



ASIA PACIFIC BREWERIES LIMITED

First Quarter Financial Statement for the Period Ended 31/12/2003

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),

HALF-YEAR 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) PROFIT STATEMENT

Notes		Group		
		1st Quarter to 31/12/2003 (\$'000)	1st Quarter to 31/12/2002 (\$'000)	Change %
	Revenue	431,268	324,013	33.1
	Cost of sales	(261,742)	(198,886)	31.6
	Gross profit	169,526	125,127	35.5
(D)to(H), (J)	Operating expenses	(11,934)	(9,703)	23.0
	- Distribution	(70,142)	(58,921)	19.0
	- Marketing	(30,060)	(19,391)	55.0
	- Administration			
		(112,136)	(88,015)	27.4
	Trading profit	57,390	37,112	54.6
	Share of joint venture and associated companies' profits	5,686	4,635	22.7

(A)	Gross income from investments	1,491	643	131.9
	Profit before interest, taxation and exceptional items	64,567	42,390	52.3
(B)&(C)	Net interest income	973	951	2.3
	Profit before taxation and exceptional items	65,540	43,341	51.2
(K)	Exceptional items	(1,209)	41	N/M
	Profit before taxation	64,331	43,382	48.3
(I)	Taxation	(21,658)	(13,912)	55.7
	Profit after taxation	42,673	29,470	44.8
	Attributable to outside shareholders	(14,926)	(9,267)	61.1
	Attributable net profit			
	- Before exceptional items	28,899	20,192	43.1
	- Exceptional items	(1,152)	11	N/M
		27,747	20,203	37.3

1(a)(ii) BREAKDOWN AND EXPLANATORY NOTES TO INCOME STATEMENT

Notes		Group		Change %
		1st Quarter to 31/12/2003 (\$'000)	1st Quarter to 31/12/2002 (\$'000)	
(A)	Investment income			
	Gross income from investments	1,491	643	131.9
(B)&(C)	Net interest income			
	Interest income	1,465	1,557	(5.9)
	Interest expense	(492)	(606)	(18.8)
		973	951	2.3
	Operating expenses			
	Included in operating expenses are:			
(D)	Depreciation & amortisation	(11,681)	(9,938)	17.5
(E)	Provision for doubtful debts & bad debts written (off)/back	(575)	12	N/M
(F)	Write-off for stock obsolescence	(65)	(9)	N/M
(G)	Impairment in value of investments	-	-	-

(H)	Foreign exchange gain/(loss)	(282)	174	N/M
(I)	Over/(Under) provision of prior year taxation	-	491	(100.0)
(J)	Profit/(loss) on sale of investment, properties and plant & equipment	(108)	26	N/M
(K)	Exceptional items			
	Expenses relating to previous closure of brewery	-	(21)	(100.0)
	Share of restructuring cost of joint venture companies	(331)	(61)	N/M
	Gain on disposal of properties	-	123	(100.0)
	Restructuring cost /professional fees of subsidiaries	(878)	-	N/M
		(1,209)	41	N/M
(L)	Extraordinary items	-	-	-
(M)	Profit before interest, taxation and exceptional items as a percentage of revenue	15.0%	13.1%	

N/M - Not meaningful

1(a)(iii) ADDITIONAL INFORMATION

	Revenue		PBIT *	
	1st Quarter to 31/12/2003 (\$'000)	1st Quarter to 31/12/2002 (\$'000)	1st Quarter to 31/12/2003 (\$'000)	1st Quarter to 31/12/2002 (\$'000)
By Business Activity				
Brewery operations	430,561	323,403	65,460	44,316
- subsidiary companies	-	-	5,686	4,635
- joint venture and associated companies				
Investment income	-	-	1,491	643
Corporate office	707	610	(8,070)	(7,204)
	431,268	324,013	64,567	42,390
By Territory				
Singapore	108,864	102,357	8,282	8,752

Malaysia	-	-	5,542	3,283
Papua New Guinea	32,282	25,012	6,583	5,532
New Zealand	123,504	90,431	19,946	15,053
Indochina	149,602	93,463	34,094	19,062
China	16,309	12,140	(4,165)	(4,831)
Thailand	-	-	2,355	2,743
Corporate office	707	610	(8,070)	(7,204)
	431,268	324,013	64,567	42,390

	Attributable Net Profit	
By Business Activity	1st Quarter to 31/12/2003 (\$'000)	1st Quarter to 31/12/2002 (\$'000)
Brewery operations	32,474	24,651
- subsidiary companies	2,869	2,156
- joint venture and associated companies		
Investment income	1,373	413
Corporate office	(7,817)	(7,028)
	28,899	20,192
Exceptional items	(1,152)	11
	27,747	20,203

(* 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	Group		Company	
	As at 31/12/2003 (\$'000)	As at 30/9/2003 (\$'000)	As at 31/12/2003 (\$'000)	As at 30/9/2003 (\$'000)
Fixed assets	549,986	547,236	2,090	2,145
Subsidiary companies	-	-	580,279	582,736
Joint venture companies	92,715	92,483	90,146	85,271

Associated companies	430	680	-	-
Other investments	39,044	29,879	7,792	1,542
Intangibles	9,557	9,727	5,013	5,120
Deferred tax assets	2,018	1,429	-	-
CURRENT ASSETS				
Stocks	76,954	79,416	-	-
Trade debtors	130,829	91,929	-	-
Other debtors	25,938	20,590	18,440	2,102
Amounts due from subsidiary companies	-	-	11,960	118,083
Amounts due from joint venture companies	13,621	13,856	3,654	2,885
Amounts due from related companies	4,440	2,526	837	341
Short term investments	15,525	18,539	-	-
Bank fixed deposits	250,514	210,794	97,772	2,931
Cash and bank balances	55,756	36,493	791	498
	573,577	474,143	133,454	126,840
Deduct: CURRENT LIABILITIES				
Trade creditors	152,025	105,086	-	48
Other creditors	91,701	83,226	10,167	7,761
Amount due to subsidiary company	-	-	-	12,953
Amounts due to joint venture companies	2,992	3,815	-	-
Amounts due to related companies	8,001	6,141	526	420
Amounts due to associated companies	74	93	-	-
Bank borrowings	3,920	4,594	-	709
Term loans	39,872	26,059	-	-
Provision for taxation	35,703	32,550	7,778	7,778
	334,288	261,564	18,471	29,669
NET CURRENT ASSETS	239,289	212,579	114,983	97,171
	933,039	894,013	800,303	773,985
Deduct: DEFERRED LIABILITIES				
Deferred tax liabilities	21,144	21,000	-	-

Provision for retirement benefits	1,995	2,056	-	-
	23,139	23,056	-	-
	909,900	870,957	800,303	773,985
Financed by:				
Share capital	254,664	254,337	254,664	254,337
Reserves	552,110	519,180	545,639	519,648
	806,774	773,517	800,303	773,985
Outside shareholders	103,126	97,440	-	-
	909,900	870,957	800,303	773,985

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

As at 31/12/2003		As at 30/9/2003	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	43,792	-	30,653

Amount repayable after one year

As at 31/12/2003		As at 30/9/2003	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

Details of any collateral

Not applicable.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CASH FLOW STATEMENT	Group	
	1st Quarter to 31/12/2003 (\$'000)	1st Quarter to 31/12/2002 (\$'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	64,331	43,382
Adjustment for:		
Depreciation of fixed assets	11,511	9,776
Provision for fixed assets write off	88	-
Loss/(Gain) on disposal of fixed assets (net)	108	(26)
Amortisation of goodwill	63	55
Amortisation of brand	107	107
Investment income	(1,491)	(643)
Net interest income	(973)	(951)
Write off of other investments	-	77
Provision for retirement benefits	35	213
Exceptional items	1,209	(41)
Share of joint venture and associated companies' profits	(5,686)	(4,635)
Operating cash before working capital changes	69,302	47,314
Change in stocks	2,654	(6,048)
Change in trade and other debtors	(44,645)	(40,659)
Change in trade and other creditors	54,595	18,773
Change in joint venture/associated/related companies' balances	(661)	261
Currency realignment	901	260
Cash generated from operations	82,146	19,901
Net interest received	1,224	970
Retirement benefit paid	(70)	(272)
Income taxes paid	(15,727)	(7,457)
Net cash from operating activities	67,573	13,142
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	126	288
Proceeds from sale of investments	10,535	18,000

Purchase of investments	(14,118)	(2,989)
Dividends from joint venture companies	6,547	5,351
Investment income	1,491	516
Purchase of fixed assets	(8,507)	(13,156)
Dividends and capital repayment from associated company	343	-
Loans to joint venture company	(5,126)	(4,500)
Net cash (used in)/from investing activities	(8,709)	3,510
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans/borrowings	11,536	11,518
Repayment of loans/borrowings	(709)	-
Proceeds from issue of shares by parent company	1,293	800
Capital repayment to outside shareholders by a subsidiary company	-	(1,695)
Payment of dividends:		
- by subsidiaries to outside shareholders	(12,114)	(2,080)
Net cash from financing activities	6	8,543
Net increase in cash and cash equivalents	58,870	25,195
Cash and cash equivalents at beginning of period	247,287	240,575
Cash and cash equivalents at end of period	306,157	265,770
Cash and cash equivalents at end of period consist of:		
Bank fixed deposits	250,514	171,268
Cash and bank balances	55,756	94,502
Bank overdrafts	(113)	-
	306,157	265,770

- 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.**

	Group						
Quarter ended 31 December	Share	Share	Capital	Revenue	Exchange	Dividend	Total

Balance at 31 December 2002	253,991	2,602	22,718	504,823	(70,753)	30,479	743,860
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Company							
<u>Quarter ended 31 December 2003</u>	Share Capital (\$'000)	Share Premium (\$'000)	Capital Reserves (\$'000)	Revenue Reserves (\$'000)	Exchange Reserves (\$'000)	Dividend Reserves (\$'000)	Total (\$'000)
Balance at 1 October 2003	254,337	3,650	-	480,505	(114)	35,607	773,985
Issue of shares in the Company upon exercise of Executives' Share Options	327	966	-	-	-	-	1,293
Additional dividend due to exercise of share options	-	-	-	(46)	-	46	-
Currency exchange difference arising from translating net investment in a joint venture company	-	-	-	-	(253)	-	(253)
Net profit for the period	-	-	-	25,278	-	-	25,278
Balance at 31 December 2003	254,664	4,616	-	505,737	(367)	35,653	800,303
<u>Quarter ended 31 December 2002</u>							
Balance at 1 October 2002	253,803	1,990	33,768	423,963	305	30,456	744,285
Issue of shares in the Company upon exercise of Executives' Share Options	188	612	-	-	-	-	800
Additional dividend due to exercise of share options	-	-	-	(23)	-	23	-
Currency exchange difference arising from translating net investment in a joint venture company	-	-	-	-	(336)	-	(336)

Net profit for the period	-	-	-	2,867	-	-	2,867
Balance at 31 December 2002	253,991	2,602	33,768	426,807	(31)	30,479	747,616

1(d)(ii) 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.

	Quarter to 31/12/2003	Half year to 30/9/2003
Issued and fully paid ordinary shares of \$1.00 each:		
As at beginning of period	254,337,446	254,026,613
Issued during the period - Exercise of share options	326,130	310,833
As at end of period	254,663,576	254,337,446
	As at 31/12/2003	As at 31/12/2002
The number of shares that may be issued on exercise of share options outstanding at the end of the period	3,812,972	3,604,034

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

No.

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.

None.

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.

	Group	
	1st Quarter to 31/12/2003	1st Quarter to 31/12/2002
Earnings per ordinary share:		
(a) Based on the weighted average number of ordinary shares on issue (cents)		
- before exceptional items	11.4	8.0
- after exceptional items	10.9	8.0
(b) On a fully diluted basis (cents)		
- before exceptional items	11.3	7.9
- after exceptional items	10.9	8.0
Weighted average number of ordinary shares used to compute basic earnings per share	254,570,793	253,956,335
Effect of dilutive share options	633,096	109,434

Weighted average number of ordinary shares used to compute fully diluted earnings per share	255,203,889	254,065,769
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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 31/12/2003	As at 30/9/2003	As at 31/12/2003	As at 30/9/2003
Net asset value per ordinary share based on issued share capital of the issuer at the end of the financial period/year	\$3.17	\$3.04	\$3.14	\$3.04

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) seasonal 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 the performance of the Group

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 very strong performance for the quarter under review. Group revenue grew 33% over the same

period last year to \$431.3 million, with growth across all markets (helped by an early Chinese New Year and Tet). Group profit before interest, taxation and exceptional items ("PBIT") increased 52% to \$64.6 million while attributable net profit before exceptional items rose 43% to \$28.9 million.

Group operating expenses increased 27% due to higher volumes, impact of exchange and start-up costs of the Hatay brewery in North Vietnam.

Share of joint venture and associated companies' profits rose 23%, primarily due to better performance from Malaysia.

Profit attributable to outside shareholders increased 61% due to the strong performance from New Zealand and Vietnam.

Singapore

PBIT declined by 5% due to lower domestic sales which were offset by higher exports.

Malaysia

PBIT grew 69% as a result of higher sales.

Papua New Guinea

PBIT grew by 19% attributable mainly to a stronger currency.

New Zealand

PBIT grew by 33% as a result of higher sales driven by December festive promotions and increases in on-premise consumption.

Indochina

An earlier build-up for the Tet festive season and stronger demand, before the implementation of VAT in Vietnam in January 2004, boosted December sales. In Cambodia, wedding promotions lifted *Tiger* and *Anchor* volumes. PBIT for the region improved 79% over last year.

China

Total China sales volume increased by 38% resulting in a reduction of losses by 14%.

Thailand

Although revenue grew 9%, PBIT declined 14% due to higher marketing and overhead costs.

Review of Balance Sheet

Group

Other investments increased \$9 million due to the appreciation of the New Zealand dollar and the resultant impact on advances to distributors in New Zealand. Debtors and creditors increased due to higher volumes over the festive season and promotional activities.

Company

The increase in bank fixed deposits is due to settlement of amounts due from subsidiary companies. Consequently, there is a corresponding reduction in the amounts due from subsidiary companies.

Review of Cashflow

The increase in cash and cash equivalents is due mainly to higher cash inflow from operating activities, offset by purchase of investments.

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 fundamentals of the Group's business remain sound. The signs of economic recovery in Singapore and the region are encouraging at this point in time. With the local production of Heineken Lager in China and the recently announced acquisition of a 21% equity interest in Guangdong Brewery Holdings Limited, we remain committed to building a stronger platform for our business in that market.

Barring an escalation of the bird flu epidemic and any unforeseen circumstances, the Directors expect attributable net profit before exceptional items for the 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? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend is declared for the quarter ended 31 December 2003.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

<Place tabular results and/or notes here>

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

15. A breakdown of sales.

<Refer to Para 15 of Appendix 7.2 for the required details. Place tabular results and/or notes here>

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year ()	Previous Full Year ()
Ordinary		
Preference		
Total:		

BY ORDER OF THE BOARD

Anthony Cheong Fook Seng
Company Secretary
13 February 2004