

SEPTEMBER 30, 2005.

**PERFORMANCE HIGHLIGHTS – QUARTER ENDED SEPTEMBER 30, 2005.**

- **24.6% GROWTH IN QUARTER VOLUME COMPARED TO PREVIOUS YEAR**
- **HALF YEAR EBITDA H1 TRIPLE SAME PERIOD LAST YEAR**
- **15% INTERIM DIVIDEND DECLARED**

For the quarter ending 30 September 2005 United Breweries has declared an EBITDA of Rs 15.43 crore, which is Rs 8.7 crore higher than the same period last year. This results in a half year EBITDA of Rs 64.31 crore, already higher than the entire previous year.

The primary driver of growth during the quarter was volume which has continued to outperform the industry by 10%, with growth in the quarter of 24.6%. Year to date volume growth delivered by the business has been 21.5%, against a market growth of 15.9%. The Kingfisher family continues to drive ahead with both mild and strong beers achieving growth ahead of the industry, in both the quarter and year to date. Kingfisher strong has again shown exceptional performance with growth of 37% in the quarter against a market growing by 17%. The balance of the UBL brand portfolio has also shown excellent growth. The resulting market share has seen an increase of 100 basis points.

Gross margin continued to benefit from an increase in sales realizations achieved during the first quarter, and continuing careful management of raw material and packaging costs.

Following the successful integration at an operational level of the UBL and former MABL businesses, a number of synergy benefits have been implemented to generate savings, some of which are already evident in the quarter's results. Staff costs in the quarter reflect the full quarter's costs for the employees who have transferred into the business from MABL in June, and thereby show a higher increase in costs versus last year and also the first quarter.

As in quarter one, additional investment has been made in brand building. Freight costs reflect the increased cost of fuel, and, increased volume has resulted in an increase in third party brewing costs.

Interest charges and interest income have previously been shown as a net figure, within interest charges. This year, due to the materiality of interest income, the two amounts have been disclosed separately.

The acquisition of the KBDL brewery is on track. Of a total consideration of Rs.186 crore, an advance of Rs.123 crore has been placed in an escrow account until such time as the transaction is complete. The acquisition is expected to complete in Q3.

During the quarter the company was awarded the prestigious Business Superbrands award by the Business Superbrands India council. UB was one of 60 selected Indian companies to receive the award for outstanding brand leadership.

In recognition of the improved trading position, our confidence in the future and loyalty of our shareholders, the board agreed the payment of an interim dividend of 15% at the AGM in September.

As UB continues to outperform the industry volume growth, there is now a real need to expand and upgrade the manufacturing capacity of the business. The board has agreed

**that investments of over Rs 400 crores will be made in the next 7 years to meet the volume requirements, which will include at least 1 new greenfield breweries in addition to the existing 2 new greenfield breweries in Rajasthan and Orissa. These investments will be financed partly through internal accruals and partially through borrowings.**