

Asahi Breweries, Ltd.



FY 2004 Consolidated 1Q Financial Results

NOTE:

All information has been prepared in accordance with generally accepted accounting principles in Japan. Amounts shown in this accounting report and in the attached material have been rounded down to omit fractions less than one million yen. This document is an partial English translation of the Japanese Financial Statement which was filed at stock exchanged in Japan on May 6th, 2004.

**Summary Report of Consolidated 1Q Financial Results
(Fiscal 2004)**

May 6, 2004

Asahi Breweries, Ltd.

Code number: 2502
Shares Listed: First Section of Tokyo and Osaka Stock Exchanges
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US GAAP: Not applicable

1. Consolidated Financial Results for the 1Q Period ended March 31, 2004

(From January 1, 2004 to March 31, 2004)

(1) Consolidated Operating Results

(in million yen)

	<u>3 months ended March 31</u>				<u>Year ended Dec 31</u>
	<u>2004</u>		<u>2003</u>		<u>2003</u>
	Amount	% change	Amount	% change	Amount
Sales	277,168	1.5%	272,984	2.0%	1,400,301
Operating income	8,235	-	(6,180)	-	78,983
Ordinary income	7,738	-	(7,418)	-	70,480
Net income	2,351	-	(5,701)	-	23,210

Note: Percentage change for net sales, operating income, ordinary income and net income is based on the first quarter of the previous fiscal year.

(2) Consolidated Financial Conditions

(in million yen)

	<u>March 31</u>	<u>March 31</u>	<u>December 31</u>
	<u>2004</u>	<u>2003</u>	<u>2003</u>
Total assets	1,177,636	1,241,079	1,244,409
Shareholders' equity	392,760	371,849	398,152
Shareholders' equity ratio	33.4%	30.0%	32.0%
Shareholders' equity per share	809.36 yen	756.85 yen	810.19 yen

(3) Consolidated Cash Flows

	<u>3 months ended March 31</u>		<u>Year ended Dec 31</u>
	<u>2004</u>	<u>2003</u>	<u>2003</u>
Cash flows from operating activities	(15,714)	(8,593)	115,358
Cash flows from investing activities	(6,658)	(9,437)	(30,753)
Cash flows from financing activities	28,156	21,841	(88,694)
Cash & cash equivalent at the end of the term	17,211	19,883	11,561

(4) Scope of consolidation and matters relating to the application of equity method

Number of consolidated subsidiaries:	54
Number of unconsolidated subsidiaries:	1
Number of affiliated companies:	1

ASAHI BREWERIES, LTD.

Consolidated 1Q Balance Sheets

ASSETS

(in million yen)

	First quarter of 2004		First quarter of 2003		Increase (Decrease) Amount	December 31 2003	
	Amount	Ratio(%)	Amount	Ratio(%)		Amount	Ratio(%)
Current Assets:							
Cash and cash equivalents	17,281		20,283		(3,002)	11,699	
Notes and accounts receivable	197,118		194,328		2,789	262,406	
Inventories	95,704		104,537		(8,833)	89,067	
Deferred tax assets	7,097		7,548		(451)	6,448	
Other current assets	31,059		42,351		(11,292)	35,936	
Allowance for doubtful accounts	(11,828)		(7,798)		(4,029)	(12,297)	
Total current assets	336,431	28.6	361,251	29.1	(24,819)	393,260	31.6
Fixed Assets:							
Tangible fixed assets							
Buildings	227,245		234,943		(8,582)	230,264	
Machinery and equipment	196,732		213,166		(9,283)	201,781	
Furniture and fixtures	51,831		54,550		(1,262)	52,738	
Land	204,119		209,748		1,011	204,684	
Construction in progress	7,138		3,841		(4,610)	4,102	
Total tangible fixed assets	687,067	58.3	716,250	57.7	(22,727)	693,570	55.7
Intangible fixed assets	17,994	1.5	17,307	1.4	5,437	17,588	1.4
Investments and other assets							
Investment securities	68,842		70,614		(13,882)	68,137	
Deferred tax assets	36,782		47,021		1,264	38,325	
Other	43,219		51,070		(1,096)	45,640	
Allowance for doubtful accounts	(12,700)		(22,435)		(3,091)	(12,112)	
Total investments and other assets	136,143	11.6	146,270	11.8	(16,806)	139,990	11.3
Total fixed assets	841,204	71.4	879,828	70.9	(34,096)	851,149	68.4
Total Assets	1,177,636	100.0	1,241,079	100.0	(32,408)	1,244,409	100.0

LIABILITIES AND SHAREHOLDERS' EQUITY

(in million yen)

	First quarter of 2004		First quarter of 2003		Increase (Decrease)	December 31 2003	
	Amount	Ratio(%)	Amount	Ratio(%)		Amount	Ratio(%)
	Current Liabilities:						
Notes and accounts payable	62,334		66,247		(3,912)	81,056	
Short-term debt	79,972		119,806		(39,834)	67,221	
Bonds due within one year	44,099		15,451		28,648	47,603	
Alcohol tax payable	104,868		103,283		1,584	146,716	
Deposits received	63,869		69,585		(5,715)	70,524	
Commercial paper	33,000		79,000		(46,000)	5,500	
Other current liabilities	91,154		93,987		(2,833)	123,685	
Total current liabilities	479,298	40.7	547,361	44.1	(68,063)	542,308	43.6
Non-current Liabilities:							
Bonds	159,997		207,676		(47,679)	159,997	
Long-term debt	56,337		24,926		31,410	55,962	
Allowance for retirement benefits	29,419		30,734		(1,315)	29,772	
Reserve for officers' retirement benefits	543		135		408	649	
Deferred tax liabilities	396		272		124	304	
Other non-current liabilities	41,673		42,447		(773)	39,768	23.0
Total non-current liabilities	288,367	24.5	306,192	24.7	(17,824)	286,453	
Total liabilities	767,666	65.2	853,554	68.8	(85,888)	828,762	66.6
Minority Interests	17,209	1.4	15,675	1.2	1,534	17,494	1.4
Shareholders' Equity:							
Common stock	182,531	15.5	182,531	14.7	-	182,531	14.7
Capital surplus	181,281	15.4	181,283	14.6	(1)	181,281	14.6
Retained earnings:	49,455	4.2	25,476	2.1	23,978	50,409	4.1
Appreciation by revaluation of investment securities	4,371	0.4	(449)	(0.0)	4,821	1,793	0.1
Foreign currency translation adjustments	(22)	(0.0)	1,003	0.1	(1,026)	163	0.0
Treasury stock	(24,856)	(2.1)	(17,996)	(1.5)	(6,860)	(18,026)	(1.5)
Total shareholders' equity	392,760	33.4	371,849	30.0	20,911	398,152	32.0
Total liabilities, minority interests and shareholders' equity	1,177,636	100.0	1,241,079	100.0	(63,442)	1,244,409	100.0

ASAHI BREWERIES, LTD.

Consolidated 1Q Statements of Operations

(in million yen)

	3 months ended		3 months ended		Increase (Decrease)	Year ended	
	March 31, 2004		March 31, 2003			December 31, 2003	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Amount	Ratio(%)
Sales	277,168	100.0	272,984	100.0	4,184	1,400,301	100.0
Cost of sales	189,544	68.4	189,092	69.3	451	959,162	68.5
Gross profit	87,624	31.6	83,891	30.7	3,732	441,138	31.5
Selling, General & Administrative expense	79,389	28.6	90,072	33.0	(10,683)	362,154	25.9
Operating income (loss)	8,235	3.0	(6,180)	-2.3	14,416	78,983	5.6
Non-operating income:							
Interest income	129		180		(51)	672	
Dividend income	345		283		61	882	
Investment gains under equity method	-		-		-	326	
Amortization of consolidation negative goodwill	412		412		0	1,601	
Other	475		307		167	1,276	
	1,362	0.5	1,185	0.5	177	4,759	0.3
Non-operating expenses:							
Interest expense	829		1,187		(357)	4,799	
Investment losses under equity method	108		67		40	-	
Provision for doubtful accounts	4		21		(16)	1,347	
Other	916		1,146		(230)	7,115	
	1,858	0.7	2,422	0.9	(563)	13,263	0.9
Ordinary income (loss)	7,738	2.8	(7,418)	-2.7	15,157	70,480	5.0
Extraordinary gains:							
Gain on sale of fixed assets	51		5		45	956	
Gain on sale of investment securities	0		25		(25)	288	
Compensation money for relocation of brewery	368		-		368	1,542	
Other	-		-		-	18	
	420	0.2	31	0.0	388	2,805	0.2
Extraordinary losses:							
Loss on disposal and sale of fixed assets	971		589		381	14,476	
Loss on sale of investment securities	31		10		21	78	
Loss on devaluation of investment securities	0		-		0	1,198	
Retirement benefits for directors & auditors	223		393		(170)	154	
Prior year's provision for reserve for officer's retirement benefits	-		-		-	581	
Loss on liquidation of businesses	-		4,438		(4,438)	4,287	
Loss on devaluation of fixed assets	-		-		-	2,855	
Loss on liquidation of subsidiaries	-		-		-	644	
Other	112		0		112	328	
	1,337	0.5	5,431	2.0	(4,093)	24,605	1.7
Income (loss) before income taxes	6,821	2.5	(12,818)	-4.7	19,639	48,680	3.5
Income tax	4,694	1.7	(5,636)	-2.1	10,331	22,830	1.6
Adjustment to income taxes	-	-	-	-	-	2,451	0.2
Minority interests in net loss of consolidated subsidiaries	(225)	-0.1	(2,109)	-0.8	1,884	188	0.0
Net Income (loss)	2,351	0.9	(5,071)	-1.8	7,423	23,210	1.7

Consolidated 1Q Statements of Retained Earnings

(in million yen)

	3 months ended March 31, 2004	3 months ended March 31, 2003	Year ended Dec. 31, 2003
Capital surplus			
Balance, beginning of period	181,281	180,894	180,894
Increase due to merger	-	388	388
Gain on disposition of treasury stock	0	-	-
Increase total	0	388	388
Loss on disposition of treasury stock	-	-	1
Decrease total	-	-	1
Balance, end of period	181,281	181,283	181,281
Retained earnings			
Balance, beginning of period	50,409	32,423	32,423
Net income	2,351	-	23,210
Increase resulting from increase in consolidated subsidiaries	5	609	453
Increase resulting from decrease in consolidated subsidiaries	-	3,973	3,973
Increase resulting from increase in unconsolidated subsidiaries accounted for by the equity method	-	402	402
Increase total	2,357	4,985	28,039
Net loss	-	5,071	-
Dividends	3,193	6,535	9,728
Bonus paid to directors and corporate auditors	118	112	112
Decrease in retained earnings from merger of consolidated subsidiaries	-	212	212
Decrease total	3,311	11,931	10,053
Balance, end of period	49,455	25,476	50,409

Consolidated 1Q Statements of Cash Flows

(in million yen)

	3 months ended March 31, 2004	3 months ended March 31, 2003	Increase (Decrease)	Year ended Dec. 31, 2003
Cash flows from operating activities:				
Net loss (income) before taxes	6,821	(12,818)	19,639	48,680
Depreciation and amortization	12,462	13,414	(951)	53,100
Decrease (increase) in provision for employees' retirement benefits	(352)	(1,186)	833	(2,149)
Decrease in reserve for doubtful accounts	119	1,620	(1,501)	5,175
Interest and dividend income	(474)	(464)	(10)	(1,554)
Interest expenses	829	1,187	(357)	4,799
Equity in net income of unconsolidated subsidiaries	-	4,438	(4,438)	4,287
Loss on sale and disposal of fixed assets	971	589	381	14,476
Decrease in accounts receivable trade	65,289	64,916	372	(1,067)
Increase (decrease) in inventories	(6,635)	(7,189)	553	4,881
Increase (decrease) in accounts payable trade	(18,714)	(17,849)	(865)	(2,793)
Increase (decrease) in accrued alcohol tax payable	(41,848)	(39,087)	(2,760)	4,345
Other	(14,112)	(2,652)	(11,459)	430
Sub total	4,354	4,918	(563)	132,615
Interest and dividend received	523	510	12	1,533
Interest paid	(491)	(1,000)	509	(4,400)
Income taxes paid	(20,101)	(13,021)	(7,079)	(14,390)
Net cash provided by operating activities	(15,714)	(8,593)	(7,121)	115,358
Cash flows from investing activities:				
Payment for purchase of tangible fixed assets	(9,293)	(8,176)	(1,116)	(35,466)
Payment for purchase of investment securities	(105)	(9,180)	9,075	(4,442)
Proceeds from sale of investment securities	3,510	92	3,417	2,173
Payment for loans	(361)	(1,784)	1,422	(1,645)
Proceeds from collections of loans	304	8,348	(8,043)	8,784
Other	(713)	1,262	(1,976)	(155)
Net cash (used in) provided by investing activities	(6,658)	(9,437)	2,778	(30,753)
Cash flows from financing activities:				
Increase in borrowing	41,616	41,188	427	(55,459)
Proceeds from long-term debt	800	-	800	46,499
Repayment for long-term debt	(1,519)	(2,397)	877	(46,143)
Proceeds from issuances of bonds	-	10,000	(10,000)	10,000
Redemption of bonds	(3,499)	(10,000)	6,500	(25,451)
Purchases of stock for treasury	(6,830)	(8,648)	1,817	(8,705)
Cash dividend paid	(3,193)	(6,535)	3,342	(9,731)
Other	782	(1,766)	2,549	295
Net cash used in financing activities	28,156	21,841	6,315	(88,694)
Effect of exchange rate changes on cash and cash equivalents	(135)	(24)	(110)	(366)
Net increase(decrease) in cash and cash equivalents	5,648	3,786	1,862	(4,456)
Cash and cash equivalents, beginning of period	11,561	15,986	(4,424)	15,986
Increase in cash and cash equivalents due to				
increase in consolidated subsidiaries	1	98	(96)	18
Increase in cash and cash equivalents due to				
increase consolidation of consolidated subsidiaries	-	12	(12)	12
Cash and cash equivalents balance, end of period	17,211	19,883	(2,671)	11,561

Segment information

(1) Segment information based on business category

1Q period ended March 2004 (January 1, 2004 – March 31, 2004)

(in million yen)

	Alcoholic beverages	Soft drinks	Food/ Pharmaceuticals	Other	Total	Elimination or Corporate	Consolidated total
Sales							
1) to outside customers	203,510	42,210	4,919	26,528	277,168	-	277,168
2) inter-segment sales	9,857	298	44	13,114	23,315	(23,315)	-
Total	213,368	42,509	4,964	39,642	300,484	(23,315)	277,168
Operating expenses	204,741	42,296	5,301	39,841	292,180	(23,247)	268,933
Operating income/loss	8,626	212	(337)	(198)	8,303	(68)	8,235

1Q period ended March 2003 (January 1, 2003 – March 31, 2003)

(in million yen)

	Alcoholic beverages	Soft drinks	Food/ Pharmaceuticals	Other	Total	Elimination or Corporate	Consolidated total
Sales							
1) to outside customers	201,503	40,633	4,882	25,964	272,984	-	272,984
2) inter-segment sales	9,739	425	39	13,806	24,011	(24,011)	-
Total	211,242	41,058	4,922	39,771	296,995	(24,011)	272,984
Operating expenses	214,594	44,055	5,089	39,598	303,337	(24,172)	279,165
Operating income/loss	(3,351)	(2,996)	(166)	172	(6,341)	160	(6,180)

Year ended December 2003 (January 1, 2003 – December 31, 2003)

(in million yen)

	Alcoholic beverages	Soft drinks	Food/Pharmaceuticals	Other	Total	Elimination or Corporate	Consolidated total
I. Net Sales							
1) to outside customers	1,067,136	185,737	21,546	125,881	1,400,301	-	1,400,301
2) inter-segment sales	49,528	4,149	215	61,479	115,373	(115,373)	-
Total	1,116,665	189,887	21,762	187,360	1,515,675	(115,373)	1,400,301
Operating expenses	1,044,212	187,241	21,594	183,962	1,437,010	(115,692)	1,321,317
Operating income (loss)	72,452	2,645	167	3,398	78,665	318	78,983

Note:

1. The Group's businesses are classified into segments by type and nature of products handled.

2. Major products for each segment

- (1) Alcoholic beverages ----- beer, happoshu (low-malt beer), shochu, whisky, etc.
- (2) Soft drinks ----- refreshing drinks, etc.
- (3) Food/pharmaceuticals ----- food business, pharmaceuticals business
- (4) Other ----- real estate, restaurants, wholesale, logistics, etc.