



ASIA PACIFIC BREWERIES LIMITED

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

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2005 Financial Statements and Dividend Announcement

The Directors are pleased to make the following announcement of the unaudited results for the year ended 30 September 2005:-

1. PROFIT STATEMENT	Group			Company		
	30/9/2005 \$'000	30/9/2004 \$'000	Change %	30/9/2005 \$'000	30/9/2004 \$'000	Change %
Revenue	1,436,438	1,370,697	4.8	19,172	18,487	3.7
Cost of sales	(854,261)	(823,513)	3.7	-	-	-
Gross profit	582,177	547,184	6.4	19,172	18,487	3.7
Operating expenses						
- Distribution	(48,165)	(40,722)	18.3	-	-	-
- Marketing	(247,173)	(236,893)	4.3	(27,247)	(15,792)	72.5
- Administration	(99,145)	(97,405)	1.8	(26,239)	(21,702)	20.9
	(394,483)	(375,020)	5.2	(53,486)	(37,494)	42.7
Trading profit/(loss)	187,694	172,164	9.0	(34,314)	(19,007)	80.5
Gross dividends from subsidiaries	-	-	-	114,036	125,498	(9.1)
Gross dividends from joint venture companies	-	-	-	15,596	15,182	2.7
Share of joint venture and associated companies' profits	28,813	22,913	25.7	-	-	-
Gross income from investments	3,911	4,527	(13.6)	66	1,541	(95.7)
Profit before interest, taxation and exceptional items	220,418	199,604	10.4	95,384	123,214	(22.6)
Net interest income	4,571	3,542	29.1	238	901	(73.6)
Profit before taxation and exceptional items	224,989	203,146	10.8	95,622	124,115	(23.0)
Exceptional items	809	(2,317)	N/M	1,458	1,006	44.9
Profit before taxation	225,798	200,829	12.4	97,080	125,121	(22.4)
Taxation	(70,467)	(56,090)	25.6	(7,516)	(5,507)	36.5
Profit after taxation	155,331	144,739	7.3	89,564	119,614	(25.1)
Minority interests, net of taxes	(39,135)	(42,214)	(7.3)	-	-	-
Attributable profit						
- Before exceptional items	115,539	104,826	10.2	88,106	118,608	(25.7)
- Exceptional items	657	(2,301)	N/M	1,458	1,006	44.9
	116,196	102,525	13.3	89,564	119,614	(25.1)

N/M = not meaningful

**2. RATIOS**

	Group	
	30/9/2005	30/9/2004
Profit before interest, taxation and exceptional items as a percentage of revenue	15.3%	14.6%
Earnings per ordinary share based on weighted average share capital		
- Before exceptional items	45.1 cents	41.1 cents
- After exceptional items	45.4 cents	40.2 cents
Earnings per ordinary share on a fully diluted basis		
- Before exceptional items	45.1 cents	41.0 cents
- After exceptional items	45.3 cents	40.1 cents
Net asset value per ordinary share	\$3.37	\$3.16

3. EXCEPTIONAL ITEMS

	Group		Company	
	30/9/2005	30/9/2004	30/9/2005	30/9/2004
	\$'000	\$'000	\$'000	\$'000
Gain on disposal of long term investments/ subsidiary company	1,458	1,770	1,458	1,006
Gain/(loss) on disposal of properties	716	(376)	-	-
Restructuring cost and professional fees	(1,365)	(3,711)	-	-
	<u>809</u>	<u>(2,317)</u>	<u>1,458</u>	<u>1,006</u>

4. SEGMENTAL RESULTS**Group revenue and profit analysis**

	Revenue		PBIT *	
	30/9/2005	30/9/2004	30/9/2005	30/9/2004
	\$'000	\$'000	\$'000	\$'000
By Business Activity				
Brewery operations				
- subsidiary companies	1,433,578	1,367,988	222,002	190,517
- joint venture and associated companies	-	-	28,813	22,913
Investment income	-	-	3,911	4,527
Corporate office	2,860	2,709	(34,308)	(18,353)
	<u>1,436,438</u>	<u>1,370,697</u>	<u>220,418</u>	<u>199,604</u>
By Territory				
Singapore	413,899	417,889	44,024	43,920
Malaysia	-	-	16,943	16,423
Papua New Guinea	138,805	128,248	30,503	25,597
New Zealand	414,220	383,148	55,318	46,242
Indochina	466,654	406,324	102,418	85,308
China	-	32,379	(3,102)	(8,272)
Thailand	-	-	8,622	8,739
Corporate office	2,860	2,709	(34,308)	(18,353)
	<u>1,436,438</u>	<u>1,370,697</u>	<u>220,418</u>	<u>199,604</u>

* PBIT - Profit before interest, taxation and exceptional items

Attributable profit

	Group	
	30/9/2005	30/9/2004
	\$'000	\$'000
By Business Activity		
Brewery operations		
- subsidiary companies	128,279	106,551
- joint venture and associated companies	19,221	14,110
Investment income	2,641	3,149
Corporate office	(34,602)	(18,984)
	<u>115,539</u>	<u>104,826</u>
Exceptional items	657	(2,301)
	<u>116,196</u>	<u>102,525</u>



5. BALANCE SHEET

	Group		Company	
	As at 30/9/2005 \$'000	As at 30/9/2004 \$'000	As at 30/9/2005 \$'000	As at 30/9/2004 \$'000
Fixed assets	525,840	469,487	1,989	1,936
Subsidiary companies	-	-	576,891	562,369
Joint venture companies	263,612	224,855	253,155	222,985
Associated companies	445	430	-	-
Other investments	41,532	36,747	589	1,027
Intangibles	100,958	91,119	4,267	4,693
Deferred tax assets	1,201	2,136	-	-
CURRENT ASSETS				
Inventories	91,108	78,658	-	-
Trade debtors	94,012	92,306	-	-
Other debtors	21,744	13,593	5,734	1,731
Amounts due from subsidiary companies	-	-	26,122	23,226
Amounts due from joint venture companies	18,440	16,976	18,342	16,966
Amounts due from related companies	863	4,121	195	416
Short term investments	11,481	13,123	-	-
Bank fixed deposits	72,218	94,952	1,930	22,677
Cash and bank balances	30,610	19,560	1,022	1,196
	340,476	333,289	53,345	66,212
Deduct: CURRENT LIABILITIES				
Trade creditors	116,770	102,961	-	74
Other creditors	98,312	66,590	24,867	10,040
Amounts due to joint venture companies	4,378	13,184	1,740	10,676
Amounts due to related and associated companies	18,536	13,841	6,832	2,640
Bank borrowings	38,029	36,445	-	-
Provision for taxation	30,118	31,390	8,638	9,573
	306,143	264,411	42,077	33,003
NET CURRENT ASSETS	34,333	68,878	11,268	33,209
	967,921	893,652	848,159	826,219
Deduct: DEFERRED LIABILITIES				
Deferred tax liabilities	23,900	21,683	-	-
Provision for employee benefits	2,967	2,214	-	-
Bank borrowings	1,995	-	-	-
	28,862	23,897	-	-
	939,059	869,755	848,159	826,219
Financed by:-				
Share capital	256,405	255,450	256,405	255,450
Reserves	608,812	551,209	591,754	570,769
	865,217	806,659	848,159	826,219
Minority interests	73,842	63,096	-	-
	939,059	869,755	848,159	826,219

**6. STATEMENT OF CHANGES IN EQUITY**

	Group		Company	
	30/9/2005	30/9/2004	30/9/2005	30/9/2004
	\$'000	\$'000	\$'000	\$'000
Issued capital				
Opening balance	255,450	254,337	255,450	254,337
Issued upon exercise of Executives' Share Options	955	1,113	955	1,113
Closing balance	<u>256,405</u>	<u>255,450</u>	<u>256,405</u>	<u>255,450</u>
Share premium				
Opening balance	6,917	3,650	6,917	3,650
Premium on shares issued	3,066	3,267	3,066	3,267
Closing balance	<u>9,983</u>	<u>6,917</u>	<u>9,983</u>	<u>6,917</u>
Reserves				
Opening balance	544,292	515,530	563,852	515,998
Attributable profit	116,196	102,525	89,564	119,614
Currency exchange difference	9,986	(105)	-	(336)
Deferred tax on revaluation reserves	-	(2,234)	-	-
Interim dividend paid for the year	(35,840)	(35,719)	(35,840)	(35,719)
Final dividends paid for the previous year	(35,805)	(35,705)	(35,805)	(35,705)
Closing balance	<u>598,829</u>	<u>544,292</u>	<u>581,771</u>	<u>563,852</u>
Total Shareholders' Equity	<u>865,217</u>	<u>806,659</u>	<u>848,159</u>	<u>826,219</u>

**7. GROUP CASH FLOW STATEMENT**

	30/9/2005	30/9/2004
	\$'000	\$'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before taxation and exceptional items	224,989	203,146
Adjustments for non cash items	7,524	13,394
Operating cash before working capital changes	232,513	216,540
Changes in working capital and currency realignment	18,274	(2,893)
Net interest received	4,278	3,546
Employee benefits paid	(193)	(241)
Income taxes paid	(60,274)	(52,418)
Net cash from operating activities	<u>194,598</u>	<u>164,534</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Dividends from joint venture companies	15,596	15,182
Proceeds from disposal of investments	4,545	22,124
Investment income	3,525	4,536
Proceeds from disposal of fixed assets	1,631	1,979
Proceeds from disposal of subsidiary company	-	99,543
Dividends and capital repayment by an associated company	-	335
Purchase of fixed assets	(89,912)	(56,541)
Additional loans to a joint venture company	(30,170)	(138,049)
Purchase of investments	(6,525)	(20,777)
Purchase of subsidiary company	(5,482)	-
Purchase of minorities' shares in a subsidiary company	(2,842)	(119,815)
Net cash used in investing activities	<u>(109,634)</u>	<u>(191,483)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from issue of shares by company	4,021	4,380
Proceeds from bank borrowings	598	1,780
Payment of dividends:		
- by company to shareholders	(71,645)	(71,424)
- by subsidiaries to minority interests	(28,248)	(39,368)
Net cash used in financing activities	<u>(95,274)</u>	<u>(104,632)</u>
Net decrease in cash and cash equivalents	(10,310)	(131,581)
Effects of exchange rate changes on opening balance of cash and cash equivalents	(442)	(2,808)
Cash and cash equivalents at beginning of year	112,898	247,287
Cash and cash equivalents at end of year	<u>102,146</u>	<u>112,898</u>
Cash and cash equivalents at end of year comprise:		
- Bank fixed deposits	72,218	94,952
- Cash and bank balances	30,610	19,560
- Bank overdrafts	(682)	(1,614)
	<u>102,146</u>	<u>112,898</u>

**7. GROUP CASH FLOW STATEMENTS (cont'd)**

During the year, the Company acquired a subsidiary, United Breweries Lanka Ltd.

Analysis of acquisition as follows:

	30/9/2005 \$'000
Fixed assets	2,542
Inventories	712
Trade and other receivables	778
Cash and cash equivalents	657
	<hr/> 4,689
Trade and other payables	(3,784)
Bank borrowings	(3,066)
Provision for employee benefits	(69)
	<hr/> (6,919)
Net deficit	(2,230)
Goodwill arising on acquisition	8,369
	<hr/> 6,139
	<hr/> <hr/> 6,139
Consideration paid	6,139
Less: cash and cash equivalents in subsidiary acquired	(657)
	<hr/> 5,482
Net cash outflow from acquisition of a subsidiary	<hr/> <hr/> 5,482

8. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous year except that the Group has adopted FRS 103 Business Combinations, revised FRS 36 Impairment of Assets and revised FRS 38 Intangible Assets.

The Group adopted these standards with effect from 1 October 2004 which resulted in a change in accounting treatment for goodwill. FRS 103 requires goodwill acquired in a business combination to be measured at cost less any accumulated impairment losses. Goodwill is no longer amortised. Instead, impairment is tested annually, or more frequently if events or changes in circumstances indicate that the goodwill might be impaired. The effect of the adoption of these standards has led to an increase in current year attributable profit of the Group by \$6.1 million.

9. PRINCIPAL ACTIVITIES OF THE COMPANY AND 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.

10. REVIEW OF OPERATIONS

The Directors are pleased to announce that the Group achieved record revenue, profit before interest, taxation and exceptional items ("PBIT") and attributable profit before exceptional items for the year ended 30 September 2005. Revenue at \$1,436.4 million represents an increase of \$65.7 million or 5% over last year due mainly to volume growth. PBIT grew by 10% or \$20.8 million to reach \$220.4 million and attributable profit before exceptional items of \$115.5 million rose 10% or \$10.7 million above last year.

Commentary on full year performance

Singapore

Domestic volume increased by 1% but was offset by lower export and contract brew volume. PBIT increased marginally.

Malaysia

Volume declined 5% due to weak consumer sentiments arising from the shock of a 26% increase in duties on beer and stout in 2004. However, PBIT grew by 3% due to improved margins and effective cost control.

Papua New Guinea

Although volume increased by only 3%, PBIT grew by 19% as a result of higher sales and effective cost management and marginal price increases.

New Zealand

PBIT rose by 20% due mainly to a volume growth of 3%, improved sales mix, price increases and the stronger NZ dollar, which accounted for 6% of the increase in PBIT.

Indochina

Volume for the region realised significant growth of 17%, attributable mainly to the rising level of disposable income in Cambodia and Vietnam, resulting in a 20% increase in PBIT. Indochina remains the single largest contributor to group profits.

China

Losses reduced by 63% to \$3.1 million against \$8.3 million last year. This is the result of healthy volume growth of 29% and 36% in Shanghai and Hainan respectively and contributions from investments in Kingway Brewery and Jiangsu DaFuHao Breweries which were acquired in February 2004 and June 2005 respectively.

Thailand

Volume increased by 11%, achieved through continued *Heineken* growth and the first full year following the launch of *Tiger* in 2004. However, PBIT fell marginally due mainly to increased investment in the brands.

Corporate Office

Increased spending in business development and investments behind brand development expenses contributed to the higher corporate expenses.

Taxation

The higher profit contribution from overseas subsidiaries with higher tax rate increases the Group's overall effective tax rate to 31.2% (2004: 27.9%).

REVIEW OF BALANCE SHEET

Company

The increase in investment in subsidiary companies compared to last year is due to the completion of the privatisation of DB Breweries Limited ("DBB"), an increase in share capital of Vietnam Brewery Limited and the acquisition of a 60% equity interest in United Breweries Lanka Limited offset by the repayment of loan by Cambodia Brewery Limited. The increase in investment in joint venture companies arises from the Company's 50% share of new shareholder loans to Heineken-APB (China) Pte Ltd to fund its acquisition of a 40% interest in Jiangsu DaFuHao Breweries. The increase in other creditors is due to the accrual of marketing expenses incurred in the year.

Group

The higher inventories at the year end are to meet higher sales demand and due to the effect of higher exchange rates. The increase in other investments is mainly due to higher trade advances to DBB's customers amplified by a higher NZ\$ exchange rate. The increase in other debtors is due to higher prepayments, receivables from sale of long term investments and deposit paid. The increase in other creditors is due mainly to the accruals of marketing expense.



REVIEW OF GROUP CASHFLOW

Purchase of fixed assets of \$89.9 million relates mainly to the upgrading of production equipment in Singapore and capacity expansion in Vietnam.

An additional loan of \$30.2 million has been granted to Heineken-APB (China) Pte Ltd for the acquisition of an interest in Jiangsu DaFu Hao Breweries.

11. OUTLOOK

The fundamentals of the Company remain sound. Barring any unforeseen circumstances, the Directors expect attributable profit before exceptional items for the new financial year to be higher than the year under review.

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 16 Singapore cents per share of \$1 (comprising 14 cents per share after deducting Singapore income tax at 20% and a special dividend of 2 cents per share after deducting Malaysia income tax at 28%) to be paid on 15 February 2006. This is equivalent to a gross dividend of 20.3 cents per share. Taken with the interim dividend this will give a total distribution for the year of 30 cents per share after tax, or 37.8 cents per share gross (last year: 28 cents after tax or 35 cents gross).
- (b) Registrable transfers received by the Company's Registrar, Barbinder & Co Pte Ltd, 8 Cross Street, #11-00 PWC Building, Singapore 048424 by 5.00pm on 3 February 2006 will be registered before entitlements to the dividend are determined. Notice is hereby given that the share registers will be closed from 6 to 8 February 2006, 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 24 January 2006 at 10.00am.

BY ORDER OF THE BOARD
Anthony Cheong Fook Seng
Company Secretary

11 November 2005