

Asahi Breweries, Ltd.



FY 2005 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 a partial English translation of the Japanese Financial Statement, which was filed at stock exchanged in Japan on April 27th, 2005.

**Summary Report of Consolidated 1Q Financial Results
(Fiscal 2005)**

April 27th, 2005

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, 2005

(From January 1, 2005 to March 31, 2005)

(1) Consolidated Operating Results

(in million yen)

	<u>3 months ended March 31</u>				<u>Year ended Dec 31</u>
	2005		2004		2004
	Amount	% change	Amount	% change	Amount
Sales	263,846	-4.8%	277,168	1.5%	1,444,225
Operating income	-765	-	8,235	-	101,272
Ordinary income	-582	-	7,738	-	95,650
Net income	849	-63.9%	2,351	-	30,595
					(Yen)
Net income per share: Primary	1.75		4.81		62.52
: Fully dilu	1.75		4.71		60.64

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)

	March 31	March 31	December 31
	2005	2004	2004
Total assets	1,166,750	1,177,636	1,250,818
Shareholders' equity	417,924	392,760	417,827
Shareholders' equity ratio	35.8%	33.4%	33.4%
Shareholders' equity per share	861.26 yen	809.36 yen	860.66 yen

(3) Consolidated Cash Flows

	<u>3 months ended March 31</u>		<u>Year ended Dec 31</u>
	2005	2004	2004
Cash flows from operating activities	(27,375)	(15,714)	112,930
Cash flows from investing activities	(9,728)	(6,658)	(54,850)
Cash flows from financing activities	36,977	28,156	(55,666)
Cash & cash equivalent at the end of the term	13,684	17,211	13,657

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

Number of consolidated subsidiaries:	54
Number of unconsolidated subsidiaries accounted for by the equity me	1
Number of affiliated companies accounted for by the equity method:	16

ASAHI BREWERIES, LTD.

Consolidated 1Q Balance Sheets

ASSETS

(in million yen)

	First quarter of 2005		First quarter of 2004		Increase (Decrease) Amount	December 31 2004	
	Amount	Ratio(%)	Amount	Ratio(%)		Amount	Ratio(%)
Current Assets:							
Cash and cash equivalents	13,786		17,281		(3,495)	14,156	
Notes and accounts receivable	193,579		197,118		(3,538)	279,771	
Securities	2,240		-		2,240	2,172	
Inventories	93,082		95,704		(2,621)	85,190	
Deffered tax assets	21,248		7,097		14,151	19,861	
Other current assets	25,974		31,059		(5,084)	30,066	
Allowance for doubtful accounts	(8,627)		(11,828)		3,200	(10,438)	
Total current assets	341,285	29.3	336,431	28.6	4,853	420,780	33.6
Fixed Assets:							
Tangible fixed assets							
Buildings	219,620		227,245		(7,625)	222,493	
Machinery and equipment	191,971		196,732		(4,760)	196,172	
Furniture and fixtures	50,855		51,831		(976)	51,568	
Land	183,856		204,119		(20,262)	183,045	
Construction in progress	5,095		7,138		(2,042)	4,228	
Total tangible fixed assets	651,399	55.8	687,067	58.3	(35,667)	657,509	52.6
Intangible fixed assets	14,857	1.3	17,994	1.5	(3,136)	18,410	1.5
Investments and other assets							
Investment securities	103,508		68,842		34,666	93,653	
Deffered tax assets	27,529		36,782		(9,252)	29,815	
Other	40,437		43,219		(2,782)	42,925	
Allowance for doubtful accounts	(12,267)		(12,700)		433	(12,275)	
Total investments and other assets	159,207	13.6	136,143	11.6	23,064	154,118	12.3
Total fixed assets	825,464	70.7	841,204	71.4	(15,739)	830,038	66.4
Total Assets	1,166,750	100.0	1,177,636	100.0	(10,886)	1,250,818	100.0

LIABILITIES AND SHAREHOLDERS' EQUITY

(in million yen)

	First quarter of 2005		First quarter of 2004		Increase (Decrease) Amount	December 31 2004	
	Amount	Ratio(%)	Amount	Ratio(%)		Amount	Ratio(%)
Current Liabilities:							
Notes and accounts payable	67,778		62,334		5,443	84,585	
Short-term debt	71,659		79,972		(8,313)	48,569	
Bonds due within one year	49,997		44,099		5,897	49,997	
Alcohol tax payable	92,643		104,868		(12,225)	148,654	
Deposits received	53,193		63,869		(10,676)	63,718	
Commercial paper	12,000		33,000		(21,000)	-	
Other current liabilities	96,247		91,154		5,093	136,165	
Total current liabilities	443,519	38.0	479,298	40.7	(35,778)	531,690	42.5
Non-current Liabilities:							
Bonds	120,000		159,997		(39,997)	120,000	
Long-term debt	89,536		56,337		33,198	84,521	
Allowance for retirement benefits	29,028		29,419		(391)	29,183	
Reserve for officers' retirement benefits	466		543		(77)	674	
Deferred tax liabilities	464		396		68	448	
Other non-current liabilities	39,552		41,673		(2,121)	39,644	22.0
Total non-current liabilities	279,047	24.0	288,367	24.5	(9,320)	274,472	
Total liabilities	722,567	62.0	767,666	65.2	(45,099)	806,162	64.5
Minority Interests	26,258	2.2	17,209	1.4	9,048	26,827	2.1
Shareholders' Equity:							
Common stock	182,531	15.6	182,531	15.5	-	182,531	14.6
Capital surplus	181,283	15.5	181,281	15.4	1	181,282	14.5
Retained earnings:	71,045	6.1	49,455	4.2	21,590	74,053	5.9
Appreciation by revaluation of investment securities	7,178	0.6	4,371	0.4	2,807	4,796	0.4
Foreign currency translation adjustments	780	0.1	(22)	(0.0)	803	76	0.0
Treasury stock	(24,895)	(2.1)	(24,856)	(2.1)	(38)	(24,885)	(2.0)
Total shareholders' equity	417,924	35.8	392,760	33.4	25,163	417,827	33.4
Total liabilities, minority interests and shareholders' equity	1,166,750	100.0	1,177,636	100.0	(10,886)	1,250,818	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, 2005		March 31, 2004			December 31, 2004	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Amount	Ratio(%)
Sales	263,846	100.0	277,168	100.0	(13,322)	1,444,225	100.0
Cost of sales	178,187	67.5	189,544	68.4	(11,356)	978,610	67.8
Gross profit	85,658	32.5	87,624	31.6	(1,965)	465,615	32.2
Selling, General & Administrative expense	86,424	32.8	79,389	28.6	7,035	364,342	25.2
Operating income (loss)	(765)	-0.3	8,235	3.0	(9,001)	101,272	7.0
Non-operating income:							
Interest income	117		129		(11)	538	
Dividend income	82		345		(262)	966	
Investment gains under equity method	533		-		533	-	
Amortization of consolidation negative goodwill	471		412		59	1,620	
Other	575		475		99	2,002	
	1,780	0.7	1,362	0.5	417	5,127	0.3
Non-operating expenses:							
Interest expense	856		829		26	4,284	
Investment losses under equity method	-		108		(108)	734	
Provision for doubtful accounts	0		4		(3)	182	
Other	739		916		(177)	5,549	
	1,596	0.6	1,858	0.7	(262)	10,750	0.7
Ordinary income (loss)	(582)	-0.2	7,738	2.8	(8,320)	95,650	6.6
Extraordinary gains:							
Gain on sale of fixed assets	4,033		51		3,982	449	
Gain on sale of investment securities	5		0		5	580	
Compensation money for relocation of brewer	1,853		-		1,853	-	
Other	369		368		1	597	
	6,262	2.4	420	0.2	5,841	1,627	0.1
Extraordinary losses:							
Loss on disposal and sale of fixed assets	3,042		971		2,071	31,314	
Retirement benefits for directors & auditors	108		223		(114)	301	
Loss on sale of investment securities	950		31		919	2,048	
Loss on devaluation of investment securities	-		0		-0	271	
Loss on liquidation of subsidiaries	-		-		-	665	
Other	12		112		(99)	4,306	
	4,114	1.6	1,337	0.5	2,776	38,908	2.7
Income (loss) before income taxes	1,566	0.6	6,821	2.5	(5,255)	58,368	4.0
Income tax	1,038	0.4	4,694	1.7	(3,656)	33,741	2.3
Adjustment to income taxes	-	-	-	-	-	(6,910)	(0.5)
Minority interests in net loss of consolidated subsidiaries	(322)	-0.1	(225)	-0.1	(97)	941	0.1
Net Income (loss)	849	0.3	2,351	0.9	(1,501)	30,595	2.1

Consolidated 1Q Statements of Retained Earnings

(in million yen)

	3 months ended March 31, 2005	3 months ended March 31, 2004	Year ended Dec. 31, 2004
Capital surplus			
Balance, beginning of period	181,282	181,281	181,281
Gain on disposition of treasury stock	0	0	0
Increase total	0	0	0
Balance, end of period	181,283	181,281	181,282
Retained earnings			
Balance, beginning of period	74,053	50,409	50,409
Net income	849	2,351	30,595
Increase in retained earnings resulting from increase in consolidated subsidiaries	-	5	5
Increase total	849	2,357	30,601
Dividends	3,639	3,193	6,832
Bonus paid to directors and corporate auditors	185	118	123
Decrease in retained earnings resulting from decrease in consolidated subsidiaries	33	-	-
Decrease in retained earnings resulting from increase in consolidated subsidiaries	-	-	1
Decrease total	3,858	3,311	6,957
Balance, end of period	71,045	49,455	74,053

Consolidated 1Q Statements of Cash Flows

(in million yen)

	3 months ended March 31, 2005	3 months ended March 31, 2004	Increase (Decrease)	Year ended Dec. 31, 2004
Cash flows from operating activities:				
Net loss (income) before taxes	1,566	6,821	(5,255)	58,368
Depreciation and amortization	12,354	12,462	(108)	51,339
Decrease (increase) in provision for employees' retirement benefits	(179)	(352)	173	(1,038)
Decrease in reserve for doubtful accounts	(1,813)	119	(1,932)	(1,262)
Interest and dividend income	(200)	(474)	274	(1,504)
Interest expenses	856	829	26	4,284
Loss on sale and disposal of fixed assets	3,046	971	2,075	31,314
Decrease in accounts receivable trade	85,532	65,289	20,242	(12,808)
Increase (decrease) in inventories	(7,958)	(6,635)	(1,323)	4,315
Increase (decrease) in accounts payable trade	(15,592)	(18,714)	3,121	2,770
Increase (decrease) in accrued alcohol tax payable	(55,995)	(41,848)	(14,147)	1,937
Other	(25,306)	(14,112)	(11,194)	8,359
Sub total	(3,690)	4,354	(8,045)	146,075
Interest and dividend received	167	523	(355)	1,621
Interest paid	(462)	(491)	28	(4,392)
Income taxes paid	(23,390)	(20,101)	(3,289)	(30,374)
Net cash provided by operating activities	(27,375)	(15,714)	(11,661)	112,930
Cash flows from investing activities:				
Payment for purchase of tangible fixed assets	(9,858)	(9,293)	(564)	(36,020)
Payment for purchase of investment securities	(4,970)	(105)	(4,865)	(39,113)
Proceeds from sale of investment securities	395	3,510	(3,115)	12,179
Payment for loans	(803)	(361)	(442)	(809)
Proceeds from collections of loans	529	304	224	978
Other	4,978	(713)	5,692	7,934
Net cash (used in) provided by investing activities	(9,728)	(6,658)	(3,070)	(54,850)
Cash flows from financing activities:				
Increase in borrowing	40,472	41,616	(1,144)	(17,359)
Proceeds from long-term debt	7,957	800	7,157	30,764
Repayment for long-term debt	(8,639)	(1,519)	(7,120)	(17,242)
Redemption of bonds	-	(3,499)	3,499	(47,396)
Purchases of stock for treasury	(11)	(6,830)	6,819	(6,871)
Cash dividend paid	(3,639)	(3,193)	(446)	(6,832)
Other	838	782	55	9,272
Net cash used in financing activities	36,977	28,156	8,820	(55,666)
Effect of exchange rate changes on cash and cash equivalents	154	(135)	290	(231)
Net increase(decrease) in cash and cash equivalents	27	5,648	(5,621)	2,181
Cash and cash equivalents, beginning of period	13,657	11,561	2,095	11,561
Increase in cash and cash equivalents due to increase in consolidated subsidiaries	-	1	(1)	(86)
Cash and cash equivalents balance, end of period	13,684	17,211	(3,526)	13,657

Segment information

1. Segment information based on business category

1Q period ended March 2005 (January 1, 2005 – March 31, 2005)

(in million yen)

	Alcoholic beverages	Soft drinks	Food/Pharmaceuticals	Other	Total	Elimination or Corporate	Consolidated total
Sales							
1) to outside customers	180,390	54,718	5,558	23,178	263,846	-	263,846
2) inter-segment sales	8,617	387	309	12,234	21,549	(21,549)	-
Total	189,008	55,105	5,868	35,413	285,395	(21,549)	263,846
Operating expenses	190,075	54,594	5,666	35,715	286,051	(21,439)	264,612
Operating income/loss	-1,066	511	201	-302	-656	(109)	-765

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

Year ended December 2004 (January 1, 2004 – December 31, 2004)

(in million yen)

	Alcoholic beverages	Soft drinks	Food/Pharmaceuticals	Other	Total	Elimination or Corporate	Consolidated total
I. Net Sales							
1) to outside customers	1,078,931	217,380	22,162	125,751	1,444,225	-	1,444,225
2) inter-segment sales	49,780	4,366	207	63,300	117,656	(117,656)	-
Total	1,128,711	221,747	22,370	189,052	1,561,882	(117,656)	1,444,225
Operating expenses	1,037,840	213,633	22,969	186,117	1,460,560	(117,607)	1,342,952
Operating income (loss)	90,871	8,113	-598	2,935	101,321	(49)	101,272

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.