



ASIA PACIFIC BREWERIES LIMITED

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Asia Pacific Breweries Delivers Double Digit Growth for H1 2004

Singapore 14 May 2004 – Asia Pacific Breweries Limited (APB) continued its double-digit growth trend for the first half of the financial year ended 31 March 2004.

Revenue for the period under review grew 14% from \$649.6 million to S\$741.3 million. Profit before interest and taxation increased 16% from S\$100 million to S\$116.2 million. Attributable profit (before exceptional items) gained 11% to S\$63.8 million this year.

Return On Equity and Earnings Per Share have risen from 7.5% to 8.0% and 22.7 cents to 25.0 cents respectively. Net asset value per share gained 10 cents to \$3.14.

The Directors have recommended an interim dividend of 14 cents per share (as compared to 12 cents per share for the corresponding period last year), being after deduction of Singapore tax, to be paid on 15 June 2004. This is equivalent to a gross (pre-tax) dividend of 17.5%.

Pleased with the results, Mr Koh Poh Tiong, Chief Executive Officer, APB said, "The double digit growth over the last half year is further proof that our regionalisation drive in the past decade was the right move. Our investments in emerging markets such as Vietnam and Cambodia generated good returns. Rising incomes and an increasing desire for premium products explain why *Tiger*, *Heineken* and other APB beers are highly sought after in these markets.

A second brewery was set up in Hatay, North Vietnam last year to cater to the increasing demand. As we expect these markets to continue their strong growth, IndoChina is expected to remain as one of the key growth drivers for APB. ”

“In Thailand, *Heineken* commands more than 80% share of the premium segment. To cater to the increasing local demand, we expanded our brewery capacity, which was running at full capacity of 1 million hectolitres previously, to 2 million hectolitres in December 2003,” Mr Koh elaborated.

On China, Mr Koh explained, “While China may have posed many challenges, her merits remain attractive. After all, China is currently the world’s largest beer market. Although we are still in the red at this point in time, we have cut our losses by 7.5% to S\$6.8 million for the first half of this year. With our China strategy in place and the production of Heineken in Shanghai with effect from April this year, we are confident that our investments will turn profitable soon.”

Looking ahead, Mr Koh added, “Barring unforeseen circumstances, our strong business fundamentals and brand equity stand us in good stead to harness the recovering Asian economy. We will certainly intensify our efforts to grow our brands and market them in the various markets and segments to attain volume and expand our slice of the market.”

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FACT SHEET – OPERATIONS REVIEW (YTD 6 MONTHS)

Main contributors to revenue and PBIT are Indochina, New Zealand and Singapore in that order.

Indochina

The higher sales volume and better sales mix in the Indochina markets have resulted in Vietnam achieving a 9% growth in revenue while Cambodia reaped a 28% increase. Combined revenue was S\$220.6 million and PBIT stood at S\$48.8 million. The robust growth demonstrates APB's successful brand strategy and offerings in these emerging markets.

New Zealand

A higher sales volume (+3%) coupled with a translation gain of S\$38.5 million increased revenue for New Zealand by 30.5% from S\$165.1 million to S\$215.5 million. PBIT registered an impressive 38.1% increase from S\$22.3 million to S\$30.8 million (translation gain of S\$5.5m).

Singapore

While Singapore's revenue may have slid 2.2% to S\$210.4 million, the Singapore operations generated a PBIT of S\$24.7 million which is 8.8% higher than a year ago. The higher PBIT was attributed to higher revenue from Tiger Beer export (+2%) as well as effective cost management at the domestic front.

Papua New Guinea

Papua New Guinea (PNG) witnessed a 30.4% increase in revenue to \$61.0 million while PBIT rose 28.2% to S\$11.4 million.

Malaysia

Malaysia's higher sales volume (+8%) in the first half year also drove its PBIT to S\$8.4 million, up by 10.2% compared to a year ago.

Thailand

Despite reporting a higher sales volume of 3%, Thailand's PBIT of S\$5.1 million (-31%) was depressed by higher depreciation and marketing expenses.

China

China too witnessed its revenue improved by 36% from S\$23.8 million last year to S\$32.4 million this year. This was mainly attributable to a 54% rise in Hainan sales volume. Losses were pared by 7.5% to S\$6.8 million this year.

FACT SHEET - APB'S DEVELOPMENTS IN THE PRC

1) One China Organisation

In light of growth and consolidation trends in the Chinese beer industry, APB, on 1 April 2004, launched the 'One China Organisation' (OCO) strategy to streamline all its operations in China under Heineken Asia Pacific Breweries China Pte Ltd (HAPBC).

HAPBC owns 97% of the registered capital of Shanghai Asia Pacific Breweries (SAPB) and 21% of Guangdong Brewery. In line with the OCO blueprint, HAPBC gained ownership of Hainan Asia Pacific Co. Ltd and Heineken Trading Services on 1 April 2004.

With the coming together of the OCO, all production, marketing and sale of Heineken and APB's brands ie Tiger Beer, Anchor and its variants, REEB and its variants, Aoke and Hainan Beer are now concentrated under the HAPBC umbrella for the PRC, not including Hong Kong and Macau.

In addition, HAPBC will also spearhead all business strategic activities such as investments, mergers and acquisitions in the PRC for APB.

2) GuangDong Brewery

Listed on the Hong Kong Stock Exchange, GuangDong Brewery (GDB) is the third largest brewery in Guangdong Province. GDB owns two breweries (with capacities of 2 million hectolitres each) in Shenzhen and produces and markets the popular Kingway beer. A third 2 million hectolitre brewery at Shantou, Guangdong is under construction.

3) Brewing Heineken in PRC

HAPBC has been awarded the licence to brew Heineken in the PRC. The first shipment of locally-produced Heineken was made in April 2004. The local production and marketing of Heineken in the PRC by HAPBC is expected to improve bottomlines.