

Asahi Breweries, Ltd.



FY2006 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 31 , 2006.

**Summary Report of Consolidated 3Q Financial Results
(Fiscal 2006)**

October 31, 2006

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 (<http://www.asahibeer.co.jp/english/>)
US GAAP: Not applicable

1. Consolidated Financial Results for the 3Q Period ended September 30, 2006

(From January 1, 2006 to September 30, 2006)

(1) Consolidated Operating Results

(in million yen)

	<u>9 months ended September 30</u>				<u>Year ended Dec 31</u>
	<u>2006</u>		<u>2005</u>		<u>2005</u>
	Amount	% change	Amount	% change	Amount
Net sales	1,064,284	0.9%	1,055,225	0.8%	1,430,026
Operating income	61,382	-3.4%	63,568	-17.9%	90,248
Ordinary income	63,372	-4.4%	66,274	-11.5%	91,459
Net income	31,044	-13.7%	35,986	15.4%	39,870
Net income per share: Primary	64.93		74.28		82.22
: Fully diluted	64.82		72.78		80.98

Note: The percentage figures shown in net sales, operating income, ordinary income and net income columns represent year-on-year changes.

(2) Consolidated Financial Conditions

(in million yen)

	<u>September 30</u>	<u>September 30</u>	<u>December 31</u>
	<u>2006</u>	<u>2005</u>	<u>2005</u>
Total assets	1,265,521	1,205,182	1,218,226
Shareholders' equity	509,814	442,267	454,891
Shareholders' equity ratio	37.6%	36.7%	37.3%
Shareholders' equity per share	995.97 yen	925.08 yen	951.12 yen

(3) Consolidated Cash Flows

	<u>9 months ended September 30</u>		<u>Year ended Dec 31</u>
	<u>2006</u>	<u>2005</u>	<u>2005</u>
	Cash flows from operating activities	104,607	79,000
Cash flows from investing activities	(74,158)	(42,311)	(44,547)
Cash flows from financing activities	(24,336)	(35,003)	(35,704)
Cash & cash equivalent at end of year	28,428	15,761	21,308

(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 method:	1
Number of affiliated companies accounted for by the equity method: :	21

ASAHI BREWERIES, LTD.

Consolidated 3Q Balance Sheets

ASSETS

(in million yen)

	Third quarter of 2006		Third quarter of 2005		Increase (Decrease) Amount	December 31 2005	
	Amount	Ratio(%)	Amount	Ratio(%)		Amount	Ratio(%)
(Assets)							
. Current Assets:							
Cash and time deposits	27,846		15,819		12,026	15,433	
Notes and accounts receivable	250,673		223,287		27,385	253,474	
Inventories	96,249		90,908		5,341	86,423	
Deferred income taxes	7,855		20,186		(12,331)	7,305	
Other current assets	35,661		25,928		9,732	31,919	
Allowance for doubtful accounts	(9,326)		(7,466)		(1,860)	(9,105)	
Total current assets	408,958	32.3	368,664	30.6	40,294	385,451	31.6
. Fixed Assets:							
Property, plant and equipment:							
Buildings and structures	212,092		215,284		(3,192)	214,013	
Machinery and equipment	182,380		192,170		(9,790)	192,139	
Tools, furniture and fixtures	49,629		50,677		(1,048)	49,815	
Land	185,652		183,678		1,974	173,744	
Construction in progress	5,455		5,049		406	4,637	
Total tangible fixed assets	635,210	50.2	646,860	53.7	(11,650)	634,349	52.1
Intangible fixed assets	46,623	3.7	13,729	1.1	32,894	23,556	1.9
Investments and other assets:							
Investment securities	125,574		124,888		685	126,981	
Deferred income taxes	19,615		24,637		(5,022)	18,972	
Other investments	38,159		38,354		(195)	40,026	
Allowance for doubtful accounts	(8,620)		(11,951)		3,331	(11,111)	
Total investments and other assets	174,727	13.8	175,928	14.6	(1,200)	174,868	14.4
Total fixed assets	856,562	67.7	836,518	69.4	20,043	832,775	68.4
Total Assets	1,265,521	100.0	1,205,182	100.0	60,338	1,218,226	100.0

LIABILITIES AND SHAREHOLDERS' EQUITY

	(in million yen)						
	Third quarter of 2006		Third quarter of 2005		Increase (Decrease)	December 31 2005	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Amount	Ratio(%)
(Liabilities)							
. Current Liabilities:							
Notes and accounts payable	109,261		85,147		24,113	93,155	
Short-term debt	66,153		68,782		(2,629)	67,805	
Bonds due within one year	35,000		30,000		5,000	50,000	
Alcohol tax payable	134,563		142,341		(7,778)	133,142	
Deposits received	36,974		44,453		(7,479)	43,762	
Other current liabilities	124,263		107,426		16,836	112,075	
Total current liabilities	506,215	40.0	478,152	39.7	28,062	499,941	41.1
. Long-term Liabilities:							
Bonds	85,000		95,000		(10,000)	70,000	
Long-term debt	90,260		95,070		(4,809)	97,896	
Employees' severance and retirement benefits	28,215		27,713		502	27,720	
Retirement benefits for directors and corporate auditors	670		555		114	686	
Deferred tax liabilities	5,206		435		4,771	708	
Other long-term liabilities	40,138		39,989		148	39,404	
Total long-term liabilities	249,491	19.7	258,763	21.4	(9,272)	236,416	19.4
Total liabilities	755,706	59.7	736,916	61.1	18,790	736,358	60.5
(Net assets)							
. Shareholders' equity:							
Common stock	182,531	14.4	-		182,531	-	
Capital surplus	163,674	12.9	-		163,674	-	
Retained earnings	128,598	10.2	-		128,598	-	
Treasury stock	(18,260)	-1.4	-		(18,260)	-	
Total shareholders' equity	456,543	36.1	-		456,543	-	
. Valuation and translation adjustments:							
Valuation difference on available-for-sale securities	15,576	1.2	-		15,576	-	
Foreign currency translation adjustments	3,550	0.3	-		3,550	-	
Total valuation and translation adjustments	19,126	1.5	-		19,126	-	
. Minority interests:							
Minority interests	34,144	2.7	-		34,144	-	
Total net assets	509,814	40.3	-		509,814	-	
Total liabilities and net assets	1,265,521	100.0	-		1,265,521	-	
(Minority interests)							
Minority interests:	-		25,998	2.2	(25,998)	26,976	2.2
(Shareholders' equity)							
. Common stock:	-		182,531	15.1	(182,531)	182,531	15.0
. Capital surplus:	-		163,712	13.6	(163,712)	163,709	13.4
. Retained earnings:	-		102,542	8.5	(102,542)	106,426	8.7
. Valuation difference on available-for-sale securities:	-		8,854	0.7	(8,854)	16,584	1.4
. Foreign currency translation adjustments:	-		1,944	0.2	(1,944)	2,957	0.2
. Treasury stock:	-		(17,317)	-1.4	17,317	(17,317)	-1.4
Total shareholders' equity	-		442,267	36.7	(442,267)	454,891	37.3
Total liabilities, minority interests and shareholders' equity	-		1,205,182	100.0	(1,205,182)	1,218,226	100.0

ASAHI BREWERIES, LTD.
Consolidated 3Q Statements of Operations

(in million yen)

	9 months ended		9 months ended		Increase (Decrease)	Year ended	
	September 30, 2006		September 30, 2005			December 31, 2005	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Amount	Ratio(%)
. Net sales	1,064,284	100.0	1,055,225	100.0	9,059	1,430,026	100.0
. Cost of sales	695,998	65.4	700,582	66.4	(4,584)	953,995	66.7
Gross profit	368,285	34.6	354,642	33.6	13,643	476,030	33.3
. Selling, general and administrative	306,903	28.8	291,073	27.6	15,829	385,782	27.0
Operating income	61,382	5.8	63,568	6.0	(2,186)	90,248	6.3
. Non-operating income:							
Interest income	469		382		86	568	
Dividend income	656		648		7	783	
Equity in net income of unconsolidated subsidiaries and affiliated companies	6,015		3,997		2,018	4,426	
Amortization of consolidation account adjustment	-		1,386		(1,386)	1,373	
Other	932		1,698		(765)	2,276	
Total	8,074	0.8	8,113	0.8	(38)	9,428	0.7
. Non-operating expenses:							
Interest expenses	3,214		2,862		352	4,068	
Allowance for doubtful accounts	154		-		154	32	
Other	2,714		2,544		169	4,115	
Total	6,083	0.6	5,407	0.5	676	8,217	0.6
Recurring profit	63,372	6.0	66,274	6.3	(2,902)	91,459	6.4
. Extraordinary gain:							
Gain on sale of fixed assets	24		5,082		(5,057)	5,596	
Gain on sale of investment securities	12		248		(235)	442	
Gain on reverse of allowance for doubtful accounts	1,869		2,522		(652)	1,459	
Compensation for transfer of plant	283		664		(381)	694	
Total	2,190	0.2	8,517	0.8	(6,326)	8,193	0.6
. Extraordinary loss:							
Loss on sales and disposal of fixed assets	2,971		4,995		(2,023)	15,313	
Loss on sale of investment securities	183		1,035		(852)	1,178	
Loss on devaluation of investment securities	136		228		(92)	336	
Impairment loss on fixed assets	3,905		-		3,905	-	
Loss in devaluation of real estates	-		-		-	3,181	
Loss on liquidation of business	-		-		-	3,597	
Other	206		1,075		(868)	320	
Total	7,402	0.7	7,335	0.7	67	23,927	1.7
Income before income taxes	58,160	5.5	67,456	6.4	(9,296)	75,725	5.3
Income tax, Inhabitants tax & enterprise tax	24,978	2.4	28,879	2.7	(3,901)	18,541	1.3
Adjustment to income taxes	-	-	-	-	-	15,478	1.1
Minority interests in net gain (loss) of unconsolidated subsidiaries	2,137	0.2	2,590	0.3	(452)	1,834	0.1
Interim (Net) income	31,044	2.9	35,986	3.4	(4,941)	39,870	2.8

Consolidated 3Q Statements of Cash Flows

(in million yen)

	9 months ended September 30, 2006	9 months ended September 30, 2005	Increase (Decrease)	Year ended Dec. 31, 2005
. Cash flow from operating activities:				
Interim (current period) net Income before income taxes	58,160	67,456	(9,296)	75,725
Depreciation	36,699	37,639	(939)	50,028
Decrease in provision for employees' severance and retirement benefits	(2,039)	(1,385)	(654)	(1,614)
Increase in allowance for doubtful accounts	(2,103)	(3,289)	1,186	(2,496)
Interest and dividend income	(1,125)	(1,031)	(94)	(1,352)
Interest expenses	3,214	2,862	352	4,068
Equity in net income of unconsolidated subsidiaries	(6,015)	(3,997)	(2,018)	(4,426)
Gain on sales of fixed assets	(24)	(5,082)	5,057	(5,596)
Loss on sales and disposal of fixed assets	2,971	4,995	(2,023)	15,633
Impairment loss on fixed assets	3,905	-	3,905	-
Decrease in notes and accounts receivable	10,956	55,539	(44,583)	28,023
Decrease in inventories	(5,973)	(5,822)	(151)	(998)
Increase in notes and accounts payable	10,511	1,812	8,698	6,764
Increase in alcohol tax payable	1,419	(6,295)	7,714	(15,493)
Other	5,763	(23,026)	28,789	(17,902)
Subtotal	116,319	120,376	(4,057)	130,363
Interest and dividends received	3,903	1,061	2,842	1,432
Interest paid	(2,696)	(2,529)	(166)	(4,029)
Income taxes paid	(12,918)	(39,907)	26,988	(40,521)
Net cash provided by operating activities	104,607	79,000	25,606	87,245
. Cash flows from investing activities:				
Payments for purchases of property, plant and equipment	(26,775)	(28,330)	1,554	(35,080)
Payments for purchases of investment securities	(4,550)	(23,265)	18,714	(11,782)
Proceeds from sales of investment securities	1,292	545	746	844
Payments from purchase of shares of subsidiaries accompanied with change in scope of consolidation	(39,270)	-	(39,270)	(11,003)
Payments for collections of advances	(1,348)	(1,835)	486	(1,312)
Proceeds from collections of advances	1,683	1,172	511	1,473
Other	(5,188)	9,400	(14,588)	12,312
Net cash used in investing activities	(74,158)	(42,311)	(31,846)	(44,547)
. Cash flows from financing activities:				
Decrease in short-term borrowings	(17,208)	25,801	(43,009)	25,921
Proceeds from long-term debt	3,606	14,320	(10,714)	17,604
Repayments of long-term debt	(2,368)	(12,291)	9,922	(13,104)
Redemption of bonds	25,000	-	25,000	-
Payments for issue of bond	(25,000)	(44,997)	19,997	(49,996)
Payments for treasury stocks	(1,166)	(10,028)	8,861	(10,041)
Cash dividends paid	(8,607)	(7,278)	(1,328)	(7,278)
Cash dividends income from minority in consolidated subsidiaries	2,724	-	2,724	1,293
Other	(1,315)	(529)	(786)	(103)
Net cash used in financing activities	(24,336)	(35,003)	10,666	(35,704)
. Effect of exchange rate change on cash and cash equivalents	108	419	(310)	659
. Net increase in cash and cash equivalents	6,221	2,104	4,116	7,651
. Cash and cash equivalents at beginning of year	21,308	13,657	7,651	13,657
. Increase in cash and cash equivalents due to increase in consolidated subsid	898	-	898	-
. Cash and cash equivalents at end of year	28,428	15,761	12,666	21,308

(Segment information)**(1) Industrial segment information****Fiscal 2006 3Q (January 1, 2006 to September 30, 2006)**

(Millions of yen)

	Alcoholic beverages	Soft drinks	Food and pharmaceuticals	Other	Total	Elimination or corporate	Consolidated total
I. Net sales							
1) To outside customers	733,512	218,206	36,860	75,704	1,064,284	-	1,064,284
2) Inter-segment sales	28,434	2,902	1,542	43,104	75,983	(75,983)	-
Total	761,946	221,109	38,403	118,809	1,140,267	(75,983)	1,064,284
Operating expenses	709,646	213,720	38,435	117,197	1,078,999	(76,097)	1,002,902
Operating income	52,300	7,389	(32)	1,611	61,268	113	61,382

Fiscal 2005 3Q (January 1, 2005 to September 30, 2005)

(Millions of yen)

	Alcoholic beverages	Soft drinks	Food and pharmaceuticals	Other	Total	Elimination or corporate	Consolidated total
I. Net sales							
1) To outside customers	754,374	199,800	18,299	82,750	1,055,225	-	1,055,225
2) Inter-segment sales	31,743	3,044	1,171	44,844	80,804	(80,804)	-
Total	786,118	202,845	19,471	127,594	1,136,029	(80,804)	1,055,225
Operating expenses	732,858	194,862	18,976	125,768	1,072,464	(80,808)	991,656
Operating income (loss)	53,260	7,983	494	1,826	63,564	4	63,568

(Notes)

- The Group's businesses are classified into segments by type and nature of products handled.
- Major products for each segment
 - Alcoholic beverages ----- beer, happoshu (low-malt beer), sho-chu, whisky, etc.
 - Soft drinks ----- refreshing drinks, etc.
 - Food and pharmaceuticals ----- food business, pharmaceuticals business
 - Other ----- real estate, restaurants, wholesale, distribution, etc.
- The Company did not have any operating expenses included in "elimination or corporate" that were not assignable to particular segment(s) during the consolidated fiscal year under review or the previous consolidated fiscal year.