

APB's ATTRIBUTABLE NET PROFIT GROWS 12% FOR 1H 2005

- **ROE grows from 8.1% to 8.6%**
- **Earnings Per Share rises 11% from 25 cents to 27.8 cents**
- **Establishes Tiger Beer UK Ltd to grow brand and distribution in UK**

Singapore 13 May 2005 – Asia Pacific Breweries Limited (APB) continues to brew double-digit growth for the first half of the financial year ended 31 March 2005.

Attributable net profit before exceptional items gained 12% from S\$63.8 million to S\$71.2 million this year while profit before interest and taxation rose 10%, or S\$12 million, to S\$128.2 million on the back of a 3% growth in revenue from S\$737.4 million to S\$759 million (revenue figure of S\$737.4 million in 2004 included that of Hainan operations. W.e.f. 1 April 2004, revenue figures from Hainan will not be consolidated, following the reorganisation of China operations. Excluding Hainan's revenue from 2004, revenue for first half of 2005 would have grown by 8%, instead of 3%).

Return On Equity and Earnings Per Share have risen from 8.1% to 8.6% and from 25 cents to 27.8 cents respectively. Net asset value per share gained 12 cents to S\$3.28, as compared to 30 September 2004.

The Directors have recommended an interim dividend of 14 cents per share, being after deduction of Singapore tax, to be paid on 13 June 2005. This is equivalent to a gross (pre-tax) dividend of 17.5 cents per share.

The results once again reaffirm APB's success in the regionalization drive that it had undertaken since the 1990s. Commenting on the performance, Mr Koh Poh Tiong, Chief Executive Officer, APB said: "APB will continue to drive growth through its regionalisation. In 1989, the Singapore market contributed 68% of Group PBIT. Today for the first half of 2005, the Singapore market only accounts for 11% of Group PBIT (including corporate costs). This means that 89% of our earnings come from overseas markets thereby widening our earnings base. This is also in line with our strategy to make our flagship *Tiger Beer* a pan-Asian beer."

“Indochina (ie Cambodia and Vietnam) and New Zealand continue to rank 1st and 2nd as our highest growth markets. While Indochina showed a healthy 10% growth in PBIT to reach S\$53.4 million, New Zealand came through with an impressive 25% growth in PBIT to hit S\$38.7 million,” elaborated Mr Koh.

Cambodia registered a 43% growth in volume as compared to the first half of the previous year. *Tiger Beer*, *ABC Stout*, and *Anchor Beer* have seen significant growth resulting in a 36% increase in revenue.

Over in south Vietnam, work has commenced to expand the capacity of the brewery there from 1.5 million hectolitres to 2.3 million hectolitres while that in north Vietnam is in the midst of installing a canning line that is targeted to be operational by November 2005. Currently, all canned beer sold by the north Vietnam brewery is supplied by the south Vietnam brewery.

“In New Zealand, *Heineken* beer remains the reference premium brand by which all other premium beers are benchmarked against and is popular in pubs and restaurants as well as the take-home market. Our New Zealand brewery has its own portfolio of distinctive craft beers that have a large dedicated following,” Mr Koh added.

TIGER BEER UK LTD

Making further inroads into the European beer market, APB has set up Tiger Beer UK Ltd (TUK) to spearhead the marketing, sales and distribution of *Tiger Beer* in the United Kingdom. TUK will be a wholly-owned subsidiary of Tiger Export Pte Ltd, a subsidiary of APB that oversees all of the latter’s export activities. TUK will take over all marketing and sales responsibilities from the current importer and distributor on 30 September 2005. 

Available in most of the trendy pubs, clubs and restaurants in London, *Tiger Beer* has garnered a following amongst the hip and trendy set. This has led to the SuperBrands’ Cool Brandleaders to vote *Tiger Beer* one of the **Coollest Brands in UK**.

Key Developments

Consistent with APB's growth strategy to forge strategic alliances with suitable domestic breweries to create profitable business opportunities and strengthen APB's position in China, APB, through its joint-venture company, Heineken-APB, acquired a 40% stake in profitable Jiangsu DaFuHao Breweries Co, Ltd (DaFuHao) in March 2005. DaFuHao which brews, markets and distributes major beer brands including *BBOSS*, *Tongzhou* and *Changjiang* in Nantong, has a 80% share of the 1.6 million-hectolitre Nantong beer market and 12% share of the Jiangsu beer market.

At home, APB in April 2005, launched Southeast Asia's first-of-its-kind innovative packaging facility in Tuas to elevate the packaging for its beers to rival that of Western Europe and USA. Soon, APB's beers, in particular, *Tiger Beer*, will be available in 'cool' bottles and cans of different shapes and sizes to fulfil the different consumer needs and occasions.

With its enhanced packaging, *Tiger Beer* will be able to further defend its dominant position in stronghold markets such as Singapore, Vietnam and Cambodia; and compete more effectively against other beers in 60 markets where it is exported to. These include the United Kingdom (UK), Europe, United States of America, Australia and the Middle East amongst others.

OPERATIONS REVIEW (YTD 6 MONTHS)

Singapore

Volume grew by 5% as a result of growth in the domestic and export operations. PBIT fell by 3% due to higher domestic marketing expenses and lower export profit.

Malaysia

Volume declined by 8% due to continuing weak consumer sentiments as a result of the 26% increase in excise duties for lager beers which took place in September 2004. PBIT declined by 9%.

Papua New Guinea

Despite a marginal growth in volume of 1%, PBIT rose by 32% due to improved efficiency, better sales mix and marginal price increases.

New Zealand

Volume grew by 4%. PBIT increased by 25% due mainly to improved sales and the stronger NZ dollar.

Indochina

Volume for the region grew significantly by 15% due to the robust sales growth in Cambodia and Vietnam. Cambodia's phenomenal volume growth of 43% was attributable to the growth in all market segments. PBIT increased by 10% as a result of higher sales.

Thailand

Volume increased by 16% which was attributable to the launch of *Tiger Beer* and *Heineken's* growth. PBIT grew by 6%.

China

Overall China losses reduced by 14%. Shanghai and Hainan reported stronger volume growth of more than 20%. Our Hainan brewery and investment in Kingway Brewery Holdings Limited continued to contribute profit to the Group.

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