

Asahi Breweries, Ltd.



FY2007 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 April 27, 2007.

**Summary Report of Consolidated 1Q Financial Results
(Fiscal 2007)**

April 27, 2007

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, 2007

(From January 1, 2007 to March 31, 2007)

(1) Consolidated Operating Results

(in million yen)

	<u>3 months ended March 31</u>				<u>Year ended Dec 31</u>
	<u>2007</u>		<u>2006</u>		<u>2006</u>
	Amount	% change	Amount	% change	Amount
Net sales	292,299	4.8%	278,791	5.7%	1,446,385
Operating income	(3,934)	-	755	-	88,713
Ordinary income	(3,164)	-	1,563	-	90,109
Net income	(1,934)	-	860	1.3%	44,775
Net income per share: Primary	(4.11)		1.80		94.02
: Fully diluted	-		1.80		93.85

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>March 31</u>	<u>March 31</u>	<u>December 31</u>
	<u>2007</u>	<u>2006</u>	<u>2006</u>
Total assets	1,262,605	1,166,783	1,288,501
Net assets	506,338	480,479	509,774
Shareholders' equity ratio	37.6%	38.8%	37.0%
Shareholders' equity per share	1,007.20 yen	947.78 yen	1,012.77 yen

(3) Consolidated Cash Flows

	<u>3 months ended March 31</u>		<u>Year ended Dec 31</u>
	<u>2007</u>	<u>2006</u>	<u>2006</u>
Cash flows from operating activities	(18,866)	(10,814)	105,842
Cash flows from investing activities	(25,363)	(10,444)	(82,249)
Cash flows from financing activities	47,766	21,947	(22,246)
Cash & cash equivalent at end of year	27,244	22,922	23,778

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

Number of consolidated subsidiaries:	52
Number of unconsolidated subsidiaries accounted for by the equity method:	1
Number of affiliated companies accounted for by the equity method:	25

ASAHI BREWERIES, LTD.
Consolidated 1Q Balance Sheets

ASSETS

(in million yen)							
First quarter of 2007		First quarter of 2006		Increase (Decrease)	December 31 2006		
Amount	Ratio(%)	Amount	Ratio(%)	Amount	Amount	Ratio(%)	
(Assets)							
. Current Assets:							
Cash and time deposits	24,648		20,964	3,684	15,873		
Notes and accounts receivable	218,041		199,154	18,887	278,139		
Securities	2,517		6	2,511	5,320		
Inventories	99,097		92,575	6,522	92,344		
Deferred income tax assets	11,948		7,656	4,291	9,688		
Other current assets	35,458		28,426	7,031	36,684		
Allowance for doubtful accounts	(8,855)		(8,415)	(439)	(9,099)		
Total current assets	382,858	30.3	340,367	29.2	42,490	428,951	33.3
. Fixed Assets:							
Property, plant and equipment:							
Buildings and structures	206,729		211,657	(4,928)	209,926		
Machinery and equipment	178,421		188,345	(9,924)	182,438		
Tools, furniture and fixtures	48,424		49,176	(752)	49,124		
Land	183,664		173,669	9,995	185,101		
Construction in progress	12,107		3,561	8,545	8,426		
Total tangible fixed assets	629,346	49.9	626,411	53.7	2,935	635,017	49.3
Intangible fixed assets							
Consolidation goodwill	32,029		11,716	20,313	32,635		
Others	13,596		13,399	197	13,751		
Total intangible fixed assets	45,626	3.6	25,115	2.1	20,510	46,386	3.6
Investments and other assets:							
Investment securities	155,854		129,454	26,400	126,796		
Deferred income tax assets	17,024		17,496	(472)	19,857		
Other investments	40,061		39,015	1,046	39,675		
Allowance for doubtful accounts	(8,166)		(11,077)	2,911	(8,183)		
Total investments and other assets	204,774	16.2	174,889	15.0	29,885	178,145	13.8
Total fixed assets	879,747	69.7	826,416	70.8	53,330	859,549	66.7
Total Assets	1,262,605	100.0	1,166,783	100.0	95,821	1,288,501	100.0

LIABILITIES AND NET ASSETS

(in million yen)

	First quarter of 2007		First quarter of 2006		Increase (Decrease)	December 31 2006	
	Amount	Ratio(%)	Amount	Ratio(%)		Amount	Ratio(%)
(Liabilities)							
. Current Liabilities:							
Notes and accounts payable	95,756		72,221		23,534	106,592	
Short-term debt	152,902		97,112		55,789	102,658	
Bonds due within one year	30,000		60,000		(30,000)	40,000	
Alcohol tax payable	93,768		94,317		(549)	132,523	
Deposits received	34,807		40,189		(5,382)	37,627	
Commercial paper	17,000		-		17,000	3,000	
Other current liabilities	119,238		96,113		23,124	138,516	
Total current liabilities	543,471	43.0	459,955	39.4	83,516	560,918	43.5
. Long-term Liabilities:							
Bonds	55,000		60,000		(5,000)	55,000	
Long-term debt	86,010		98,811		(12,800)	89,443	
Employees' severance and retirement benefits	26,006		27,167		(1,160)	26,973	
Allowance for Retirement benefits for directors and corporate auditors	329		417		(88)	844	
Deferred income tax liabilities	5,145		691		4,453	5,166	
Other long-term liabilities	40,302		39,261		1,041	40,379	
Total long-term liabilities	212,794	16.9	226,349	19.4	(13,554)	217,807	16.9
Total liabilities	756,266	59.9	686,304	58.8	69,962	778,726	60.4
(Net assets)							
. Shareholders' equity:							
Common stock	182,531	14.5	182,531	15.6	-	182,531	14.2
Capital surplus	150,483	11.9	163,708	14.0	(13,224)	150,504	11.7
Retained earnings	135,453	10.7	102,480	8.8	32,972	142,329	11.0
Treasury stock	(16,894)	(1.3)	(17,317)	(1.5)	422	(16,946)	(1.3)
Total shareholders' equity	451,572	35.8	431,402	36.9	20,170	458,418	35.6
. Accumulated gains (loss) from revaluation and translation adjustments:							
Unrealized gains on available-for-sale securities, net of taxes	18,688	1.5	18,733	1.6	(44)	14,563	1.1
Unrealized losses on hedging derivatives, net of taxes	(28)	0.0	-	-	(28)	(28)	0
Foreign currency translation adjustments	3,899	0.3	2,991	0.3	907	3,753	0.3
Total accumulated gains (loss) from revaluation and translation adjustments:	22,559	1.8	21,724	1.9	834	18,289	1.4
. Minority interests:							
Minority interests	32,206	2.5	27,352	2.4	4,854	33,067	2.6
Total net assets	506,338	40.1	480,479	41.2	25,859	509,774	39.6
Total liabilities and net assets	1,262,605	100.0	1,166,783	100.0	95,821	1,288,501	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, 2007		March 31, 2006			December 31, 2006	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Amount	Ratio(%)
. Net sales	292,299	100.0	278,791	100.0	13,508	1,446,385	100.0
. Cost of sales	192,511	65.9	185,648	66.6	6,863	950,144	65.7
Gross profit	99,787	34.1	93,142	33.4	6,645	496,241	34.3
. Selling, general and administrative	103,721	35.5	92,386	33.1	11,335	407,528	28.2
Operating income (loss)	(3,934)	(1.4)	755	0.3	(4,689)	88,713	6.1
. Non-operating income:							
Interest income	156		151		5	693	
Dividend income	33		18		14	839	
Equity in net income of unconsolidated subsidiaries and affiliated companies	2,403		1,953		450	6,367	
Other	354		343		11	1,664	
Total	2,948	1.0	2,465	0.9	482	9,565	0.7
. Non-operating expenses:							
Interest expenses	1,140		966		173	4,407	
Other	1,038		691		346	3,761	
Total	2,178	0.7	1,658	0.6	520	8,168	0.6
Ordinary profit (loss)	(3,164)	(1.1)	1,563	0.6	(4,728)	90,109	6.2
. Extraordinary gain:							
Gain on sale of fixed assets	8		4		4	2,028	
Gain on sale of investment securities	58		0		58	79	
Gain on reverse of allowance for doubtful accounts	58		517		(458)	1,496	
Compensation for transfer of plant	-		277		(277)	289	
Total	125	0.1	800	0.3	(674)	3,894	0.3
. Extraordinary loss:							
Loss on sales and disposal of fixed assets	424		655		(231)	6,121	
Loss on sale of investment securities	765		0		764	190	
Loss on devaluation of investment securities	-		1		(1)	506	
Impairment loss on fixed assets	-		-		-	3,905	
Restructuring charges	-		-		-	1,776	
Other	165		18		147	338	
Total	1,355	0.5	675	0.3	679	12,838	0.9
Income (loss) before income taxes and minority interests	(4,395)	(1.5)	1,687	0.6	(6,082)	81,165	5.6
Income tax, Inhabitants tax & enterprise tax	(1,897)	(0.6)	373	0.1	(2,270)	36,862	2.5
Adjustment to income taxes	-	-	-	-	-	(1,538)	(0.1)
Minority interests in net gain (loss) of unconsolidated subsidiaries	(563)	(0.2)	453	0.2	(1,016)	1,065	0.1
Net income (loss)	(1,934)	(0.7)	860	0.3	(2,794)	44,775	3.1

Consolidated 1Q Statements of Cash Flows

(in million yen)

	3 months ended March 31, 2007	3 months ended March 31, 2006	Increase (Decrease)	Year ended Dec. 31, 2006
. Cash flow from operating activities:				
Net Income (loss) before income taxes and minority interests	(4,395)	1,687	(6,082)	81,165
Depreciation	11,459	12,353	(894)	48,792
Decrease in provision for employees' severance and retirement benefits	(922)	(709)	(213)	(3,322)
Decrease in allowance for doubtful accounts	(176)	(538)	361	(2,800)
Interest and dividend income	(189)	(169)	(20)	(1,533)
Interest expenses	1,140	966	173	4,407
Equity in net income of unconsolidated subsidiaries and affiliated companies	(2,403)	(1,953)	(450)	(6,367)
Loss on sales and disposal of fixed assets	424	655	(231)	6,121
Decrease in notes and accounts receivable	57,835	54,802	3,033	(16,335)
Increase in inventories	(7,263)	(5,876)	(1,387)	(1,910)
Decrease in notes and accounts payable	(8,544)	(21,082)	12,538	7,701
Decrease in alcohol tax payable	(38,755)	(38,825)	69	(621)
Other	979	(6,060)	7,040	4,825
Subtotal	9,188	(4,749)	13,937	120,122
Interest and dividends received	248	207	40	4,284
Interest paid	(341)	(558)	217	(4,439)
Income taxes paid	(27,961)	(5,714)	(22,247)	(14,125)
Net cash provided by operating activities	(18,866)	(10,814)	(8,051)	105,842
. Cash flows from investing activities:				
Payments for purchases of property, plant and equipment	(5,286)	(9,347)	4,060	(33,299)
Payments for purchases of investment securities	(19,766)	(714)	(19,052)	(7,258)
Proceeds from sales of Investment securities	87	527	(439)	1,403
Payments for purchase of shares of subsidiaries accompanied with change in scope of consolidation	-	-	-	(39,270)
Payments for sales of shares of subsidiaries accompanied with change in scope of consolidation	(850)	-	(850)	-
Payments for loans receivable	(1,696)	(484)	(1,211)	(772)
Proceeds from collections of loans receivable	660	490	169	1,813
Other	1,487	(916)	2,404	(4,863)
Net cash used in investing activities	(25,363)	(10,444)	(14,918)	(82,249)
. Cash flows from financing activities:				
Increase in short-term borrowings	60,819	24,990	35,829	21,142
Proceeds from long-term debt	3,537	2,410	1,127	3,664
Repayments of long-term debt	(1,881)	(932)	(949)	(2,531)
Redemption of bonds	-	-	-	25,000
Payments for Issue of bond	(10,000)	-	(10,000)	(50,000)
Payments for purchases of treasury stocks	(21)	(10)	(10)	(13,067)
Cash dividends paid	(4,942)	(4,541)	(400)	(8,607)
Other	253	30	222	2,153
Net cash used in financing activities	47,766	21,947	25,819	(22,246)
. Effect of exchange rate change on cash and cash equivalents	(69)	27	(97)	224
. Net increase in cash and cash equivalents	3,466	715	2,750	1,571
. Cash and cash equivalents at beginning of year	23,778	21,308	2,469	21,308
. Increase in cash and cash equivalents due to increase in consolidated subsid	-	898	(898)	898
. Cash and cash equivalents at end of year	27,244	22,922	4,322	23,778

(Segment information)**(1) Industrial segment information****Fiscal 2007 1Q (January 1, 2007 to March 31, 2007)**

(Millions of yen)

	Alcoholic beverages	Soft drinks	Food and pharmaceuticals	Other	Total	Elimination or corporate	Consolidated total
I. Net sales							
1) To outside customers	191,841	64,222	15,392	20,843	292,299	-	292,299
2) Inter-segment sales	7,490	397	625	12,083	20,597	(20,597)	-
Total	199,332	64,619	16,018	32,927	312,897	(20,597)	292,299
Operating expenses	202,464	65,800	15,591	33,008	316,865	(20,631)	296,233
Operating income	(3,132)	(1,181)	426	(80)	(3,968)	34	(3,934)

Fiscal 2006 1Q (January 1, 2006 to March 31, 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	188,129	61,389	6,534	22,738	278,791	-	278,791
2) Inter-segment sales	8,146	422	393	12,099	21,061	(21,061)	-
Total	196,275	61,811	6,927	34,837	299,852	(21,061)	278,791
Operating expenses	195,734	60,912	6,881	35,360	298,888	(20,853)	278,035
Operating income (loss)	541	899	45	(522)	963	(208)	755

(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.