



ASIA PACIFIC BREWERIES LIMITED

438 Alexandra Road #16-01 Alexandra Point Singapore 119958 Tel: (65) 6276 3488 Fax: (65) 6276 4287
Company Registration No.: 193100007K (Incorporated in the Republic of Singapore)

Media Release

APB Reports Growth of 44% in Attributable Net Profit (before exceptional items) for 3Q2006

- **Group Profit before interest and tax before exceptional items (PBIT) increases 42% to \$66.7 million**
- **Attributable Net profit (before exceptional items) increases 44% to \$30.6 million**

11 August 2006 - Asia Pacific Breweries (APB) today announced its unaudited results for the third quarter ended 30 June 2006.

3Q 2006

PBIT at \$66.7 million increased by \$19.7 million or 42% over last year on the back of good volume growth in most operations. Excluding the benefit of a one-off adjustment on royalties of \$17.3 million, and translation and gestation losses (\$2.8 million), PBIT increased by \$5.2 million or 11% over last year.

Attributable profit before exceptional items rose by \$9.3 million or 44% to reach \$30.6 million. Excluding the one-off adjustment on royalties and gestation losses, attributable profit before exceptional items increased by \$5.0 million or 24% over last year.

During the quarter, the rates of brand royalty for past years payable by our operations in Vietnam to the brand owners were agreed. This has resulted in a one-time cancellation of royalties previously charged to the operations for prior years for an amount of \$27 million.

A part of this benefit (\$9.7 million) relates to inter-company royalties and is accordingly eliminated on consolidation at Corporate Office level. The remainder (\$17.3 million) has been recorded as a reduction in marketing expenses and, being non-taxable, represents the net positive effect on profit, both before and after tax.

Mr Koh Poh Tiong, Chief Executive Officer, APB, said ***"IndoChina remains APB's highest profit contributor, delivering nearly 40% of APB's total PBIT excluding the one-time cancellation of royalties. The region recorded a growth of about 20% and 10% in volume and PBIT over the same period last year, respectively."***



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“The consistent and robust earnings from the IndoChina region continue to offer good growth prospects for APB. To fortify our stronghold position and enhance our earning streams from the region, we recently extended our market coverage in Vietnam with the acquisition of Foster’s breweries in Danang (Central Vietnam) and Tien Giang (Mekong Delta). We have also gained entry into Laos where our greenfield brewery will be operationally ready by 2007. Together, these investments will further bolster APB’s overall market position in the IndoChina beer market and generate greater returns ahead,” elaborated Mr Koh.

Ranked second and third in terms of profit contributions are Singapore and Papua New Guinea which contributed about 18% and 16% to APB’s PBIT respectively. Versus the same period last year, Singapore saw a 17% gain in PBIT mainly attributable to the higher volume driven by export and the stronger sales in the US. Papua New Guinea registered a 7% gain in PBIT over last year as a result of a 3% volume and marginal price increases.

Making a marked improvement in volume growth in the third quarter is also China which reported a volume increase of about 40% and achieved a growth rate of 70% in PBIT. In Thailand, volume grew 5% as *Heineken* continued to dominate the premium segment of the beer market.

YTD (9 months)

PBIT rose 19% or \$33.7 million to \$208.3 million. Attributable net profit (before exceptional items) increased by 18% or \$16.6 million to \$108.5 million.

Mr Koh Poh Tiong, Chief Executive Officer, APB, said, ***“Our overseas markets now contribute more than 80% of our earnings, in line with our deliberate objective to reduce our previously high dependence on the relatively small Singapore market many years ago. We expect this trend to continue in the years ahead as APB is strategically positioned to harness further growth in our overseas markets.”***



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Key Developments

1) APB Acquires Foster's Breweries In Vietnam

To seize intra-market growth opportunities in Vietnam, APB has successfully purchased the brewery assets of the Foster's Group in Vietnam on 4 August 2006. They comprise 2 breweries – one in Da Nang in central Vietnam and the other in Tien Giang located in the Mekong Delta in southern Vietnam. Their annual brewing capacities are about 850,000 hectolitres and 650,000 hectolitres respectively.

The same transaction also gives APB rights to brew, market and distribute *Foster's lager* as well as local brands *Biere Larue*, *BGI*, *Flag* and *Song Han* in Vietnam. Together, they will work in tandem with the various APB brands including *Anchor*, *Amber Stout* and *Bivina* to enlarge APB's slice of the mainstream segment which currently makes up about 50% of the total Vietnamese beer market.

2) APB Launches Archipelago Brewery Range of Beers in Singapore

The Archipelago Brewery (Archipelago) range of beers was launched in Singapore on 24 July 2006. Three variants of the Archipelago craft beers namely *Traveller's Wheat*, *Straits Pale* and *Trader's Ale* have been launched exclusively at Archipelago's flagship outlet located at 79 Circular Road in Singapore.

Devoted to the art of brewing, Archipelago is set to grow the love for its signature craft beers which are uniquely Asian, amongst beer connoisseurs in Singapore. By the end of the third quarter this year, the three Archipelago beers will also be extended to the urban and premium pubs, dining establishments, hotels, country clubs, and major supermarkets. To titillate the palettes of consumers, Archipelago promises more limited-edition brews in the coming months.

The launch of Archipelago is consistent with APB's objectives to add a new dimension to Singapore's beer industry; and to continue to grow its presence and stature locally.



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3) APB Makes Further Strategic Investment in India

30 June 2006 saw APB making its second investment in India with the establishment of Pearl Breweries Private Limited. The new joint venture company of which APB holds the majority stake of 67%, will build a greenfield brewery with an initial brewing capacity of 250,000 hectolitres just outside Hyderabad, the economic centre and city of Andhra Pradesh. The brewery is expected to commence operation by end 2007.

Andhra Pradesh is next to Maharashtra where APB's other joint venture company in India, Aurangabad Breweries Limited is located. Andhra Pradesh makes up some 16% of India's total beer market of around 8 million hectolitres per annum. In view of the growing young and affluent middle class and the thriving economy which has been growing at a compounded rate of over 7% annually, India's beer market bodes well for long term growth.

4) APB Fortifies Presence in IndoChina via Entry into Laos

On 30 May 2006, APB entered a joint venture partnership with the Government of Lao People's Democratic Republic to establish Lao Asia Pacific Breweries Limited (LAPB). The greenfield brewery, of which APB holds the majority stake of 68%, will be located outside the Laotian capital of Vientiane. The brewery is expected to be ready by end 2007 with an initial capacity of 300,000 hectolitres per annum.

When the construction of the brewery is completed, LAPB will mark another new market to brew, distribute and sell APB's flagship brand, *Tiger*. This is in line with APB's vision to become the leading brewer in the Asia Pacific region and for *Tiger* to become the leader among pan-Asian beer brands. APB is confident that the young and growing 900,000-hectolitre Laotian beer market offers tremendous untapped growth potential ahead.



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Operations Review (3Q2006)

Indochina

Volume for the region improved 20% versus the same period last year. Included in Vietnam's PBIT was a one-off adjustment on royalties, following the resolution of royalty issues. Excluding the royalty adjustment of \$27 million, the region's PBIT rose by 10%.

Singapore

PBIT grew 17%. Overall, volume gained 10% driven mainly by higher export and contract brew volumes. Volume growth in the US has been registered since the distributorship agreement with Anheuser-Busch came into effect on 1 May 2006 while export operations witnessed recovery in sales to Indonesia.

Papua New Guinea

Volume grew 3%. PBIT gained 7% as a result of higher volume and marginal price increases.

China

PBIT rose 70% to \$2.6 million, due to a higher volume of 40% during the summer months.

Thailand

Volume grew 5%. However, PBIT declined 11% due to the higher brand related expenses for *Cheers*.

Malaysia

Volume grew 1% despite weak consumer sentiments from successive excise duties in the past years. PBIT fell 31% due to higher marketing investments.

New Zealand

Volume fell 4%. Competition and the weaker NZ dollar caused PBIT to decline 43%.

New Markets

Gestation losses incurred by the new markets in Sri Lanka and Mongolia stood at \$1.2 million.



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Corporate Office

Corporate expenses incurred were higher due mainly to the royalties adjustment of \$9.7 million.

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For further enquires, please contact:

Ms Sarah Koh
Asst. General Manager, Group Corporate Communications
Asia Pacific Breweries Ltd
Tel: 6277 5059
Email: sarah.koh@apb.com.sg

Ms Shirley Poo
Manager, Group Corporate Communications
Asia Pacific Breweries Ltd
Tel: 6277 5027
Email: shirley.poo@apb.com.sg

