



# ASIA PACIFIC BREWERIES LIMITED

(Incorporated in the Republic of Singapore)

## RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2002

### Financial Statement And Dividend Announcement

The Directors are pleased to make the following announcement of the unaudited results for the half year ended 31 March 2002:-

1. <b>PROFIT STATEMENT</b>	<b>Group</b>			<b>Company</b>		
	----- Half year to -----			----- Half year to -----		
	<i>Change</i>	31/3/2002	31/3/2001	Change	31/3/2002	31/3/2001
	\$'000	(restated)# \$'000	%	\$'000	(restated)# \$'000	%
Revenue .....	559,488	528,021	6.0	-	-	-
Investment income .....	1,101	966	14.0	26,457	81,959	(67.7)
Other income including interest income .....	3,711	7,399	(49.8)	13,224	10,924	21.1
Operating profit before interest, depreciation and amortisation .....	92,908	87,217	6.5	23,056	78,750	(70.7)
Income derived from joint venture companies	12,920	9,191	40.6	-	-	-
Foreign exchange gain .....	765	1,933	(60.4)	312	1,039	(70.0)
Depreciation and amortisation .....	(22,088)	(21,791)	1.4	(367)	(439)	(16.4)
Operating profit before interest, taxation and exceptional item .....	84,505	76,550	10.4	23,001	79,350	(71.0)
Interest income .....	2,365	6,222	(62.0)	505	174	190.2
Interest on borrowings .....	(875)	(2,942)	(70.3)	(29)	(2,175)	(98.7)
Profit before taxation and exceptional item ....	85,995	79,830	7.7	23,477	77,349	(69.6)
Exceptional item .....	-	25,126	(100.0)	-	-	-
Profit before taxation .....	85,995	104,956	(18.1)	23,477	77,349	(69.6)
Taxation .....	(23,127)	(27,802)	(16.8)	(5,351)	(19,807)	(73.0)
Profit after taxation .....	62,868	77,154	(18.5)	18,126	57,542	(68.5)
Attributable to outside shareholders .....	(11,908)	(14,530)	(18.0)	-	-	-
Attributable net profit						
Before exceptional item .....	50,960	43,370	17.5	18,126	57,542	(68.5)
Exceptional item .....	-	19,254	(100.0)	-	-	-
	50,960	62,624	(18.6)	18,126	57,542	(68.5)

Attributable net profit had there been no change in accounting policy # .....	51,631	63,333	(18.5)	18,126	5,600	223.7
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**2. RATIOS**

	<b>Group</b>	
	----- Half year to ----- <u>31/3/2002</u>	----- Half year to ----- <u>31/3/2001</u> (restated)#
Profit after tax before deducting minority interests as a percentage of revenue .....	11.2%	14.6%**
Earnings per ordinary share based on weighted average share capital:		
- Before exceptional item .....	20.1 cents	17.1 cents
- After exceptional item .....	20.1 cents	24.7 cents
Earnings per ordinary share on a fully diluted basis:		
- Before exceptional item .....	20.1 cents	17.1 cents
- After exceptional item .....	20.1 cents	24.7 cents
Net tangible asset backing per ordinary share .....	\$2.82	\$2.66 ##

\*\* This included exceptional gain of \$25.1 m from the disposal of Corban Wines. Excluding the exceptional gain, this would be 9.9%.

## Comparative refers to NTA per ordinary share as at 30 Sep 2001.

**3. SEGMENTAL RESULTS**

	<b>Revenue</b>		<b>PBIT *</b>	
	----- Half year to ----- <u>31/3/2002</u>	----- Half year to ----- <u>31/3/2001</u>	----- Half year to ----- <u>31/3/2002</u>	----- Half year to ----- <u>31/3/2001</u>
<b>Group revenue and profit analysis</b>				
	\$'000	\$'000	\$'000	\$'000
<b>By Business Activity</b>				
Brewery operations				
- Subsidiary companies .....	559,488	528,021	72,523	68,206
- Joint venture companies .....	-	-	12,920	9,191
Investment income .....	-	-	1,101	966
Corporate office costs .....	-	-	(2,039)	(1,813)
	<u>559,488</u>	<u>528,021</u>	<u>84,505</u>	<u>76,550</u>
<b>By Territory</b>				
Singapore .....	197,156	188,294	27,279	31,776
Malaysia .....	-	-	8,347	6,060
Papua New Guinea .....	45,015	45,334	8,786	8,254
New Zealand .....	123,153	115,805	17,049	15,714
Indochina.....	170,379	154,029	25,104	17,735
China.....	23,785	24,559	(5,743)	(5,464)
Thailand .....	-	-	5,722	4,288
Corporate office costs .....	-	-	(2,039)	(1,813)
	<u>559,488</u>	<u>528,021</u>	<u>84,505</u>	<u>76,550</u>

\* PBIT = Profit before interest, taxation and exceptional item

**4. EXCEPTIONAL ITEM**

There are no exceptional item for the period under review. The exceptional gain in the previous period refers to the disposal of Corban Wines.

# - See paragraph 9



**5. ATTRIBUTABLE NET PROFIT**

	<b>Group</b>	
	----- Half year to -----	
	<u>31/3/2002</u>	<u>31/3/2001</u>
		(restated)#
	\$'000	\$'000
Brewery operations		
- Subsidiary companies .....	45,106	39,813
- Joint venture companies .....	6,997	4,542
Investment income .....	896	828
Corporate office costs .....	(2,039)	(1,813)
	<u>50,960</u>	<u>43,370</u>
Exceptional item .....	-	19,254
	<u><u>50,960</u></u>	<u><u>62,624</u></u>

**6. BALANCE SHEET**

	<b>Group</b>		<b>Company</b>	
	<u>31/3/2002</u>	<u>30/9/2001</u>	<u>31/3/2002</u>	<u>30/9/2001</u>
		(restated)#		(restated)#
	\$'000	\$'000	\$'000	\$'000
Fixed assets .....	482,113	484,550	2,416	2,300
Subsidiary companies .....	-	-	803,406	772,160
Joint venture companies .....	89,777	82,021	102,898	94,812
Associated companies .....	3,767	3,349	-	-
Other investments .....	46,379	41,580	11,651	11,732
Goodwill .....	4,329	-	-	-
Brands .....	5,760	5,973	5,760	5,973
Deferred tax assets .....	3,840	2,629	-	-
Current assets				
- Cash .....	274,419	241,848	5,015	438
- Others .....	176,336	155,172	17,934	18,809
Current liabilities				
- Borrowings .....	(11,118)	(10,488)	-	-
- Others .....	(222,925)	(192,101)	(224,428)	(179,357)
Deferred liabilities				
- Borrowings .....	(15,976)	(6,018)	-	-
- Others .....	(26,854)	(29,342)	-	-
Net assets .....	<u>809,847</u>	<u>779,173</u>	<u>724,652</u>	<u>726,867</u>
Financed by:-				
Share capital .....	253,615	253,125	253,615	253,125
Share premium .....	1,399	-	1,399	-
Reserves .....	470,066	425,823	469,638	473,742
	<u>725,080</u>	<u>678,948</u>	<u>724,652</u>	<u>726,867</u>
Outside shareholders .....	84,767	100,225	-	-
	<u><u>809,847</u></u>	<u><u>779,173</u></u>	<u><u>724,652</u></u>	<u><u>726,867</u></u>

# - See paragraph 9



**7. STATEMENT OF CHANGES IN EQUITY**

	<b>Group</b>		<b>Company</b>	
	<u>31/3/2002</u>	<u>31/3/2001</u> <i>(restated)#</i>	<u>31/3/2002</u>	<u>31/3/2001</u> <i>(restated)#</i>
	\$'000	\$'000	\$'000	\$'000
<b>Issued Capital</b>				
Balance at beginning of period .....	253,125	253,125	253,125	253,125
Issued upon exercise of ESOS .....	490	-	490	-
Balance at end of period .....	<u>253,615</u>	<u>253,125</u>	<u>253,615</u>	<u>253,125</u>
<b>Share Premium</b>				
Balance at beginning of period .....	-	-	-	-
Premium on shares issued during the period .....	1,399	-	1,399	-
Balance at end of period .....	<u>1,399</u>	<u>-</u>	<u>1,399</u>	<u>-</u>
<b>Reserves</b>				
Balance at beginning of period				
As previously reported .....	428,458	382,527	473,901	429,466
Change in accounting policies .....	(2,635)	(2,807)	(159)	(159)
As restated .....	425,823	379,720	473,742	429,307
Net profit for the period .....	50,960	62,624	18,126	57,542
Dividends on ordinary shares .....	(22,817)	(22,781)	(22,817)	(22,781)
Currency exchange difference arising from translating foreign subsidiary and joint venture companies .....	16,100	2,573	587	473
Goodwill on acquisition of minority interest in subsidiary .....	-	(254)	-	-
Revaluation losses realised upon disposal of Corban Wines .....	-	(402)	-	-
Balance at end of period .....	<u>470,066</u>	<u>421,480</u>	<u>469,638</u>	<u>464,541</u>
<b>Total Shareholders' Equity .....</b>	<u><b>725,080</b></u>	<u><b>674,605</b></u>	<u><b>724,652</b></u>	<u><b>717,666</b></u>

**8. GROUP CASH FLOW STATEMENT**

	<i>----- Half year to -----</i>	
	<u>31/3/2002</u>	<u>31/3/2001</u>
	\$'000	\$'000
Operating profit before taxation .....	85,995	104,956
Adjustments for non cash items .....	8,044	(13,346)
Changes in working capital and currency realignment .....	1,452	5,162
Income tax paid .....	<u>(15,728)</u>	<u>(13,478)</u>
Cash flow from operating activities .....	<u>79,763</u>	<u>83,294</u>
Purchase of fixed assets and investments .....	(31,852)	(13,502)
Proceeds from sale of assets and investments .....	575	109,355
Loans to joint venture company .....	(8,086)	(10,505)
Investment income .....	<u>11,506</u>	<u>8,307</u>
Cash flow (used in)/from investing activities .....	<u>(27,857)</u>	<u>93,655</u>
Proceeds from issue of share capital .....	1,889	-
Proceeds from term loans .....	9,509	-
Repayment of loans .....	-	(35,129)
Capital reduction paid to outside shareholders .....	(2,020)	(25,451)
Payment of dividends .....	<u>(28,713)</u>	<u>(27,635)</u>
Cash flow used in financing activities .....	<u>(19,335)</u>	<u>(88,215)</u>
Net cash increase for the period .....	32,571	88,734
Cash at beginning of the period .....	<u>241,848</u>	<u>183,215</u>
Cash at end of period .....	<u><b>274,419</b></u>	<u><b>271,949</b></u>

# - See paragraph 9



## **9. CHANGE IN ACCOUNTING POLICY**

In compliance with Singapore Statements of Accounting Standard, the Group has this period modified its accounting policies in respect of:

- (i) deferred taxation; and
- (ii) provision for employee entitlements to annual leave for services rendered up to end of financial period.

In consequence, deferred taxation and accrued annual leave as at 1 October 2000, \$2.8 million have been adjusted by a charge against reserves. The comparative figures in the profit statement for the six months to 31 March 2001 have been restated in compliance with the new policy resulting in group attributable net profit for that period, \$62.6 million, being lower than previously reported by \$0.7 million (last year as reported \$63.3 million).

The comparatives in the profit statement of the Company have been restated in consequence of a change in accounting policy relating to dividend income which are recognised when the dividends are declared and approved. This change in accounting policy is to comply with Singapore Statements of Accounting Standard and has been adopted in the Financial Statements for year ended 30 September 2001.

## **10. 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 subsidiary and joint venture companies.

Despite the economic slowdown, sales revenue grew by 6% over the comparable period in the previous year.

Group operating profit before interest, taxation and exceptional item (PBIT) for the half year increased by 10.4% to \$84.5 million compared to the corresponding period in the previous year. Attributable net profit before exceptional item increased by 17.5% to \$51.0 million.

### **Singapore**

Higher marketing spend boosted domestic beer sales and market share under competitive but subdued economic conditions, resulting in lower operating profitability. Exports of Tiger beer continue to record strong growth.

### **Malaysia**

Increased sales and reduced costs coupled with write-back of surplus sales tax provisions lifted PBIT by 37.7%.

### **Papua New Guinea**

Notwithstanding a 14 % weakening of the Kina, PBIT increased by 6.4% on the back of improved sales and product mix.

### **New Zealand**

Improved product mix and a stronger NZ\$ resulted in a PBIT growth of 8.5%.

### **Indochina**

Improved sales and product mix in Vietnam contributed to the 41.6% increase in PBIT.

### **China**

Losses in China were stable even though competitive pressures escalated.

### **Thailand**

The 33.4% growth in PBIT reflected the continued growth of the Heineken brand.

### **Net Interest Income**

The current low interest rate environment has resulted in a 62% decline in interest income to \$2.4 million. Likewise interest expense declined 70.3% to \$0.9 million.

### **Net Tangible Assets (NTA)**

NTA per share on 30 September 2001 was \$2.66 (restated). The NTA per share as at 31 March 2002



increased to \$2.82 principally as a result of the unappropriated profits earned over the last 6 months.

#### **11. OUTLOOK**

The Group continues to benefit from its focus on the production, marketing and sale of beer and stout. Vietnam and Thailand continue to grow strongly and now account for more than 30% of total group PBIT. The improved economic environment in the region is likely to have a positive effect on the performance of the group.

Barring unforeseen circumstances, attributable profit before exceptional items for the full year is expected to be ahead of last year.

The Company has embarked on its second phase of regionalisation with the resumption of construction of Hatay brewery (in North Vietnam) and doubling of the brewery's capacity in Thailand by Year 2003.

It will also actively explore new growth opportunities in the region.

No significant trend or event affecting the earnings of the Company or the Group has occurred between the end of the financial period, 31 March 2002, and the date of this announcement.

#### **12. DIVIDEND**

- (a) The Directors have declared an interim dividend of 12 Singapore cents (last year: 9 cents) per share, being AFTER deduction of Singapore tax, to be paid on 19 June 2002. This is equivalent to a gross (pre-tax) dividend of 15.4%.
- (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 June 2002 will be registered before entitlements to the dividend are determined. Notice is hereby given that the share registers will be closed on 6 and 7 June 2002 for preparation of dividend warrants.

BY ORDER OF THE BOARD

I A MacLean  
Company Secretary

17 May 2002