

|  |  |
| --- | --- |
| *www.IowaABD.com* | *Lynn M. Walding, Administrator* |

|  |  |
| --- | --- |
| abdblue.jpg - 2723 Bytes |  e - NEWS |
| *May 21, 2004* |

1. [New Bar Promises to Create a ‘Stir’ at Harrah’s](#First)

2. [Pernod Ricard Sees 7% Operating Pft Growth Excl Forex](#Second)

3. [Last Call for The Union, Fitzpatrick's](#Third)

4. [Vinexpo Americas to Present a Special Conference on State Liquor Boards Policies in North America](#Fourth)

5. [Track Agrees to Pay Fine for Serving Drunken Man](#Fifth)

6. [Could the Union be Too Big to Control?](#Sixth)

7. [US: Brown-Forman Expands Jack Daniel’s RTD Line](#Seventh)

8. [US: DSC Acquires Rights to Pearl Vodka](#Eighth)

9. [Walsh Pushes Diageo's Pure Play](#Ninth)

10. [Anheuser-Busch Brews A Bitter Beer Battle With Miller](#Tenth)

11. [Miller Beer Shipments End Decline](#Eleventh)

**1. New Bar Promises to Create a ‘Stir’ at Harrah’s**

*The Daily Nonpareil*

May 19, 2004

COUNCIL BLUFFS, IA – The new $4.5 million entertainment bar, Stir, opens today at 9 p.m. at Harrah’s Council Bluffs Casino & Hotel.

The main level of Harrah's Council Bluffs pavilion has long offered drinks, entertainment and a cozy environment within the former Mr. G's Lounge, but will now feature a spacious, vibrant new Vegas-style party bar unlike anything this area has ever seen.

"We are really thrilled to be opening this new bar, especially right at the beginning of summer when we can showcase Stir's amenities like the outdoor terrace, island bar, and the outdoor concert cove," said Gaye Gullo, senior vice president and general manager of Harrah's Council Bluffs. "We have created a first in the area with Stir. It is not just a bar, it is an experience."

Stir showcases two large bars featuring flair bartending and fun drinks; menu items including appetizers, salads, sandwiches, burgers, wraps, pizzas and desserts; an expanded entertainment stage; an outdoor terrace; captivating decor; a DJ booth; dancing; a beautiful view of the Missouri riverfront; and an outdoor concert cove featuring a great summer concert series.

"The plan of Stir encourages one to wander through and experience the different moods of the bar. This is a major plus for the sport of people-watching, which is a major part of the entertainment in this type of establishment," said Ted Heesch, Stir's designer, from TMHI Design of Houston.

Patrons enter Stir by passing through wood and glass doors where they are greeted at the host stand. Directly behind the host stand along the wall is a stone and wood bar that is over-grouted, creating a sense of security. The granite-topped bar that wraps around the expanded entertainment stage is enhanced by a backlit liquor display and an amber-covered drop ceiling. The stage has a wood floor and showcases a red cove ceiling and an extensive lighting system.

To the left of the host stand is a ramp walkway that leads to the upper platform. The upper platform contains pod seating areas enhanced in animal print and posh fabric, a large sitting area with two loveseats beside a stone fireplace.

In between the upper platform and the main bar is the front room that also encompasses cozy pod seating and a similar array of prints and fabrics. The dance floor and dance light node, a circular stage that lights up, are the focal points of the front room. The dance node is located directly in front of the DJ booth, providing an excellent stage for dance-lovers to show off their moves.

Outlining the front room is a section of uniquely shaped tables and chairs intertwined with green outdoor plants for guests to taste the outdoors, while enjoying the comforts of indoors. Just behind this area and the stage are the newly added restrooms. Their unique design, a specialty of Heesch's, is sure to be an attraction in itself, featuring special clear plastic doors that fog over upon closing.

Just past the outlining tables and chairs, guests can order a cocktail at the island bar, featuring a black granite top and stone base. An open white grid ceiling features ceiling fans to circulate the fresh outdoor air. On either size of the island bar are two sitting areas that incorporate large sofas and oversized chairs around a fireplace, creating a very comfortable area for conversation, as well as two additional bench-like sitting areas.

Just off of the back room is the outdoor terrace. Folding doors can be opened or closed to create an open-air environment in the island bar room, or to close off the terrace in inclement weather. The terrace has a stained concrete floor and features oversized patio tables with umbrellas and chairs for guests to enjoy the beautiful riverfront view.

Numerous plasma screen televisions and a projection screen are also located throughout the bar.

Stir is open Monday though Friday from 4 p.m. to 2 a.m. and Saturday and Sunday from 11 a.m. to 2 a.m.

**2. Pernod Ricard Sees 7% Operating Pft Growth Excl Forex**

*Dow Jones Newswires*

May 17, 2004

PARIS -- French drinks company Pernod Ricard SA (12069.FR) Monday said it is targeting a minimum of 7% operating profit growth in 2004, on a constant-currency basis, after a strong start to the year.

"We have had a good start to the year, and if the favorable environment continues, we expect organic growth of operating profit for the year to be at least 7%, excluding any currency effects," Chief Executive Patrick Ricard said in a statement hours before the start of the Pernod Ricard's annual shareholders meeting.

In 2003, Pernod Ricard reported a 1.5% drop in operating profit to EUR739 million from EUR750 million. Operating profit at its core wine and spirits division, which accounts for 99% of revenue, rose 16% on a constant currency basis.

Ricard, the world's third-largest drinks company by revenue, said it would continue to spend strongly on advertising and promotions.

The company said a 1% decrease in the average exchange rate between the dollar and the euro would have a negative impact of about EUR3 million.



**3. Last Call for The Union, Fitzpatrick's**

By [Vanessa Miller](http://www.goiowacity.com/employee/employeedetail.asp?ID=221) – *Iowa City Press-Citizen*
May 19, 2004

**Underage sales cause owners to lose licenses**

IOWA CITY, IA -- Downtown's largest nightclub has surrendered its liquor license and closed, while another popular tavern is preparing to do the same next week, officials confirmed Tuesday.

The Union Bar, 121 E. College St., and Fitzpatrick's, 525 S. Gilbert St., are calling it quits, said Lynn Walding, administrator for the Iowa Alcoholic Beverages Division. Other downtown bars face temporary liquor license suspensions due largely to Iowa City's increased alcohol enforcement.

"The landscape in the Iowa City bar community is going to be changing a little bit this fall," Walding said.

Another change in the works: Joe Murphy, who owns Murphy Sound in Iowa City, said he is negotiating a deal to buy The Airliner, 22 S. Clinton St., from Brad and Anne Lohaus. The Airliner is facing a 90-day suspension beginning Aug. 1. Terry Fincher, of Studio 13, 13 S. Linn St., said an equally stiff penalty with three violations there would be avoided by temporarily closing July 1 to July 30.

Walding said the Union is the first Iowa City bar to pass the four-violation threshold that results in revocation of an alcohol license.

"They're the first ones that I know of to strike out," he said. "It's not like baseball. They get four strikes."

George Barlas, who owns the Union with his brother Tom Barlas Jr., said he surrendered his liquor license Monday and is selling the business immediately as part of a deal with the Alcoholic Beverages Division that will allow him to continue operating his other alcohol-serving establishments in Mason City - Pappas and Prime N' Wine.

"We thought this was the best move," he said. But Barlas said he doesn't think he was given a fair chance at success after buying the Union, the largest bar in Iowa City and the Big 10 conference, in April 2002. "Within the first three months we were issued three tickets. We didn't get a fair shake because we took over employees that we didn't hire and the Union had a stigma ... I believe there is a certain hostility toward downtown bars, warranted or not.

"I am the biggest bar and an example had to be made. ... If people think I wanted to sell liquor to minors, that's wrong. I would have never done that."

While Barlas said that none of the employees he hired were cited for serving to minors and those charged were fired on the spot, Walding said Barlas himself was the one ticketed for selling to a minor on the fourth time, May 31, 2003.

"That's the one that put them out," Walding said.

"The new owner can reopen on July 20 ... until then it will be closed," Barlas said, adding that the Union has been in town since 1984. "It will remain the Union Bar."

Walding said Fitzpatrick's also is facing a suspension due to alcohol violations, but has indicated its intent to close permanently.

"They are closing May 25," he said. "They'll turn in their license and they're out of business."

Owner Gary Fitzpatrick decline to comment for the story.

Officials with Studio 13 said the bar will not close permanently but must serve penalties for three alcohol violations beginning July 1. Fincher said the establishment was found not guilty for one violation, guilty for one and had one violation dismissed.

"But we still have to serve the penalty," he said. "I don't think that's fair."

Fincher said he thinks the city's emphasis on alcohol enforcement is forcing change.

"I think that next fall downtown will have a whole new look," he said. "We are seeing more adult places downtown, it's not just a place for college kids to go get drunk."

Walding said the Airliner is in a "precarious situation" after receiving a 90-day suspension for second and third alcohol violations. That penalty, which included $2,500 in civil penalties, will suspend the bar's alcohol license from Aug. 1 to Oct. 30. Murphy, who is interested in buying the Airliner, said he is working with current ownership on a lease that he thinks is fair.

"We're ready to go, we've got the financing ready," he said. "It could happen tomorrow, it might not ever happen."

Walding said the Sports Column, 12 S. Dubuque St., will have a May 10 hearing on a minor violation, and that The Q Bar, 211 Iowa Ave., Martini's, 127 E. College St., and the Yacht Club, 13 S. Linn St., all have first violations for serving to a minor.

**4. Vinexpo Americas to Present a Special Conference on State Liquor Boards Policies in North America**

Press Release

May 18, 2004

MONTREAL -- From June 20 to June 22, 2004, Chicago will be hosting the 2nd edition of Vinexpo Americas, an extension of Vinexpo Bordeaux, which has become an absolute must for wine and spirits professionals in North America.

Of particular interest amongst the Forum presentations we would underline the paper on State Liquor Boards Policies in North America, presented by Andrew Brandt from the Liquor Control Board of Ontario (LCBO) and by the **NABCA (National Alcohol Beverage Control Association).** This presentation will be highlighting the challenges to be met and the innovations that need to be proposed in order to respond to the changes taking place in the organizations that control wine and spirit distribution over most of Canada and in eighteen US states. An event not to be missed: Tuesday, June 22 from 10:30 a.m. to 12:30 p.m. at Forum 3. Register through our website at www.vinexpo.com or by email to: marketing@vinexpo.com.

 Additionally, an application for accreditation to Vinexpo Americas has been sent to members of the press over the last few days. If you have not received this and wish to attend the event, please contact Marie-Elaine Hvizdak, Director, Public Relations and Media, Sopexa Canada, who will send you an application form immediately.

Vinexpo Americas: gathering together wine and spirit professionals in North America.

For further information: Marie-Elaine Hvizdak, Director, Public Relations and Media, Sopexa Canada, (514) 288-5802, marie.hvizdak@sopexa.com

*[Lynn Walding, as newly-elected President of the National Alcohol Beverage Control Association, will be a participant in the Forum.]*

**5. Track Agrees to Pay Fine for Serving Drunken Man**

*Des Moines Register*

May 20, 2004

ALTOONA, IA -- Prairie Meadows Racetrack and Casino has agreed to pay a $30,000 fine for serving alcohol to an intoxicated patron who later crashed his vehicle into the track's south lobby, critically injuring a patron.

Track officials have signed an agreement to settle the case with the Iowa Alcoholic Beverages Division, said Lynn Walding, division administrator.

The business also agreed to provide more training to employees who serve alcoholic beverages, he said.

Douglas Lee Kinney, 56, was sentenced in Polk County District Court last year to 30 years in prison for crashing his sport utility vehicle through the casino lobby on Oct. 5, 2002.

The settlement includes a provision that the Iowa Racing and Gaming Commission won't take further action against Prairie Meadows, Walding said.

Prairie Meadows officials weren't available for comment.

**6. Could the Union be Too Big to Control?**

By Vanessa Miller - *Iowa City Press-Citizen*

May 20, 2004

Officials ponder if bar's size is part of problem

IOWA CITY, IA -- Beneath the sign's green glow and through the double doors, bar-hoppers and loyal patrons stepped into a low-lit sprawling space of tables, congested dance floors, clustered bar stools and tubs of beer.

For the past 20 years, The Union Bar has opened its doors to the community, boasting not only the largest space and highest capacity of any bar in Iowa City, but in the Big Ten conference.

And some think that's the problem.

On Tuesday, co-owner George Barlas announced plans to sell the bar immediately, having surrendered his liquor license and closed after becoming the first Iowa City establishment to receive four citations for serving alcohol to underage patrons. State law allows for revocation of an alcohol license after four violations.

Previous owner Jim Pohl pleaded guilty to misdemeanor charges in 2001 after allegations of nudity and underage drinking at the business.

Some state and local officials credit the Union's on-going problems to the business' size, but city officials cannot prohibit a bar from reopening at the site.

"It is an issue - you can have an establishment that by size and scope creates too many problems," said Lynn Walding, administrator with the state's Alcoholic Beverages Division.

Walding said he has concerns and heard similar unease regarding the bar's expansive area during a recent meeting with the local Alcohol and Bar Committee. The committee formed last year to evaluate the impact of an Iowa City law banning those under age 19 from entering alcohol-serving establishments after 10 p.m.

"Part of it could be a concentration issue - having a high number of people in one space," he said. "Another thing is that any time you have a large establishment, you have to churn out a certain amount of business. Because of that it can be tempting to push the envelope, and good judgment gets replaced by the bottom line."

The bar has a maximum occupancy of 725 people. Iowa City bars closest in size include: The Summit Restaurant & Bar, 10 S. Clinton St., with a 484-person capacity; The Q Bar, 211 Iowa Ave., with a 458-person limit; Brothers Bar & Grill, 125 S. Dubuque St., with a 456-person limit; and Third Base Bar, 111 E. College St., with a 420-person capacity.

Barlas, who bought the bar in April 2002, said police issued three of the four tickets within the first three months of his purchase, and to employees he did not hire. The violation dates were April 20, May 19, and June 30, 2002. Barlas said he fired the cited employees "on the spot." Walding said the fourth violation was issued May 31, 2003 to Barlas himself for serving someone underage. Because of the four violations a new owner cannot reopen the bar until July 20.

But problems from mixing alcohol and crowds are not limited to inside an establishment. Walding said that when 700 people pour out of a bar at 1:50 a.m., it can cause problems for police. In March, about 70 people were involved in a series of fights that began on the pedestrian mall outside the Union.

"It does need to be looked at closely," he said of the establishment. "It's starting to develop a pattern."

And while Iowa City Police Sgt. Brian Krei said the Union does have too many violations, they are not alone.

"It's a large bar - the biggest in town - and that in itself will make in tough for employees to control," Krei said. "It has been an on-going problem, but I see some other bars that have as many if not more charges than the Union."

From January through April, officers ticketed 39 underage Union patrons for drinking in 32 visits to the bar. That is 1.2 tickets per visit, a number topped by six establishments. Among them is The Summit, visited 27 times by police, with a two ticket per-visit average, same as the Vine Tavern, 330 E. Prentiss St., though police only stopped there once this year. One-Eyed Jake's at 18-20 S. Clinton St. averages 1.8 tickets after 16 visits.

Krei said it would benefit the community if a new owner tried something new.

"A clothing store would be interesting or a nice restaurant would be good," he said. "Maybe someone will take a chance. That would be great, actually."

Mayor Ernie Lehman agreed.

"We have more bars than we have customers to legally support them," he said. "It is difficult in larger bars for people to police themselves .... But they know the risk when they choose to be in the business."

Joe Murphy, who owns Murphy Sound in Iowa City, is negotiating a deal to buy the Airliner, 22 S. Clinton St., from Brad and Anne Lohaus, but said that if the deal falls through he might be interested in buying and reopening the Union.

**7. US: Brown-Forman Expands Jack Daniel’s RTD Line**

Source: Anne Brockhoff

May 18, 2004

Brown-Forman is adding Black Jack Cola, a cola-flavored drink with a "hint" of lemon and lime, to its line of ready-to-drink Jack Daniel's Country cocktails. Black Jack Cola will be available nationwide in May, and will be available in 10-ounce four-packs retailing at US$5.99.

"With the increased popularity of cola and citrus flavours, it only makes sense to introduce a unique twist on America's cocktail in the convenience of a pre-mixed drink," said Chris Vignoe, brand manager for Jack Daniel's Country Cocktails.

The brand already consists of six other flavours and generates annual sales of 2.2m flat cases.

**8. US: DSC Acquires Rights to Pearl Vodka**

Source: *just-drinks.com editorial team*

May 14, 2004

David Sherman Corporation (DSC) and Pearl Spirits have signed a joint venture which will see DSC produce, sell and market the Canadian brand Pearl Vodka in the US, Canada and Australia.

“We are excited to add Pearl to our brand portfolio.  It is a spectacular product and a brand that is highly marketable and has great potential for growth within the premium vodka category,” said Donn Lux, president of DSC.

“David Sherman Corporation's experience and resources are the perfect match to propel Pearl Vodka to its full potential. We are proud to have the brand associated with DSC," said Patrick Silvagnia, president and COO of Pearl Spirits, Inc.

Analisa Blakley, previously the DSC group brand director, will become the Pearl brand director responsible for sales and marketing the brand in conjunction with the DSC sales force throughout the country.

Pearl Vodka is available in 1.75L, 1.0L, 750ml, and 50ml sizes.  Pearl’s original coconut flavored LoCoco Vodka is available in 1.0L, 750ml and 50ml sizes.

**9. Walsh Pushes Diageo's Pure Play**

By William Spain - *CBS.MarketWatch.com*

May 19, 2004

CHICAGO (CBS.MW) -- Diageo's CEO is telling investors Wednesday that the company will move aggressively to build its strong position in established markets while looking to fast-growing economies for an increasing share of its profits.

In New York to present at a Goldman Sachs conference, Paul Walsh said he intends to give American investors more insight into the company's pure-play focus, now that it's no longer in the food business.

While almost 30 percent of the London-based company's stock is held in the United States, "there is not as much knowledge of the journey we have been on and where we are ending up," Walsh said in an interview with CBS MarketWatch.

Among Diageo's (DEO: news, chart, profile) prime destinations are the developing markets dubbed "BRIC" -- Brazil, Russia, India and China.

Those regions have huge potential, he said, and will become more important as rising consumer aspirations and living standards sharpen a thirst for top-shelf tipples. And Diageo, with nine of the top 20 spirits brands, including the No. 1 scotch, vodka and tequila (Johnnie Walker, Smirnoff and Jose Cuervo) and the No. 2 rum (Captain Morgan), is well-positioned to benefit from it.

"The BRIC countries represent a very small proportion of our current profitability, maybe 2 percent," he said. But in 10 years, they could "easily account for 10 percent."

However, he adds, that will not be at the expense of North America and Europe, which in turn account for 39 percent and 33 percent of operating profits.

The current core markets may decline "as a percentage but not in absolute terms," he said.

Indeed, Walsh is looking for great things in the U.S. as Diageo rids itself of the last vestiges of its food companies (which at one time included Pillsbury and Burger King) and changes its distribution network.

In place of an old "inefficient and fragmented" distribution system that often had the company sharing sales teams with competing brands, Diageo consolidated brands under single distributors in each state and eliminated internal duplication of efforts, Walsh said.

Diageo has over 20 percent of the U.S. spirits business by volume, and a bit more by dollar value. That's roughly double any of its competitors, which include Fortune Brands (FO: news, chart, profile), Allied Domecq (AED: news, chart, profile), Brown-Forman (BF.B: news, chart, profile), Constellation (STZ: news, chart, profile) and privately-held Bacardi.

Walsh says the company can keep that dominance, and build on it, with the help of good demographics, product innovation, and plenty of ad spending.

"When you put big brands together with big marketing budgets together with a dedicated sales force, you will grow share," he said.

And if Walsh is always ready to tout the qualities of Diageo's drinks, he isn't shy about pointing out a smoother balance sheet, either.

Divesting the food lines cost the company 40 percent of its profits and a similar chunk of its capital, which "made our numbers difficult to follow" he said.

But the company expects free cash flow of some $2 billion this year and "in a very uncertain global environment, cash is king."

**10. Anheuser-Busch Brews A Bitter Beer Battle With Miller**

By Christina Cheddar Berk and Desiree J. Hanford – *Dow Jones Newswires*

May 20, 2004

NEW YORK -- For years, Anheuser-Busch Cos. (BUD) has been the undeniable King of Beers.

But now, faced with rising competition from both a better-funded Miller Brewing Co. and a cocktail craze that is shifting sales to spirits, Anheuser is launching an aggressive attack on Miller, its distant No. 2 competitor.

Anheuser's effort is expected to include an advertising campaign that draws on a sense of patriotism. In addition, the St. Louis company unveiled a multi-faceted program to its wholesalers Thursday that refocuses the sales force on Bud Light and Budweiser this summer.

In the past year, the success of Michelob Ultra, the brewer's low-carbohydrate beer, has distracted Anheuser from Bud Light and Bud, its largest brands.

Anheuser spokesman Bill Etling wouldn't discuss details of the wholesaler program unveiled Thursday, just in time for the upcoming Memorial Day holiday and the company's peak summer selling season.

"We believe this program will provide further support to our sales force as we aggressively build on our leadership position in the U.S. beer market," Anheuser said in a written statement.

A full-page print ad in Thursday's USA Today shows a glimpse of what is to come. Anheuser labels Miller "South African owned," a reference to the South African roots of Miller's current owner, SABMiller (SAB.JO), and notes Budweiser has been brewed in the U.S. since 1876.

SABMiller, of London, was formed two years ago after South African Breweries acquired Miller from Philip Morris Cos., of New York. Philip Morris, now known as Altria Group Inc. (MO), still owns a stake in the business.

Anheuser's ad also jabs at the popularity of Miller Lite with carb-counting consumers by dubbing it "The Queen of Carbs."

"We'll let Miller Lite spend all of their time talking about carbs. At Budweiser, we'll continue to spend all our effort making great beer," the St. Louis company said in the ad. This theme is likely to be echoed in future ads and in-store displays.

In an apparent response, Miller offered up its own dueling full-page advertisement in Thursday editions of The Wall Street Journal, the New York Times and key regional daily newspapers. Labeling itself "American Born" and "American Brewed," Miller steals a line from an earlier Bud Light campaign by thanking America for choosing on taste.

"We knew we wanted to thank American beer drinkers on the day of our results and we knew that A-B would come out swinging in reaction to our results," said Molly Reilly, a Miller spokeswoman, said of the ad.

Miller is planning to stick with its current strategy, but will tailor it to react to what is to come, Reilly said.

"It's always good when the dominant player is responding to your actions," she added.

Brands at Miller had been in a 15-year decline prior to South African Breweries' acquisition, but SABMiller's latest financial results, released earlier Thursday, show the label is turning around.

"The company reported a decided acceleration in shipment trends, with U.S. shipment-to-retailers up 2% year-on-year in the second half compared to down 1.5% for the full fiscal year," said Legg Mason analyst Mark Swartzberg, in a research note.

According to Goldman Sachs analyst Marc Cohen, Miller Lite benefits from the low-carb frenzy and its "challenger" positioning in its marketing has "arguably weakened performance" for Anheuser's Budweiser brand family.

"This has forced A-B into a defensive position for the first time in a long while, and it could be several months before the payoff to A-B's complicated marketing response can be accurately assessed," Cohen said in a research note.

During a conference call earlier Thursday, Miller President and Chief Executive Norman Adami said its competitor's reaction has been good for Miller. First, the dominant brand is now "engaging in a choice conversation" with a smaller brand. Second, Anheuser's use of its media leverage to discuss choice - a theme Miller has been pounding the tables on - is "accelerating the dialogue" and that's good for Miller, Adami said.

Anheuser's large market share - more than 50% of the U.S. beer market - and its sales forces - much of which is solely dedicated to selling its products - will be huge assets in the brewer's battle.

Reaching out to its wholesalers makes sense, according to Tom Pirko, president of BevMark, a Santa Barbara, Calif., beverage industry consultant.

"Anheuser-Busch, as powerful as it is in advertising, they have reached the natural point where they have to do more. It doesn't matter how good its advertising is or how clever it is, the ads aren't going to be enough," Pirko said.

Cohen and Swartzberg don't own Anheuser shares. Goldman has an investment banking relationship with the company.

**11. Miller Beer Shipments End Decline**

By Adam Jones in London

May 20, 2004

Miller Brewing, the second-biggest beer maker in the US, is in the throes of a revival, two years after being taken over by one of Africa's leading companies.

SABMiller - formed when South African Breweries bought Miller from Altria for $5.5bn - on Thursday said shipments of Miller beer stopped declining and grew 5.3 per cent in the six months to March 31.

Graham Mackay, chief executive, said there was now "clear evidence of a beginning of a turnround at Miller" although he cautioned that there "was still a lot to do".

SABMiller shares, which are listed in London, rose 6 per cent to 660½p.

Miller Lite sparked the recovery. The beer has always been low in carbohydrates, a fact that has reignited the interest of weight-conscious consumers and Atkins diet disciples. However, SABMiller said its focus on improving day-to-day operations at Miller was also yielding results.

The US rebound capped a strong set of annual results that were helped by the hot summer in Europe, favourable currency movements and the acquisition of Miller part of the way through its 2002-3 financial year.

Turnover, including its share of associates' sales, rose 41 per cent to $12.65bn in the year to March 31. Excluding associates, group turnover was $11.37bn.

Pre-tax profit rose 81 per cent to $1.39bn, with earnings per share almost doubling to 54.1 cents. Excluding goodwill amortisation and exceptional items, pre-tax profit rose 54 per cent to $1.7bn.

A dividend of 22.5 cents per share is proposed, making 30 cents for the year, an increase of 20 per cent.

SABMiller has launched a hostile bid for Harbin, China's number four beermaker, in which Anheuser-Busch, the rival US brewer, has also invested. However, Mr Mackay said Harbin "was not essential to our strategy in China".

Both international brewers now hold about 30 per cent of the north-east China company.

Strong regions included Europe, in spite of slower volume growth in Poland. Overall, SABMiller said it was well placed to continue earnings growth.

It was also announced on Thursday that Louis Camilleri, chairman and chief executive of Altria, is stepping down from the SABMiller board and allowing Altria's board representation to slip from three seats to two.

Mr Mackay dismissed speculation that this was a prelude to Altria selling its stake in SABMiller, picked up when it sold Miller. He said Mr Camilleri had simply been too busy.

