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RE: APB REPORTS 18.3% RISE IN PROFIT BEFORE INTEREST AND TAX TO \$100 MILLION

Singapore, 16 May 2003. Asia Pacific Breweries (APB) today reported a **half year profit before interest and tax (PBIT) of \$100 million, up 18.3%**, despite soft economic conditions aggravated by uncertainties arising from the war in Iraq and the outbreak of SARS in some markets in March. Attributable net profit before and after exceptional items rose 13.3% to \$57.7 million and 12.9% to \$57.5 million respectively.

APB's early regionalization strategy has successfully built growth engine markets in *Indochina* and *Thailand*, which contributed 52 % to Group PBIT, up from 36% last year. *Indochina* registered a strong 78 % PBIT surge, while *Thailand* had a 30 % increase.

"We are pleased that our earnings have shown double digit growth. APB's balanced portfolio of brands and geographical markets have facilitated stable growth in the midst of market swings and economic uncertainties," said Mr Koh Poh Tiong, CEO, APB.

“In line with its 2nd phase of regionalisation, APB is expanding its operations in existing growth markets. The new brewery in Hatay Province (North Vietnam) and the doubling of capacity in Thailand, before the end of this year, will enable APB to further tap the strong market potential of the Vietnam and Thailand beer markets,” added Mr Koh.

In Vietnam, regulatory approvals have recently been obtained to transfer to APB the remaining 8.5% interest in the registered capital of Hatay Brewery Limited (HBL) not already held by it. Following this transaction, HBL has become a wholly owned subsidiary of APB.

The streamlining and focusing of APB’s business on beer continue to yield better overall business performance. Return on equity (before exceptional items) for the half year rose from 7.2% to 7.8%, while earnings per share (before exceptional items) appreciated from 20.1 to 22.7 cents per share. Net asset value per share climbed to \$3.01, up from \$2.85 in September last year.

APB’s business fundamentals and financials remain sound with its portfolio of mature, profitable markets in Singapore, Malaysia, Papua New Guinea and New Zealand; and growth markets in Indochina and Thailand. The Company has also established a strategic presence in China for long term growth opportunities.

The Company is gaining ground in the China market with overall increased volumes. Hainan sales revenue and market share increased, while Shanghai sales revenue and market share were stable. The sudden withdrawal of VAT in Hainan was the main contributor to the increase of \$1.6 million in China losses to \$7.3 million. APB is looking at options to optimize its operations in China, including the brewing of Heineken Beer.

New Zealand’s PBIT increased by 31% largely due to higher sales, better product mix and a stronger NZ\$. Papua New Guinea’s marginally higher PBIT came from higher sales revenue in local currency, offset by an 8% depreciation of the Kina. Soft economic

conditions, aggravated by uncertainties arising from the Iraq War and the outbreak of SARS in March affected PBIT in Singapore.

APB's directors have declared an unchanged interim dividend of 12 Singapore cents per share. This is equivalent to a pre-tax gross dividend of 15.4%.

Prior to the outbreak of SARS and given the positive performance in the first half of the financial year, we were confident of achieving double-digit growth in earnings for the full year. Unfortunately, SARS has already affected sales in some markets. However, if its spread can be contained and barring any other unforeseen circumstances, attributable net profit before exceptional items for the full year is expected to be at least comparable, if not better, than the previous year.