

Asahi Breweries, Ltd.



FY 2004 Consolidated 3Q 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 October 28th, 2004.

**Summary Report of Consolidated 3Q Financial Results
(Fiscal 2004)**

October 27, 2004

Asahi Breweries, Ltd.

Code number: 2502
Shares Listed: First Section of Tokyo and Osaka Stock Exchanges
Head Office: Tokyo
Contact: Toshio Kodato, General Manager, Public Relations Department
Tel: + 81 3 5608 5126 ([URL:http://www.asahibeer.co.jp](http://www.asahibeer.co.jp))
US GAAP: Not applicable

1. Consolidated Financial Results for the 3Q Period ended September 30, 2004

(From January 1, 2004 to September 30, 2004)

(1) Consolidated Operating Results

(in million yen)

	<u>9 months ended September 30</u>				<u>Year ended Dec 31</u>
	<u>2004</u>		<u>2003</u>		<u>2003</u>
	Amount	% change	Amount	% change	Amount
Sales	1,046,941	2.0%	1,026,581	1.5%	1,400,301
Operating income	77,405	39.2%	55,610	(2.6%)	78,983
Ordinary income	74,891	46.0%	51,296	0.4%	70,480
Net income	31,178	46.4%	21,293	(11.1%)	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>September 30</u>	<u>September 30</u>	<u>December 31</u>
	<u>2004</u>	<u>2003</u>	<u>2003</u>
Total assets	1,252,105	1,239,907	1,244,409
Shareholders' equity	419,661	397,106	398,152
Shareholders' equity ratio	33.5%	32.0%	32.0%
Shareholders' equity per share	864.80 yen	808.31 yen	810.19 yen

(3) Consolidated Cash Flows

	<u>9 months ended September 30</u>		<u>Year ended Dec 31</u>
	<u>2004</u>	<u>2003</u>	<u>2003</u>
Cash flows from operating activities	125,098	108,204	115,358
Cash flows from investing activities	(101,334)	(25,024)	(30,753)
Cash flows from financing activities	(17,457)	(80,235)	(88,694)
Cash & cash equivalent at the end of the term	17,725	18,677	11,561

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

Number of consolidated subsidiaries:	54
Number of unconsolidated subsidiaries:	2
Number of affiliated companies:	16

ASAHI BREWERIES, LTD.

Consolidated 3Q Balance Sheets

ASSETS

(in million yen)						
Third quarter of 2004		Third quarter of 2003		Increase (Decrease)	December 31 2003	
Amount	Ratio(%)	Amount	Ratio(%)	Amount	Amount	Ratio(%)
Current Assets:						
Cash and cash equivalents	18,145	18,811		(666)	11,699	
Notes and accounts receivable	211,116	217,676		(6,560)	262,406	
Inventories	89,622	103,225		(13,602)	89,067	
Deferred tax assets	6,822	3,644		3,177	6,448	
Other current assets	77,911	35,548		42,363	35,936	
Allowance for doubtful accounts	(8,531)	(7,789)		(741)	(12,297)	
Total current assets	395,086	371,117	29.9	23,968	393,260	31.6
Fixed Assets:						
Tangible fixed assets						
Buildings	219,935	231,509		(11,574)	230,264	
Machinery and equipment	188,887	203,649		(14,762)	201,781	
Furniture and fixtures	50,406	53,403		(2,997)	52,738	
Land	202,298	210,636		(8,337)	204,684	
Construction in progress	6,423	4,066		2,356	4,102	
Total tangible fixed assets	667,951	703,266	56.7	(35,315)	693,570	55.7
Intangible fixed assets	17,403	17,437	1.4	(34)	17,588	1.4
Investments and other assets						
Investment securities	106,944	77,178		29,766	68,137	
Deferred tax assets	35,951	45,388		(9,437)	38,325	
Other	42,292	45,637		(3,345)	45,640	
Allowance for doubtful accounts	(13,523)	(20,118)		6,595	(12,112)	
Total investments and other assets	171,664	148,085	12.0	23,579	139,990	11.3
Total fixed assets	857,019	868,790	70.1	(11,770)	851,149	68.4
Total Assets	1,252,105	1,239,907	100.0	12,197	1,244,409	100.0

LIABILITIES AND SHAREHOLDERS' EQUITY

(in million yen)

	Third quarter of 2004		Third quarter of 2003		Increase (Decrease) Amount	December 31 2003	
	Amount	Ratio(%)	Amount	Ratio(%)		Amount	Ratio(%)
Current Liabilities:							
Notes and accounts payable	70,516		73,827		(3,311)	81,056	
Short-term debt	50,688		70,008		(19,320)	67,221	
Bonds due within one year	74,997		25,451		49,546	47,603	
Alcohol tax payable	152,916		150,915		2,000	146,716	
Deposits received	61,097		69,098		(8,001)	70,524	
Commercial paper	-		-		-	5,500	
Other current liabilities	123,202		111,734		11,468	123,685	
Total current liabilities	533,418	42.6	501,036	40.4	32,381	542,308	43.6
Non-current Liabilities:							
Bonds	125,000		197,626		(72,626)	159,997	
Long-term debt	82,472		53,528		28,944	55,962	
Allowance for retirement benefits	28,235		30,268		(2,033)	29,772	
Reserve for officers' retirement benefits	539		587		(48)	649	
Deferred tax liabilities	456		305		151	304	
Other non-current liabilities	40,265		41,839		(1,574)	39,768	
Total non-current liabilities	276,969	22.1	324,156	26.2	(47,187)	286,453	23.0
Total liabilities	810,387	64.7	825,193	66.6	(14,805)	828,762	66.6
Minority Interests	22,056	1.8	17,608	1.4	4,448	17,494	1.4
Shareholders' Equity:							
Common stock	182,531	14.6	182,531	14.7	-	182,531	14.7
Capital surplus	181,282	14.5	181,281	14.6	0	181,281	14.6
Retained earnings:	74,635	5.9	48,648	3.9	25,987	50,409	4.1
Appreciation by revaluation of investment securities	5,251	0.4	2,641	0.2	2,609	1,793	0.1
Foreign currency translation adjustments	823	0.1	23	0.0	799	163	0.0
Treasury stock	(24,862)	(2.0)	(18,019)	(1.4)	(6,843)	(18,026)	(1.5)
Total shareholders' equity	419,661	33.5	397,106	32.0	22,554	398,152	32.0
Total liabilities, minority interests and shareholders' equity	1,252,105	100.0	1,239,907	100.0	12,197	1,244,409	100.0

ASAHI BREWERIES, LTD.

Consolidated 1Q Statements of Operations

(in million yen)

	9 months ended		9 months ended		Increase (Decrease)	Year ended	
	September 30, 2004		September 30, 2003			December 31, 2003	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Amount	Ratio(%)
Sales	1,046,941	100.0	1,026,581	100.0	20,360	1,400,301	100.0
Cost of sales	705,275	67.4	700,298	68.2	4,977	959,162	68.5
Gross profit	341,665	32.6	326,282	31.8	15,382	441,138	31.5
Selling, General & Administrative expense	264,260	25.2	270,671	26.4	(6,411)	362,154	25.9
Operating income (loss)	77,405	7.4	55,610	5.4	21,794	78,983	5.6
Non-operating income:							
Interest income	377		521		(143)	672	
Dividend income	856		770		85	882	
Investment gains under equity method	25		94		(68)	326	
Amortization of consolidation negative goodwill	1,312		1,238		74	1,601	
Other	969		973		(3)	1,276	
	3,541	0.3	3,597	0.4	(55)	4,759	0.3
Non-operating expenses:							
Interest expense	2,858		3,582		(724)	4,799	
Provision for doubtful accounts	-		-		-	1,347	
Other	3,197		4,329		(1,132)	7,115	
	6,055	0.5	7,912	0.8	(1,856)	13,263	0.9
Ordinary income (loss)	74,891	7.2	51,296	5	23,595	70,480	5.0
Extraordinary gains:							
Gain on sale of fixed assets	192		872		(679)	956	
Gain on sale of investment securities	284		105		178	288	
Gain on reverse of allowance for doubtful account	1,795		507		1,288	-	
Compensation money for relocation of brewer	371		-		371	1,542	
Other	-		-		-	18	
	2,644	0.2	1,485	0.2	1,159	2,805	0.2
Extraordinary losses:							
Loss on disposal and sale of fixed assets	4,036		5,784		(1,748)	14,476	
Loss on sale of investment securities	34		10		24	78	
Loss on devaluation of investment securities	162		1,206		(1,043)	1,198	
Loss on sale of subsidiaries' shares	-		-		-	154	
Loss on devaluation of subsidiaries' securities	-		-		-	154	
Prior year's provision for reserve for officer's retirement benefits	-		581		(581)	581	
Loss on liquidation of businesses	-		4,287		(4,287)	4,287	
Loss on devaluation of fixed assets	-		-		-	2855	
Loss on liquidation of subsidiaries	-		-		-	644	
Other	590		270		319	482	
	7,158	0.7	12,140	1.2	(4,982)	24,605	1.7
Income (loss) before income taxes	70,377	6.7	40,460	4.0	29,736	48,680	3.5
Income tax	36,887	3.5	19,436	1.9	17,451	22,830	1.6
Adjustment to income taxes	-	-	-	-	-	2,451	0.2
Minority interests in net loss of consolidated subsidiaries	2,311	0.2	(88)	0.0	2,400	188	0.0
Net Income (loss)	31,178	3.0	21,293	2.1	9,885	23,210	1.7

Consolidated 3Q Statements of Retained Earnings

(in million yen)

	9 months ended September 30, 2004	9 months ended September 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	1
Decrease total	-	1	1
Balance, end of period	181,282	181,281	181,281
Retained earnings			
Balance, beginning of period	50,409	32,423	32,423
Net income	31,178	21,293	23,210
Increase resulting from increase in consolidated subsidiar	5	609	453
Increase resulting from decrease in consolidated subsidia	-	3,973	3,973
Increase resulting from increase in unconsolidated subsidiaries	-	402	402
accounted for by the equity method	-	-	-
Increase total	31,184	26,278	28,039
Net loss	-	5,071	-
Dividends	6,832	9,728	9,728
Bonus paid to directors and corporate auditors	123	112	112
Decrease resulting from increase in consolidated subsidia	1	-	-
Decrease in retained earnings from merger of consolidated subsidiaries	-	212	212
Decrease total	6,957	10,053	10,053
Balance, end of period	74,635	48,648	50,409

Consolidated 3Q Statements of Cash Flows

(in million yen)

	9 months ended September 30, 2004	9 months ended September 30, 2003	Increase (Decrease)	Year ended Dec. 31, 2003
Cash flows from operating activities:				
Net loss (income) before taxes	70,377	40,640	29,736	48,680
Depreciation and amortization	37,526	39,243	(1,716)	53,100
Decrease (increase) in provision for employees' retirement benefits	(838)	(1,652)	813	(2,149)
Decrease in reserve for doubtful accounts	(1,751)	(1,589)	(162)	5,175
Interest and dividend income	(1,233)	(1,291)	57	(1,554)
Interest expenses	2,858	3,582	(724)	4,799
Equity in net income of unconsolidated subsidiaries	-	4,287	(4,287)	4,287
Loss on sale and disposal of fixed assets	4,036	5,784	(1,748)	14,476
Decrease in accounts receivable trade	48,948	43,205	5,743	(1,067)
Increase (decrease) in inventories	(3,480)	(6,086)	2,605	4,881
Increase (decrease) in accounts payable trade	(3,038)	(9,879)	6,841	(2,793)
Increase (decrease) in accrued alcohol tax payable	6,208	8,545	(2,336)	4,345
Other	(3,711)	(426)	(3,285)	430
Sub total	155,900	124,362	31,538	132,615
Interest and dividend received	1,357	1,334	23	1,533
Interest paid	(2,461)	(3,430)	969	(4,400)
Income taxes paid	(29,698)	(14,062)	(15,636)	(14,390)
Net cash provided by operating activities	125,098	108,204	16,894	115,358
Cash flows from investing activities:				
Payment for purchase of tangible fixed assets	(30,191)	(31,438)	1,247	(35,466)
Payment for purchase of investment securities	(41,128)	(4,412)	(36,715)	(4,442)
Proceeds from sale of investment securities	15,870	306	15,564	2,173
Payment for loans	(55,393)	(1,010)	(54,382)	(1,645)
Proceeds from collections of loans	7,263	8,014	(750)	8,784
Other	2,243	3,516	(1,272)	(155)
Net cash (used in) provided by investing activities	(101,334)	(25,024)	(76,310)	(30,753)
Cash flows from financing activities:				
Increase in borrowing	(16,978)	(53,144)	36,165	(55,459)
Proceeds from long-term debt	29,862	35,200	(5,337)	46,499
Repayment for long-term debt	(8,380)	(42,800)	34,420	(46,143)
Proceeds from issuances of bonds	10,000	10,000	-	10,000
Redemption of bonds	(17,882)	(10,000)	(7,882)	(25,451)
Purchases of stock for treasury	(6,847)	(8,695)	1,847	(8,705)
Cash dividend paid	(6,832)	(9,728)	2,896	(9,731)
Other	(397)	(1,066)	668	295
Net cash used in financing activities	(17,457)	(80,235)	62,777	(88,694)
Effect of exchange rate changes on cash and cash equivalents	(56)	(196)	139	(366)
Net increase(decrease) in cash and cash equivalents	6,249	2,747	3,502	(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	(86)	(68)	(17)	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	17,725	18,677	(952)	11,561

Segment information

(1) Segment information based on business category

3Q period ended September 2004 (January 1, 2004 – September 30, 2004)

(in million yen)

	Alcoholic beverages	Soft drinks	Food/ Pharmaceuticals	Other	Total	Elimination or Corporate	Consolidated total
Sales							
1) to outside customers	783,305	155,753	15,966	91,915	1,046,941	-	1,046,941
2) inter-segment sales	36,067	3,177	156	46,952	86,354	(86,354)	-
Total	819,372	158,930	16,123	138,868	1,133,295	(86,354)	1,046,941
Operating expenses	750,731	151,545	16,939	136,729	1,055,947	(86,411)	969,535
Operating income/loss	68,641	7,384	(815)	2,138	77,348	(57)	77,405

3Q period ended March 2003 (January 1, 2003 – September 30, 2003)

(in million yen)

	Alcoholic beverages	Soft drinks	Food/ Pharmaceuticals	Other	Total	Elimination or Corporate	Consolidated total
Sales							
1) to outside customers	776,505	143,187	15,93	90,948	1,026,581	-	1,026,581
2) inter-segment sales	36,206	2,958	158	46,369	85,692	(85,692)	-
Total	812,712	146,146	16,097	137,317	1,112,274	(85,692)	1,026,581
Operating expenses	762,153	143,689	15,948	135,168	1,056,959	(85,988)	970,970
Operating income/loss	50,559	2,457	148	2,149	55,315	295	55,610

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.