



ASIA PACIFIC BREWERIES LIMITED

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

RESULTS FOR THE 2ND QUARTER ENDED 31 MARCH 2004

Financial Statements and Dividend Announcement

The Directors are pleased to make the following announcement of the unaudited results for the 2nd Quarter ended 31 March 2004:

1. PROFIT STATEMENT	Group					
	2nd Quarter to 31/3/2004 \$'000	2nd Quarter to 31/3/2003 \$'000	Change %	6 Months to 31/3/2004 \$'000	6 Months to 31/3/2003 \$'000	Change %
Revenue	309,983	325,585	(4.8)	741,251	649,598	14.1
Cost of sales	(187,722)	(195,088)	(3.8)	(449,464)	(393,974)	14.1
Gross profit	122,261	130,497	(6.3)	291,787	255,624	14.1
Operating expenses						
- Distribution	(10,112)	(8,695)	16.3	(22,046)	(18,398)	19.8
- Marketing	(45,142)	(51,159)	(11.8)	(115,284)	(110,080)	4.7
- Administration	(20,840)	(21,238)	(1.9)	(50,900)	(40,629)	25.3
	(76,094)	(81,092)	(6.2)	(188,230)	(169,107)	11.3
Trading profit	46,167	49,405	(6.6)	103,557	86,517	19.7
Share of joint venture and associated companies' profits	4,798	7,475	(35.8)	10,484	12,110	(13.4)
Gross income from investments	716	732	(2.2)	2,207	1,375	60.5
Profit before interest, taxation and exceptional items	51,681	57,612	(10.3)	116,248	100,002	16.2
Net interest income	1,049	1,209	(13.2)	2,022	2,160	(6.4)
Profit before taxation and exceptional items	52,730	58,821	(10.4)	118,270	102,162	15.8
Exceptional items	(960)	(273)	251.6	(2,169)	(232)	834.9
Profit before taxation	51,770	58,548	(11.6)	116,101	101,930	13.9
Taxation	(9,687)	(11,119)	(12.9)	(31,345)	(25,031)	25.2
Profit after taxation	42,083	47,429	(11.3)	84,756	76,899	10.2
Minority interests, net of taxes	(8,062)	(10,105)	(20.2)	(22,988)	(19,372)	18.7
Attributable profit						
Before exceptional items	34,910	37,531	(7.0)	63,809	57,723	10.5
Exceptional items	(889)	(207)	329.5	(2,041)	(196)	941.3
	34,021	37,324	(8.8)	61,768	57,527	7.4

2. RATIOS

	Group			
	2nd Quarter to 31/3/2004	2nd Quarter to 31/3/2003	6 Months to 31/3/2004	6 Months to 31/3/2003
Profit before interest, taxation and exceptional items as a percentage of revenue	16.7%	17.7%	15.7%	15.4%
Earnings per ordinary share based on weighted average share capital				
- Before exceptional items	13.7 cents	14.8 cents	25.0 cents	22.7 cents
- After exceptional items	13.3 cents	14.7 cents	24.2 cents	22.6 cents
Earnings per ordinary share on a fully diluted basis				
- Before exceptional items	13.7 cents	14.8 cents	25.0 cents	22.7 cents
- After exceptional items	13.3 cents	14.7 cents	24.2 cents	22.6 cents
Net asset value (NAV) per ordinary share			\$3.14	\$3.04 #

Refers to NAV per ordinary share as at 30 September 2003.

3. EXCEPTIONAL ITEMS

	Group			
	2nd Quarter to 31/3/2004 \$'000	2nd Quarter to 31/3/2003 \$'000	6 Months to 31/3/2004 \$'000	6 Months to 31/3/2003 \$'000
Gain on disposal of properties	43	124	43	226
Restructuring cost/professional fee of subsidiaries	(959)	-	(1,837)	-
Share of restructuring cost of joint venture companies	(44)	(397)	(375)	(458)
	(960)	(273)	(2,169)	(232)

4. SEGMENTAL RESULTS

	Revenue				PBIT *			
	2nd Quarter to 31/3/2004 \$'000	2nd Quarter to 31/3/2003 \$'000	6 Months to 31/3/2004 \$'000	6 Months to 31/3/2003 \$'000	2nd Quarter to 31/3/2004 \$'000	2nd Quarter to 31/3/2003 \$'000	6 Months to 31/3/2004 \$'000	6 Months to 31/3/2003 \$'000
By Business Activity								
Brewery operations								
- subsidiary companies	309,418	324,991	739,979	648,394	44,344	48,467	109,804	92,783
- joint venture and associated companies	-	-	-	-	4,798	7,475	10,484	12,110
Investment income	-	-	-	-	716	732	2,207	1,375
Corporate office	565	594	1,272	1,204	1,823	938	(6,247)	(6,266)
	<u>309,983</u>	<u>325,585</u>	<u>741,251</u>	<u>649,598</u>	<u>51,681</u>	<u>57,612</u>	<u>116,248</u>	<u>100,002</u>
By Territory								
Singapore	101,565	112,746	210,429	215,103	16,393	13,931	24,675	22,683
Malaysia	-	-	-	-	2,896	4,373	8,438	7,656
Papua New Guinea	28,742	21,803	61,024	46,815	4,813	3,357	11,396	8,889
New Zealand	92,037	74,699	215,541	165,130	10,889	7,278	30,835	22,331
Indochina	71,004	104,081	220,606	197,544	14,689	25,526	48,783	44,588
China	16,070	11,662	32,379	23,802	(2,595)	(2,479)	(6,760)	(7,310)
Thailand	-	-	-	-	2,773	4,688	5,128	7,431
Corporate office	565	594	1,272	1,204	1,823	938	(6,247)	(6,266)
	<u>309,983</u>	<u>325,585</u>	<u>741,251</u>	<u>649,598</u>	<u>51,681</u>	<u>57,612</u>	<u>116,248</u>	<u>100,002</u>

* PBIT - Profit before interest, taxation and exceptional items.

4. SEGMENTAL RESULTS (cont'd)

By Business Activity	Attributable Profit			
	2nd Quarter to 31/3/2004	2nd Quarter to 31/3/2003	6 Months to 31/3/2004	6 Months to 31/3/2003
	\$'000	\$'000	\$'000	\$'000
Brewery operations				
- subsidiary companies	30,095	30,793	62,569	55,444
- joint venture and associated companies	2,441	4,186	5,310	6,342
Investment income	404	513	1,777	926
Corporate office	1,970	2,039	(5,847)	(4,989)
	<u>34,910</u>	<u>37,531</u>	<u>63,809</u>	<u>57,723</u>
Exceptional items	(889)	(207)	(2,041)	(196)
	<u>34,021</u>	<u>37,324</u>	<u>61,768</u>	<u>57,527</u>

5. BALANCE SHEET

	Group		Company	
	As at 31/3/2004	As at 30/9/2003	As at 31/3/2004	As at 30/9/2003
	\$'000	\$'000	\$'000	\$'000
Fixed assets	545,491	547,236	2,024	2,145
Subsidiary companies	-	-	576,296	582,736
Joint venture companies	168,749	92,483	165,159	85,271
Associated companies	430	680	-	-
Other investments	39,646	29,879	1,542	1,542
Goodwill	4,480	4,607	-	-
Brands	4,907	5,120	4,907	5,120
Deferred tax assets	1,278	1,429	-	-
Current assets				
- Cash	192,684	247,287	13,730	3,429
- Others	216,133	226,856	20,908	123,411
Current liabilities				
- Borrowings	(25,646)	(30,653)	-	(709)
- Others	(220,138)	(230,911)	(13,151)	(28,960)
Deferred taxation/provision for retirement benefits	(20,666)	(23,056)	-	-
	<u>907,348</u>	<u>870,957</u>	<u>771,415</u>	<u>773,985</u>
Financed by:				
Share capital	255,050	254,337	255,050	254,337
Share premium	5,754	3,650	5,754	3,650
Reserves	539,121	515,530	510,611	515,998
	<u>799,925</u>	<u>773,517</u>	<u>771,415</u>	<u>773,985</u>
Minority interests	107,423	97,440	-	-
	<u>907,348</u>	<u>870,957</u>	<u>771,415</u>	<u>773,985</u>

6. GROUP CASH FLOW STATEMENT

	2nd Quarter to 31/3/2004 \$'000	2nd Quarter to 31/3/2003 \$'000	6 Months to 31/3/2004 \$'000	6 Months to 31/3/2003 \$'000
Profit before taxation	51,770	58,548	116,101	101,930
Adjustments for non-cash items	5,805	1,284	10,776	5,216
	57,575	59,832	126,877	107,146
Changes in working capital and currency realignment	(19,832)	15,980	(7,162)	(11,507)
Net interest received/(paid)	1,267	(197)	2,491	773
Retirement benefit paid	(28)	(20)	(98)	(292)
Income taxes paid	(10,781)	(14,679)	(26,508)	(22,136)
Net cash from operating activities	28,201	60,916	95,600	73,984
Purchase of fixed assets and investments	(17,548)	(55,296)	(30,173)	(71,236)
Proceeds from sale of assets and investments	5,377	228	6,035	18,516
Dividends and capital repayment by an associated company	-	-	333	-
Loans to a joint venture company	(75,181)	(3,500)	(80,307)	(8,000)
Investment income	721	1,679	8,759	7,546
Net cash used in investing activities	(86,631)	(56,889)	(95,353)	(53,174)
Proceeds from issue of shares by parent company	1,524	149	2,817	949
(Repayment of)/Proceeds from borrowings	(19,376)	(997)	(8,549)	10,521
Capital reduction paid to minority interests by a subsidiary company	-	-	-	(1,826)
Payment of dividends	(38,610)	(41,636)	(50,537)	(43,716)
Net cash used in financing activities	(56,462)	(42,484)	(56,269)	(34,072)
Net decrease in cash and cash equivalents	(114,892)	(38,457)	(56,022)	(13,262)
Cash and cash equivalents at beginning of period	306,157	265,770	247,287	240,575
Cash and cash equivalents at end of period	191,265	227,313	191,265	227,313
Cash and cash equivalents at end of period comprise:				
- Bank fixed deposits	149,707	174,826	149,707	174,826
- Cash and bank balances	42,977	52,487	42,977	52,487
	192,684	227,313	192,684	227,313
- Bank overdrafts	(1,419)	-	(1,419)	-
	191,265	227,313	191,265	227,313

7. STATEMENT OF CHANGES IN EQUITY

	Group			
	2nd Quarter to 31/3/2004 \$'000	2nd Quarter to 31/3/2003 \$'000	6 Months to 31/3/2004 \$'000	6 Months to 31/3/2003 \$'000
Issued Capital				
Opening balance	254,664	253,991	254,337	253,803
Issued upon exercise of Executives' Share Options	386	36	713	224
Closing balance	<u>255,050</u>	<u>254,027</u>	<u>255,050</u>	<u>254,027</u>
Share Premium				
Opening balance	4,616	2,602	3,650	1,990
Premium on shares issued	1,138	113	2,104	725
Closing balance	<u>5,754</u>	<u>2,715</u>	<u>5,754</u>	<u>2,715</u>
Reserves				
Opening balance	547,494	487,267	515,530	467,408
Attributable profit	34,021	37,324	61,768	57,527
Currency exchange difference	(6,688)	13,827	(2,471)	13,483
Final dividend paid for the previous year	(35,706)	(30,483)	(35,706)	(30,483)
Closing balance	<u>539,121</u>	<u>507,935</u>	<u>539,121</u>	<u>507,935</u>
Total Shareholders' Equity	<u><u>799,925</u></u>	<u><u>764,677</u></u>	<u><u>799,925</u></u>	<u><u>764,677</u></u>

	Company			
	2nd Quarter to 31/3/2004 \$'000	2nd Quarter to 31/3/2003 \$'000	6 Months to 31/3/2004 \$'000	6 Months to 31/3/2003 \$'000
Issued Capital				
Opening balance	254,664	253,991	254,337	253,803
Issued upon exercise of Executives' Share Options	386	36	713	224
Closing balance	<u>255,050</u>	<u>254,027</u>	<u>255,050</u>	<u>254,027</u>
Share Premium				
Opening balance	4,616	2,602	3,650	1,990
Premium on shares issued	1,138	113	2,104	725
Closing balance	<u>5,754</u>	<u>2,715</u>	<u>5,754</u>	<u>2,715</u>
Reserves				
Opening balance	541,023	491,023	515,998	488,492
Attributable profit	5,460	20,138	30,738	23,005
Currency exchange difference	(166)	168	(419)	(168)
Final dividend paid for the previous year	(35,706)	(30,483)	(35,706)	(30,483)
Closing balance	<u>510,611</u>	<u>480,846</u>	<u>510,611</u>	<u>480,846</u>
Total Shareholders' Equity	<u><u>771,415</u></u>	<u><u>737,588</u></u>	<u><u>771,415</u></u>	<u><u>737,588</u></u>

8. REVIEW OF OPERATIONS - 2ND QUARTER

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.

Earlier Chinese New Year and Tet festivities in Singapore, Malaysia, China and Vietnam compared to last year, and higher demand in Vietnam in anticipation of the implementation in January 2004 of a 10% Value Added Tax ("VAT") benefited the first quarter's results. Consequently, Group revenue and profit before interest, taxation and exceptional items ("PBIT") for the second quarter was 5% and 10% respectively below the corresponding period last year.

Singapore

In spite of the lower revenue, PBIT was up on the corresponding period last year by 18% as a result of effective cost control measures.

Malaysia

Sales volume and PBIT declined by 14% and 34% respectively over the corresponding period last year. Excluding the effect of a write back of provision for sales tax of \$0.9 million last year, the quarter's PBIT was 17% lower.

Papua New Guinea

Higher sales volume of 16% was driven by the improved economy and together with a price increase in February 2004, revenue was higher than the corresponding period last year. PBIT grew by 43% mainly due to strong sales and stronger Kina.

New Zealand

The 3% volume growth achieved in the first quarter was maintained in the second quarter. With the help of a stronger NZ dollar exchange rate, better sales performance and good cost control, PBIT was 50% above the corresponding period last year.

Indochina

Vietnam's second quarter results were lower as a result of an earlier Tet (which benefited the first quarter) and the implementation of VAT in January 2004 as well as start-up costs in Hatay Brewery. Cambodia sales continued to enjoy a double digit growth.

China

China sales volume for the second quarter grew a remarkable 49% over the corresponding period last year. Overall China losses for the quarter remain at the same level as the corresponding period last year. However, for the 6 months to date, losses were lower as compared with the corresponding period last year.

Heineken Asia Pacific Breweries (China) Pte Ltd ("HAPBC"), a joint venture company with Asia Pacific Investment Pte Ltd, is now the investment vehicle in the PRC. On 19 February 2004 HAPBC completed its acquisition of a 21% interest in Guangdong Brewery Holdings Ltd ("GDB") for a total consideration of US\$71 million. GDB is a company listed on the Hong Kong Stock Exchange whose subsidiaries produce, distribute and market Kingway beer, and is a leading regional brewer in Guangdong province.

Thailand

Heineken continues to dominate the premium segment in Thailand with more than 80% market share of that segment. The second quarter volume growth was 4% over the corresponding period last year. PBIT, before taking into account a \$1.3 million exchange gain recorded last year, was 18% lower mainly due to higher depreciation from the brewery capacity expansion and higher marketing expenses.

Financial results for 6 months to 31 March 2004

For the 6 months to date, revenue and PBIT were 14% and 16% respectively higher than the same period last year. The Group effective tax rate of 27% for the half year was higher than the Singapore statutory tax rate of 20% due to higher tax rates overseas and disallowable expenses. Attributable profit before exceptional items, for the 6 months to 31 March 2004, of \$63.8 million was higher than the corresponding period last year by 11%. EPS, before exceptional items, of 25 cents per share was 10% higher than the 22.7 cents per share for the corresponding period last year.

9. REVIEW OF BALANCE SHEET

Company

The increase in investment in joint venture companies was mainly due to loans given to finance the purchase of 21% interest in GDB. The decrease in amounts due from subsidiaries was due to repayment by subsidiaries.

Group

The increase in investment in joint venture companies was mainly due to the increase in loans to a joint venture company for the purchase of 21% interest in GDB. This resulted in a reduction in bank fixed deposit and cash balances.

The increase in other investments was mainly due to the higher trade advances given to distributors by an overseas subsidiary. The decrease in other creditors was due mainly to settlement of payables relating to fixed assets purchase by an overseas subsidiary.

10. REVIEW OF CASHFLOW

The decrease in cash and cash equivalents for the quarter was due mainly to loans given to a joint venture company and payment of last year's final dividends by the Company.

11. OUTLOOK

The fundamentals of the business remain sound. With the local production of Heineken lager in China with effect from 1 April 2004, we remain positive about our operations in that country.

Barring any unforeseen circumstances, the Directors expect attributable profit before exceptional items for the year to be higher than last year.

12. DIVIDEND/BOOKS CLOSURE DATE

- (a) The Directors have declared an interim dividend of 14 Singapore cents (last year: 12 cents) per share, being AFTER deduction of Singapore tax, to be paid on 15 June 2004. This is equivalent to a gross dividend of 17.5 cents per share.
- (b) Registrable transfers received by the Company's Registrars, Barbinder & Co Pte Ltd, 8 Cross Street, #11-00 PWC Building, Singapore 048424 by 5.00 pm on 1 June 2004 will be registered before entitlements to the dividend are determined. Notice is hereby given that the share registers will be closed on 3 and 4 June 2004 for preparation of dividend warrants.

BY ORDER OF THE BOARD
Anthony Cheong Fook Seng
Company Secretary

14 May 2004