



ASIA PACIFIC BREWERIES LIMITED

(Incorporated in the Republic of Singapore)

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

Financial Statements and Dividend Announcement

The Directors are pleased to make the following announcement of the unaudited results for the year ended 30 September 2003:

	Group			Company		
	30/9/2003 \$'000	30/9/2002 \$'000	Change	30/9/2003 \$'000	30/9/2002 \$'000	Change
1. PROFIT STATEMENT						
Revenue	1,261,133	1,095,663	15.1	18,307	23,123	(20.8)
Cost of sales	(775,734)	(666,581)	16.4	-	-	-
Gross profit	485,399	429,082	13.1	18,307	23,123	(20.8)
Operating expenses						
- Distribution	(36,813)	(33,153)	11.0	-	-	-
- Marketing	(210,906)	(202,356)	4.2	(11,882)	(10,367)	14.6
- Administration	(85,438)	(78,714)	8.5	(21,073)	(25,435)	(17.1)
	(333,157)	(314,223)	6.0	(32,955)	(35,802)	(8.0)
Trading profit/(loss)	152,242	114,859	32.5	(14,648)	(12,679)	15.5
Gross dividends from subsidiary companies						
- quoted	-	-	-	11,800	10,278	14.8
- unquoted	-	-	-	237,614	180,227	31.8
Gross dividends from joint venture companies	-	-	-	16,690	26,180	(36.2)
Share of joint venture and associated companies' profits	22,067	22,757	(3.0)	-	-	-
Gross income from investments	2,795	2,683	4.2	545	675	(19.3)
Profit before interest, taxation and exceptional items	177,104	140,299	26.2	252,001	204,681	23.1
Net interest income	4,843	3,763	28.7	640	945	(32.3)
Profit before taxation and exceptional items	181,947	144,062	26.3	252,641	205,626	22.9
Exceptional items	534	704	(24.1)	(122,800)	(17,932)	NM
Profit before taxation	182,481	144,766	26.1	129,841	187,694	(30.8)
Taxation	(52,165)	(38,420)	35.8	(7,173)	(43,803)	(83.6)
Profit after taxation	130,316	106,346	22.5	122,668	143,891	(14.7)
Attributable to outside shareholders	(36,179)	(21,442)	68.7	-	-	-
Attributable net profit						
Before exceptional items	93,550	84,405	10.8	245,468	161,823	51.7
Exceptional items	587	499	17.6	(122,800)	(17,932)	NM
	94,137	84,904	10.9	122,668	143,891	(14.7)

N/M - Not meaningful

2. RATIOS

	Group	
	30/9/2003	30/9/2002
Profit before interest, taxation and exceptional items as a percentage of revenue	14.0%	12.8%
Earnings per ordinary share based on weighted average share capital:		
- before exceptional items	36.8 cents	33.3 cents
- after exceptional items	37.0 cents	33.5 cents
Earnings per ordinary share on a fully diluted basis:		
- before exceptional items	36.8 cents	33.2 cents
- after exceptional items	37.0 cents	33.4 cents
Net asset value (NAV) per ordinary share	\$3.04	\$2.85

3. SEGMENTAL RESULTS

	Revenue		PBIT *	
	30/9/2003	30/9/2002	30/9/2003	30/9/2002
Group revenue and profit analysis				
By Business Activity	\$'000	\$'000	\$'000	\$'000
Brewery operations				
- subsidiary companies	1,258,593	1,093,091	164,741	124,881
- joint venture and associated companies	-	-	22,067	22,757
Investment income	-	-	2,795	2,683
Corporate office	2,540	2,572	(12,499)	(10,022)
	=====	=====	=====	=====
	1,261,133	1,095,663	177,104	140,299
	=====	=====	=====	=====
By Territory				
Singapore	411,622	399,545	43,372	52,793
Malaysia	-	-	13,611	14,798
Papua New Guinea	103,991	93,614	20,512	18,528
New Zealand	323,540	240,130	34,597	25,393
Indochina	367,371	315,086	82,556	43,179
China	52,069	44,716	(16,684)	(13,125)
Thailand	-	-	11,639	8,755
Corporate office	2,540	2,572	(12,499)	(10,022)
	=====	=====	=====	=====
	1,261,133	1,095,663	177,104	140,299
	=====	=====	=====	=====

	Attributable Net Profit	
	30/9/2003	30/9/2002
By Business Activity	\$'000	\$'000
Brewery operations		
- subsidiary companies	90,887	77,324
- joint venture and associated companies	11,845	14,112
Investment income	1,839	1,846
Corporate office	(11,021)	(8,877)
	=====	=====
	93,550	84,405
Exceptional items	587	499
	=====	=====
	94,137	84,904
	=====	=====

* PBIT - Profit before interest, taxation and exceptional items

4. EXCEPTIONAL ITEMS

	Group		Company	
	30/9/2003 \$'000	30/9/2002 \$'000	30/9/2003 \$'000	30/9/2002 \$'000
Gain on disposal of properties	1,384	-	-	-
Restructuring costs and professional fees	(2,568)	(2,182)	-	-
Write back of provision for expenses relating to disposal of businesses/company	2,106	2,886	-	-
Provision for diminution in value of investments	(388)	-	(122,800)	(17,932)
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	534	704	(122,800)	(17,932)
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5. BALANCE SHEET

	Group		Company	
	As at 30/9/2003 \$'000	As at 30/9/2002 \$'000	As at 30/9/2003 \$'000	As at 30/9/2002 \$'000
Fixed assets	547,236	477,369	2,145	2,418
Subsidiary companies	-	-	582,736	692,063
Joint venture companies	92,483	85,685	85,271	87,690
Associated companies	680	3,906	-	-
Other investments	29,879	45,487	1,542	11,618
Goodwill	4,607	4,222	-	-
Brands	5,120	5,546	5,120	5,546
Deferred tax assets	1,429	1,705	-	-
Current assets				
- Cash	247,287	241,226	3,429	6,635
- Others	226,856	191,077	123,411	22,544
Current liabilities				
- Borrowings	(30,653)	(30,701)	(709)	(651)
- Others	(230,911)	(196,720)	(28,960)	(83,578)
Deferred liabilities				
- Borrowings	-	(1,113)	-	-
- Others	(23,056)	(22,135)	-	-
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	870,957	805,554	773,985	744,285
	=====	=====	=====	=====
Financed by:				
Share capital	254,337	253,803	254,337	253,803
Share premium	3,650	1,990	3,650	1,990
Reserves	515,530	467,408	515,998	488,492
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	773,517	723,201	773,985	744,285
Outside shareholders	97,440	82,353	-	-
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	870,957	805,554	773,985	744,285
	=====	=====	=====	=====

6. STATEMENT OF CHANGES IN EQUITY	Group		Company	
	30/9/2003 \$'000	30/9/2002 \$'000	30/9/2003 \$'000	30/9/2002 \$'000
Issued Capital				
Balance at beginning of year	253,803	253,125	253,803	253,125
Issued upon exercise of share options	534	678	534	678
Balance at end of year	254,337	253,803	254,337	253,803
Share Premium				
Balance at beginning of year	1,990	-	1,990	-
Premium on shares issued during the year	1,660	1,990	1,660	1,990
Balance at end of year	3,650	1,990	3,650	1,990
Reserves				
Balance at beginning of year	467,408	426,747	488,492	473,518
Net profit for the year	94,137	84,904	122,668	143,891
Dividends	(60,975)	(53,264)	(60,975)	(53,264)
Currency exchange difference arising from translating foreign subsidiary, joint venture and associated companies	15,631	9,021	(419)	83
Write down of property value against previous revaluation surplus	(671)	-	-	-
Revaluation deficit realised	-	-	-	3
Deficit on revaluation of investments	-	-	(33,768)	(75,739)
Balance at end of year	515,530	467,408	515,998	488,492
Total Shareholders' Equity	773,517	723,201	773,985	744,285

7. GROUP CASH FLOW STATEMENT	30/9/2003 \$'000	30/9/2002 \$'000
Profit before taxation	182,481	144,766
Adjustments for non cash items	11,199	12,799
Changes in working capital and currency realignment	6,301	(10,713)
Net interest received	3,375	2,729
Retirement benefit paid	(363)	(443)
Income taxes paid	(40,824)	(41,301)
Cash flow from operating activities	162,169	107,837
Purchase of fixed assets and investments	(117,268)	(65,006)
Proceeds from sale of assets and investments	41,278	1,380
Dividend and capital repayment by an associated company	567	-
Loans to a joint venture company	(8,000)	(12,209)
Investment income	16,294	23,720
Net cash used in investing activities	(67,129)	(52,115)
Proceeds from issue of shares by parent company	2,194	2,668
(Repayment of)/proceeds from loans	(2,356)	13,758
Capital reduction paid to outside shareholders by a subsidiary company	(1,919)	(3,139)
Payment of dividends	(86,247)	(70,282)
Net cash used in financing activities	(88,328)	(56,995)
Net increase/(decrease) in cash and cash equivalents	6,712	(1,273)
Cash and cash equivalents at beginning of the year	240,575	241,848
Cash and cash equivalents at end of the year	247,287	240,575
Cash and cash equivalents comprise:		
- Bank fixed deposits	210,794	194,633
- Cash and bank balances	36,493	46,593
	247,287	241,226
- Bank overdrafts	-	(651)
	247,287	240,575

8. 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.

Investment income of the Company is derived mainly from dividends from its subsidiaries. A substantial increase of the income this year represents a 1-tier special dividend declared by a Singapore subsidiary, which also caused the tax charge to be lower this year.

The Directors are pleased to report a strong performance for the year under review, despite uncertain economic conditions especially in the first half of the year and the impact of SARS during the second half of the year. Group revenue grew 15% to \$1.3 billion. In addition to sales growth in regional markets, Singapore's revenue was boosted by the full year effect of taking over the sales and distribution of stout. Group profit before interest, taxation and exceptional items ("PBIT") for the year increased by 26% to just over \$177 million. Attributable net profit before exceptional items increased by 11% to reach a record \$93.6 million.

Group operating expenses increased by 6% as compared with growth in group revenue of 15%. The effective tax rate has increased due to an increase in the corporate income tax rate in Papua New Guinea and deferred tax credits taken up in the previous year arising from the reduction in the tax rate in Singapore.

The strong growth in profitability in Vietnam and New Zealand accounted for the 69% increase in the profit attributable to outside shareholders.

Singapore

PBIT declined by 18% largely due to the outbreak of SARS and subdued economic conditions. Exports of Tiger beer continued to record strong growth. The decline in margin in Singapore arises from a change in trading mix.

Malaysia

Sales increased by 3% and, excluding the impact of a previous year write back of sales tax provision of \$1.8 million PBIT grew by 5%.

Papua New Guinea

PBIT grew by 11% on the back of higher sales despite difficult economic conditions. Unlike previous years, the Kina to S\$ exchange rate remained fairly stable throughout the year.

New Zealand

Higher sales volume, better product mix and a stronger NZ\$ increased revenue and PBIT by 35% and 36% respectively.

Indochina

Profitability continued to grow strongly on the back of robust double digit sales growth in both Vietnam and Cambodia. The region achieved a 91% growth in PBIT to \$82.6 million. Commercial production at the Hatay Brewery in North Vietnam commenced as planned in October 2003.

China

Strong double digit growth in terms of sales volume and revenue on the back of new product launches boosted market share on Hainan island. However, PBIT of Hainan was negatively impacted by the sudden withdrawal of VAT exemption w.e.f. January 2003. Despite extremely competitive trading conditions and the impact of SARS, Shanghai recorded an increase in sales. Losses from China are under control and for the current year is less than 10% of group PBIT.

Thailand

The Thai market continued to grow and resulted in a 33% increase in PBIT to \$11.6 million. The doubling of capacity in Thailand is expected to be completed by the end of 2003.

9. REVIEW OF BALANCE SHEET**Company**

The net asset value of a subsidiary company declined as a result of a significant special dividend declared during the year. Consequently, the revaluation of investment to the subsidiaries' net asset values resulted in a reduction of \$109 million in book value. The change in "other current assets" and "other current liabilities" reflects the above outstanding special dividend due from the subsidiary company.

Group

The increase in fixed assets arose mainly from the construction of the Hatay Brewery. The decrease in other investments of \$16 million arises from the redemption and reclassification of some investments to current assets (maturity within the next 12 months). The increase in current liabilities reflects the higher level of trading activities and accruals relating to the Hatay Brewery construction.

10. UNUSUAL ITEM

As announced previously on 24 September 2003, PricewaterhouseCoopers' investigations done for the purposes of obtaining legal advice following the arrest of Asia Pacific Breweries (Singapore) Pte Ltd's ("APBS") ex-Finance Manager by the Commercial Affairs Department, concluded that the Group has not suffered any financial impact from this case. Some claims have been asserted against APBS by way of letters from banks' solicitors. The Company has rejected the demands. At this time, no suits have been filed against APBS. The Company, on the advice of its legal counsel, Drew & Napier, will vigorously contest any claims which may be pursued against the Company.

11. OUTLOOK

The Group continues to benefit from its investments in new markets in the early and mid nineties. PBIT from Indochina and Thailand now account for more than half of group PBIT (53%), up from 37% last year. Increases in capacity in Hatay and Thailand will underpin long term growth in these markets. The fundamentals of the Group's business remain sound. The economic outlook for the coming year appears to be positive for most of the markets at this point in time. We remain positive about the longer term prospects of our operations in China, especially with the proposed local production of Heineken brand in Shanghai. We also expect the positive momentum in sales to continue in Hainan.

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

No significant trend or event affecting the earnings of the Company or the Group has occurred between the end of the financial year, 30 September 2003, and the date of this announcement.

12. DIVIDEND/NOTICE OF ANNUAL GENERAL MEETING

- (a) The Directors propose, subject to shareholders' approval at the forthcoming Annual General Meeting, a final dividend of 14 Singapore cents per share of \$1, being AFTER deduction of Singapore tax, to be paid on 17 February 2004. This is equivalent to a gross dividend of 17.5 cents per share. Taken with the interim dividend this will give a total distribution for the year of 26 cents per share after tax, or 32.9 cents per share gross (last year: 24 cents after tax, or 30.8 cents gross).
- (b) Registrable transfers received by the Company's Registrars, Barbinder & Co Pte Ltd, 8 Cross Street, #11-00 PWC Building, Singapore 048424 by 5.00pm on 5 February 2004 will be registered before entitlements to the dividend are determined. Notice is hereby given that the share registers will be closed from 6 to 9 February 2004, both dates inclusive, for preparation of dividend warrants.
- (c) Notice is hereby given that the Annual General Meeting of the Company will be held at Level 2, Alexandra Point, 438 Alexandra road, Singapore 119958 on Tuesday 27 January 2004 at 10.00am.

BY ORDER OF THE BOARD
Anthony Cheong Fook Seng
Company Secretary

14 November 2003

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