT increased organically by 5%, was driven by increased consumer spending during the festive season, partially offset by higher marketing expenses.

#### **New Zealand**

Volume improved marginally by 1%. However, PBIT grew organically by 3% due to favourable sales mix. Taking into account the appreciation of New Zealand dollar, PBIT grew 9%.



### **Indochina**

The region continued to deliver strong growth with volumes well ahead of last year. Overall volumes were up 37%, driven mainly by strong festive sales. As a result, PBIT climbed 23%. Had it not been for the gestation loss from Laos and translation effect arising from depreciation of US dollar and Vietnamese Dong, PBIT would have grown by 36% organically.

### **China**

Volume dipped marginally by 2% due to intense competition. PBIT loss at \$4.3 million was higher than last year due to greater competition, shift in product mix and increase in raw material prices.

### **Thailand**

The Thai market continued to be impacted by intense competition, economic uncertainties and regulations restricting the consumption and advertising of alcoholic products. Volume and PBIT fell by 13% and 57% respectively.

### **South Asia (India and Sri Lanka) and Mongolia**

Losses from Sri Lanka, India and Mongolia stood at \$2.7 million due to investments in brand launches and gestation losses from greenfield breweries in Hyderabad (Andhra Pradesh, India) and Ulaanbaatar (Mongolia).

### **Corporate Office**

Corporate expenses were higher mainly due to higher marketing expenses offset by higher royalty income.

## **REVIEW OF BALANCE SHEET**

### **Company**

The increase in investment in subsidiaries was mainly due to the capital injection in India and Sri Lanka. The increase in investment in joint venture companies was mainly due to the capitalisation of shareholders' loan which correspondingly reduces the amount due from joint venture and associated companies.

### **Group**

The increase in fixed assets was mainly due to the construction of greenfield breweries in India and Laos. Increase in joint venture companies was due to the capitalisation of our joint venture's loan. The increase in other and short term investments was mainly due to the higher trade advances granted to our distributors. Trade receivables and payables increase were due to higher sales and increase in purchases of raw materials respectively.

## **REVIEW OF CASH FLOW**

The cash generated from operation and short term loans were mainly used to finance seasonal increase in working capital, payment of dividends, purchases of fixed assets and repayment of loans.

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**

The Company will continue to invest in existing and new markets to secure long term and sustainable profitability of the Company. The fundamentals of the business remain sound. Barring unforeseen developments, we expect attributable profit (before exceptional items) for the current financial year to be higher than last year.



**12. If no dividend has been declared (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 2007 as required under SGX Listing Rule 907.

<b>Name of interested person</b>	<b>Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b>
Heineken Group of Companies ("Heineken")	1,338,606	1,685,048
Fraser and Neave, Limited ("F&NL")	321,874	255,903
Fraser & Neave Holdings Bhd	-	2,993,750

BY ORDER OF THE BOARD  
Anthony Cheong Fook Seng  
Company Secretary

14 February 2008

**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

Simon Israel  
Director

Koh Poh Tiong  
Director