

# Asahi Breweries, Ltd.



## FY2007 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 25, 2007.

**Summary Report of 3Q Financial Results  
(Fiscal 2007)**

October 25, 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 3Q Financial Results for Fiscal 2007**  
**(From January 1, 2007 to September 30, 2007)**

**(1) Operating Results**

(Rounded down to millions of yen, except per share data)

	Net sales	% change	Operating income	% change	Ordinary income	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2007 3Q ended September 30, 2007	1,082,429	1.7	61,382	0.0	66,982	5.7
Fiscal 2006 3Q ended September 30, 2006	1,064,284	0.9	61,382	-3.4	63,372	-4.4
Fiscal 2006 year ended December 31, 2006	1,446,385	-	88,713	-	90,109	-

	Net income	% change	Net income per share (Primary)	Net income per share (Diluted)
	(Millions of yen)	(%)	(yen)	(yen)
Fiscal 2007 3Q ended September 30, 2007	34,119	9.9	72.33	72.18
Fiscal 2006 3Q ended September 30, 2006	31,044	-13.7	64.93	64.82
Fiscal 2006 year ended December 31, 2006	44,775	-	94.02	93.85

**(2) Financial Condition**

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
Fiscal 2007 3Q ended September 30, 2007	1,283,158	539,292	39.5	1072.65
Fiscal 2006 3Q ended September 30, 2006	1,265,521	509,814	37.6	995.97
Fiscal 2006 year ended December 31, 2006	1,288,501	509,774	37.0	1012.77

**(3) Cash Flows**

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Fiscal 2007 3Q ended September 30, 2007	76,833	(51,316)	(26,153)	23,177
Fiscal 2006 3Q ended September 30, 2006	104,607	(74,158)	(24,336)	28,428
Fiscal 2006 year ended December 31, 2006	105,842	(82,249)	(22,246)	23,778

**2. Dividends**

	Interim dividend per share	Year-end dividend per share	Dividend per share for the year
	(yen)	(yen)	(yen)
Year ended December 31, 2006	8.50	10.50	19.00
Year ended December 31, 2007	9.50	-	-
Year ended December 31, 2007 (Forecast)	-	9.50	19.00

**3. Projection for Fiscal 2007**  
**(January 1, 2007 to December 31, 2007)**

	Net sales	% change	Operating income	% change	Ordinary income	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2007 ending December 31, 2007	1,488,000	2.9	88,000	-0.8	90,500	0.4

	Net income	% change	Net income per share
	(Millions of yen)	(%)	(yen)
Fiscal 2007 ending December 31, 2007	45,000	0.5	95.30

**ASAHI BREWERIES, LTD.**  
**Consolidated Balance Sheets (As of September 30, 2007 and 2006)**  
(Unaudited)

**ASSETS**

	(in million yen)						
	At		At		Increase	At	
	September 30, 2006		September 30, 2007		(Decrease)	December 31, 2006	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Amount	Ratio(%)
<b>(Assets)</b>							
<b>. Current Assets:</b>							
Cash and time deposits	27,846		23,302		(4,543)	15,873	
Notes and accounts receivable	250,673		253,260		2,586	278,139	
Inventories	96,249		93,413		(2,836)	92,344	
Deferred income tax assets	7,855		9,820		1,965	9,688	
Other current assets	35,661		30,773		(4,887)	42,005	
Allowance for doubtful accounts	(9,326)		(5,997)		3,329	(9,099)	
<b>Total current assets</b>	<b>408,958</b>	<b>32.3</b>	<b>404,572</b>	<b>31.5</b>	<b>(4,386)</b>	<b>428,951</b>	<b>33.3</b>
<b>. Fixed Assets:</b>							
<b>Property, plant and equipment:</b>							
Buildings and structures	212,092		207,741		(4,350)	209,926	
Machinery and equipment	182,380		182,324		(55)	182,438	
Tools, furniture and fixtures	49,629		48,188		(1,440)	49,124	
Land	185,652		181,651		(4,000)	185,101	
Construction in progress	5,455		3,971		(1,484)	8,426	
<b>Total tangible fixed assets</b>	<b>635,210</b>	<b>50.2</b>	<b>623,878</b>	<b>48.6</b>	<b>(11,332)</b>	<b>635,017</b>	<b>49.3</b>
<b>Intangible fixed assets:</b>							
Consolidation goodwill	33,243		31,655		(1,588)	32,635	
Others	13,380		13,864		484	13,751	
<b>Total intangible fixed assets</b>	<b>46,623</b>	<b>3.7</b>	<b>45,520</b>	<b>3.6</b>	<b>(1,103)</b>	<b>46,386</b>	<b>3.6</b>
<b>Investments and other assets:</b>							
Investment securities	125,574		159,861		34,287	126,796	
Deferred income tax assets	19,615		18,419		(1,195)	19,857	
Other investments	38,159		40,320		2,160	39,675	
Allowance for doubtful accounts	(8,620)		(9,414)		(793)	(8,183)	
<b>Total investments and other assets</b>	<b>174,727</b>	<b>13.8</b>	<b>209,187</b>	<b>16.3</b>	<b>34,459</b>	<b>178,145</b>	<b>13.8</b>
<b>Total fixed assets</b>	<b>856,562</b>	<b>67.7</b>	<b>878,586</b>	<b>68.5</b>	<b>22,023</b>	<b>859,549</b>	<b>66.7</b>
<b>Total Assets</b>	<b>1,265,521</b>	<b>100.0</b>	<b>1,283,158</b>	<b>100.0</b>	<b>17,637</b>	<b>1,288,501</b>	<b>100.0</b>

## LIABILITIES AND SHAREHOLDERS' EQUITY

(in million yen)

	At		At		Increase (Decrease)	At	
	September 30, 2006	September 30, 2006	September 30, 2007	September 30, 2007		December 31, 2006	December 31, 2006
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Amount	Ratio(%)
<b>(Liabilities)</b>							
<b>. Current Liabilities:</b>							
Notes and accounts payable	109,261		105,387		(3,873)	106,592	
Bank loans	66,153		98,780		32,627	102,658	
Bonds due within one year	35,000		40,000		5,000	40,000	
Alcohol tax payable	134,563		138,198		3,635	132,523	
Deposits received	36,974		34,242		(2,731)	37,627	
Commercial paper	-		2,000		2,000	3,000	
Other current liabilities	124,263		125,554		1,291	138,516	
<b>Total current liabilities</b>	<b>506,215</b>	<b>40.0</b>	<b>544,164</b>	<b>42.4</b>	<b>37,948</b>	<b>560,918</b>	<b>43.5</b>
<b>. Long-term Liabilities:</b>							
Bonds	85,000		70,000		(15,000)	55,000	
Long-term debt	90,260		60,991		(29,268)	89,443	
Provision for Employees' severance and retirement benefits	28,215		24,061		(4,154)	26,973	
Allowance for retirement benefits for directors and corporate auditors	670		383		(287)	844	
Deferred income tax liabilities	5,206		5,040		(165)	5,166	
Other long-term liabilities	40,138		39,225		(912)	40,379	
<b>Total long-term liabilities</b>	<b>249,491</b>	<b>19.7</b>	<b>199,702</b>	<b>15.5</b>	<b>(49,788)</b>	<b>217,807</b>	<b>16.9</b>
<b>Total liabilities</b>	<b>755,706</b>	<b>59.7</b>	<b>743,866</b>	<b>57.9</b>	<b>(11,840)</b>	<b>778,726</b>	<b>60.4</b>
<b>(Net assets)</b>							
<b>. Shareholders' equity:</b>							
Common stock	182,531	14.4	182,531	14.2	-	182,531	14.2
Capital surplus	163,674	12.9	151,202	11.8	(12,471)	150,504	11.7
Retained earnings	128,598	10.2	167,253	13.0	38,654	142,329	11.0
Treasury stock, at cost	(18,260)	(1.4)	(15,016)	(1.1)	3,244	(16,946)	(1.3)
<b>Total shareholders' equity</b>	<b>456,543</b>	<b>36.1</b>	<b>485,970</b>	<b>37.9</b>	<b>29,426</b>	<b>458,418</b>	<b>35.6</b>
<b>. Accumulated gains (losses) from revaluation and translation adjustments:</b>							
Unrealized gains on available-for-sale securities, net of taxes	15,576	1.2	16,465	1.3	889	14,563	1.1
Unrealized losses on hedging derivatives, net of taxes	-	-	(10)	0.0	(10)	(28)	(0.0)
Foreign currency translation adjustments	3,550	0.3	4,070	0.3	520	3,753	0.3
<b>Total accumulated gains (losses) from revaluation and translation adjustments</b>	<b>19,126</b>	<b>1.5</b>	<b>20,525</b>	<b>1.6</b>	<b>1,399</b>	<b>18,289</b>	<b>1.4</b>
<b>. Minority interests</b>	<b>34,144</b>	<b>2.7</b>	<b>32,795</b>	<b>2.6</b>	<b>(1,348)</b>	<b>33,067</b>	<b>2.6</b>
<b>Total net assets</b>	<b>509,814</b>	<b>40.3</b>	<b>539,292</b>	<b>42.1</b>	<b>29,477</b>	<b>509,774</b>	<b>39.6</b>
<b>Total liabilities and net assets</b>	<b>1,265,521</b>	<b>100.0</b>	<b>1,283,158</b>	<b>100.0</b>	<b>17,637</b>	<b>1,288,501</b>	<b>100.0</b>

**ASAHI BREWERIES, LTD.**  
**Consolidated Income Statements (9 months ended September 30, 2007 and 2006)**  
(Unaudited)

(in million yen)

	3Q ended		3Q ended		Increase (Decrease)	Year ended	
	September 30, 2006		September 30, 2007			December 31, 2006	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Amount	Ratio(%)
<b>. Net sales</b>	1,064,284	100.0	1,082,429	100.0	18,145	1,446,385	100.0
<b>. Cost of sales</b>	695,998	65.4	706,504	65.3	10,506	950,144	65.7
<b>Gross profit</b>	368,285	34.6	375,924	34.7	7,638	496,241	34.3
<b>. Selling, general and administrative expenses</b>	306,903	28.8	314,542	29.0	7,638	407,528	28.2
<b>Operating income</b>	61,382	5.8	61,382	5.7	0	88,713	6.1
<b>. Non-operating income:</b>							
Interest income	469		540			693	
Dividend income	656		994			839	
Equity in net income of unconsolidated subsidiaries and affiliated companies	6,015		9,062			6,367	
Other	932		1,629			1,664	
Total	8,074	0.8	12,227	1.1	4,152	9,565	0.7
<b>. Non-operating expenses:</b>							
Interest expenses	3,214		3,694			4,407	
Allowance for doubtful accounts	154		-			103	
Loss on sale and disposal of inventories	-		1,939			-	
Other	2,714		992			3,657	
Total	6,083	0.6	6,627	0.6	543	8,168	0.6
<b>Recurring profit</b>	63,372	6.0	66,982	6.2	3,609	90,109	6.2
<b>. Extraordinary gain:</b>							
Gain on sale of fixed assets	24		334			2,028	
Gain on sale of investment securities	12		67			79	
Gain on reverse of allowance for doubtful accounts	1,869		1,276			1,496	
Compensation for transfer of plant	283		-			289	
Total	2,190	0.2	1,678	0.1	(511)	3,894	0.3
<b>. Extraordinary loss:</b>							
Loss on sales and disposal of fixed assets	2,971		3,518			6,121	
Loss on sale of investment securities	183		775			190	
Loss on devaluation of investment securities	136		271			506	
Impairment loss on fixed assets	3,905		98			3,905	
Loss for adjustment to estimated consumption of gift coupon	-		1,545			-	
Loss on liquidation of subsidiary	-		-			1,776	
Other	206		104			338	
Total	7,402	0.7	6,313	0.6	(1,088)	12,838	0.9
<b>Income before income taxes</b>	58,160	5.5	62,347	5.7	4,187	81,165	5.6
<b>Income tax, Inhabitants tax &amp; enterprise tax</b>	24,978		26,427			36,862	
<b>Adjustment to income taxes</b>	-		-			(1,538)	
Total	24,978	2.4	26,427	2.4	1,449	35,324	2.4
<b>Minority interests in net gain of consolidated subsidiaries</b>	2,137	0.2	1,799	0.1	(338)	1,065	0.1
<b>Net income</b>	<u>31,044</u>	2.9	<u>34,119</u>	3.2	<u>3,074</u>	<u>44,775</u>	3.1

**ASAHI BREWERIES, LTD.**  
**Consolidated Statements of Cash Flows (9 months ended September 30, 2007 and 2006)**  
(Unaudited)

(in million yen)

	3Q ended September 30, 2006	3Q ended September 30, 2007	Increase (Decrease)	Year ended December 31 2006
<b>. Cash flow from operating activities:</b>				
3Q net Income before income taxes and minority interest	58,160	62,347	4,186	81,165
Depreciation	36,699	34,003	(2,696)	48,792
Impairment loss on fixed assets	3,905	98	(3,806)	3,905
Amortization of goodwill	-	1,866	1,866	-
Decrease in provision for employees' severance and retirement benefits	(2,039)	(2,880)	(841)	(3,322)
Decrease in allowance for doubtful accounts	(2,103)	(1,797)	306	(2,800)
Interest and dividend income	(1,125)	(1,534)	(408)	(1,533)
Interest expenses	3,214	3,694	480	4,407
Equity in net loss (income) of unconsolidated subsidiaries and affiliated companies	(6,015)	(9,062)	(3,047)	(6,367)
Gain on sale of fixed assets	(24)	(334)	(309)	(2,028)
Loss on sale and disposal of fixed assets	2,971	3,518	547	6,121
Loss for adjustment to estimated consumption of gift coupon	-	1,545	1,545	-
Increase (decrease) in notes and accounts receivable	10,956	23,128	12,172	(16,335)
Decrease(increase) in inventories	(5,973)	(1,557)	4,415	(1,910)
Decrease (increase) in notes and accounts payable	10,511	913	(9,598)	7,701
Increase (decrease) in accrued alcohol tax payable	1,419	5,676	4,257	(621)
Other	5,763	326	(5,436)	2,948
Subtotal	116,319	119,950	3,631	120,122
Interest and dividends received	3,903	5,622	1,718	4,284
Interest paid	(2,696)	(3,132)	(435)	(4,439)
Income taxes paid	(12,918)	(45,607)	(32,688)	(14,125)
<b>Net cash provided by operating activities</b>	<b>104,607</b>	<b>76,833</b>	<b>(27,774)</b>	<b>105,842</b>
<b>. Cash flows from investing activities:</b>				
Proceeds from sales of investment securities	5	5,184	5,179	5
Payments for purchases of property, plant and equipment	(26,775)	(27,115)	(339)	(33,299)
Payments for purchases of intangible assets	(2,951)	(3,049)	(98)	(4,519)
Payments for purchases of investment securities	(4,550)	(25,097)	(20,547)	(7,258)
Proceeds from sales of investment securities	1,292	208	(1,084)	1,403
Payments for purchases of investment in subsidiaries results in change in scope of consolidation	(39,270)	-	39,270	(39,270)
Payments for sales of investment in subsidiaries results in change in scope of consolidation	-	(850)	(850)	-
Payments for loans receivable	(1,348)	(2,640)	(1,291)	(772)
Proceeds from collections of loans receivable	1,683	2,037	353	1,813
Other	(2,242)	6	2,249	(349)
<b>Net cash used in investing activities</b>	<b>(74,158)</b>	<b>(51,316)</b>	<b>22,841</b>	<b>(82,249)</b>
<b>. Cash flows from financing activities:</b>				
Increase (decrease) in bank loans	(17,208)	(23,287)	(6,079)	21,142
Proceeds from long-term debt	3,606	6,357	2,751	3,664
Repayments of long-term debt	(2,368)	(14,641)	(12,272)	(2,531)
Proceeds from bonds and convertible debentures issued	25,000	25,000	-	25,000
Redemption of bonds	(25,000)	(10,000)	15,000	(50,000)
Payments for purchases of treasury stock	(1,166)	(115)	1,050	(13,067)
Cash dividends paid	(8,607)	(9,428)	(821)	(8,607)
Cash dividends paid to minority in consolidated subsidiaries	2,724	123	(2,600)	3,061
Other	(1,315)	(160)	1,155	(908)
<b>Net cash used in financing activities</b>	<b>(24,336)</b>	<b>(26,153)</b>	<b>(1,816)</b>	<b>(22,246)</b>
<b>. Effect of exchange rate change on cash and cash equivalents</b>	<b>108</b>	<b>(238)</b>	<b>(347)</b>	<b>224</b>
<b>. Net increase in cash and cash equivalents</b>	<b>6,221</b>	<b>(874)</b>	<b>(7,096)</b>	<b>1,571</b>
<b>. Cash and cash equivalents at beginning of year</b>	<b>21,308</b>	<b>23,778</b>	<b>2,469</b>	<b>21,308</b>
<b>. Increase in cash and cash equivalents due to increase in consolidated subsidiaries</b>	<b>898</b>	<b>274</b>	<b>(623)</b>	<b>898</b>
<b>. Cash and cash equivalents at end of period</b>	<b>28,428</b>	<b>23,177</b>	<b>(5,250)</b>	<b>23,778</b>

**(Segment information)****(1) Industrial segment information****Fiscal 2006 (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/loss	52,300	7,389	32	1,611	61,268	113	61,382

**Fiscal 2007 (January 1, 2007 to September 30, 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	737,666	233,370	48,014	63,377	1,082,429	-	1,082,429
2) Inter-segment sales	22,717	2,692	1,514	41,452	68,377	(68,377)	-
Total	760,384	236,063	49,529	104,830	1,150,807	(68,377)	1,082,429
Operating expenses	706,132	230,818	49,303	103,221	1,089,475	(68,428)	1,021,047
Operating income	54,252	5,245	225	1,609	61,331	50	61,382

**Fiscal 2006 (January 1, 2006 to December 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	1,007,557	283,121	53,791	101,914	1,446,385	-	1,446,385
2) Inter-segment sales	37,950	4,082	1,810	58,235	102,078	(102,078)	-
Total	1,045,508	287,203	55,601	160,149	1,548,463	(102,078)	1,446,385
Operating expenses	967,322	279,458	55,156	157,976	1,459,913	(102,240)	1,357,672
Operating income	78,185	7,745	445	2,173	88,550	162	88,713

## (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), new genre ,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.

**1. Non-Consolidated 3Q Financial Results for Fiscal 2007**  
**(From January 1, 2007 to September 30, 2007)**

**(1) Operating Results**

(Rounded down to millions of yen, except per share data)

	Net sales	% change	Operating income	% change	Ordinary income	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2007 3Q ended September 30, 2007	749,168	-0.1	53,652	3.0	52,615	3.7
Fiscal 2006 3Q ended September 30, 2006	750,286	-3.2	52,085	-1.3	50,718	-2.4
Fiscal 2006 year ended December 31, 2006	1,031,060	-	78,596	-	76,307	-

	Net income	% change	Net income per share
	(Millions of yen)	(%)	(yen)
Fiscal 2007 3Q ended September 30, 2007	28,606	9.7	60.63
Fiscal 2006 3Q ended September 30, 2006	26,073	-10.1	54.53
Fiscal 2006 year ended December 31, 2006	38,902	-	81.69

**(2) Financial Condition**

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
Fiscal 2007 3Q as of September 30, 2007	1,000,671	473,591	47.3	1002.51
Fiscal 2006 3Q as of September 30, 2006	985,766	449,329	45.6	940.82
Fiscal 2006 as of December 31, 2006	1,014,878	449,270	44.3	954.48

**2. Projection for Fiscal 2007**  
**(January 1, 2007 to December 31, 2007)**

	Net sales	% change	Operating income	% change	Ordinary income	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2007 ending December 31, 2007	1,051,000	1.9	76,000	-3.3	73,600	-3.5

	Net income	% change	Net income per share
	(Millions of yen)	(%)	(yen)
Fiscal 2007 ending December 31, 2007	38,500	-1.0	81.50



**ASAHI BREWERIES, LTD.**  
**Non-Consolidated Balance Sheets (As of September 30, 2007 and 2006)**  
(Unaudited)

**ASSETS**

(in million yen)							
	At		At		Increase	At	
	Sept 30, 2006		Sept 30, 2007		(Decrease)	December 31, 2006	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Amount	Ratio(%)
<b>(Assets)</b>							
<b>. Current Assets:</b>							
Cash and time deposits	7,315		4,607		(2,707)	2,575	
Notes receivable	4,740		3,426		(1,314)	4,984	
Accounts receivable	166,306		165,482		(823)	202,863	
Inventories	39,922		39,454		(467)	37,649	
Short-term loans receivable from subsidiaries and affiliated companies	16,308		12,675		(3,632)	13,972	
Other current assets	19,907		22,517		2,610	22,039	
Allowance for doubtful accounts	(7,107)		(4,529)		2,578	(7,105)	
<b>Total current assets</b>	<b>247,393</b>	<b>25.1</b>	<b>243,635</b>	<b>24.3</b>	<b>(3,757)</b>	<b>276,980</b>	<b>27.3</b>
<b>. Fixed Assets:</b>							
<b>Property, plant and equipment:</b>							
Buildings and structures	144,400		141,109		(3,290)	142,409	
Machinery and equipment	147,051		146,936		(114)	147,065	
Tools, furniture and fixtures	46,296		44,628		(1,668)	45,863	
Land	133,763		130,026		(3,736)	133,024	
Construction in progress	4,247		3,055		(1,192)	6,562	
Other tangible fixed assets	20,992		20,351		(641)	20,803	
<b>Total tangible fixed assets</b>	<b>496,751</b>	<b>50.4</b>	<b>486,107</b>	<b>48.6</b>	<b>(10,644)</b>	<b>495,729</b>	<b>48.9</b>
<b>Intangible fixed assets</b>	<b>7,919</b>	<b>0.8</b>	<b>8,120</b>	<b>0.8</b>	<b>200</b>	<b>8,010</b>	<b>0.8</b>
<b>Investments and other assets:</b>							
Investment securities	75,112		103,126		28,013	75,553	
Investment in subsidiaries and affiliated companies	123,047		125,851		2,804	123,181	
Other investments	43,508		43,127		(381)	43,595	
Allowance for doubtful accounts	(7,967)		(9,298)		(1,331)	(8,173)	
<b>Total investments and other assets</b>	<b>233,702</b>	<b>23.7</b>	<b>262,807</b>	<b>26.3</b>	<b>29,105</b>	<b>234,157</b>	<b>23.0</b>
<b>Total fixed assets</b>	<b>738,373</b>	<b>74.9</b>	<b>757,035</b>	<b>75.7</b>	<b>18,661</b>	<b>737,898</b>	<b>72.7</b>
<b>Total Assets</b>	<b>985,766</b>	<b>100.0</b>	<b>1,000,671</b>	<b>100.0</b>	<b>14,904</b>	<b>1,014,878</b>	<b>100.0</b>

## LIABILITIES AND SHAREHOLDERS' EQUITY

	(in million yen)						
	At		At		Increase (Decrease)	At	
	Sept 30, 2006	Ratio(%)	Sept 30, 2007	Ratio(%)		December 31, 2006	Ratio(%)
<b>(Liabilities)</b>							
<b>. Current Liabilities:</b>							
Notes payable	140		107		(33)	40	
Accounts payable	53,547		50,724		(2,822)	55,355	
Bank loans	35,050		63,850		28,799	72,500	
Bonds due within one year	35,000		40,000		5,000	40,000	
Alcohol tax payable	127,462		131,203		3,741	123,276	
Deposits received	39,518		39,614		96	39,388	
Commercial paper	-		2,000		2,000	3,000	
Allowance for bonus payable	4,025		4,102		76	1,265	
Allowance for bonus payable to directors and corporate auditors	35		53		17	49	
Other current liabilities	63,299		59,257		(4,042)	84,402	
<b>Total current liabilities</b>	<b>358,080</b>	<b>36.3</b>	<b>390,913</b>	<b>39.1</b>	<b>32,833</b>	<b>419,277</b>	<b>41.3</b>
<b>. Long-term Liabilities:</b>							
Bonds	85,000		70,000		(15,000)	55,000	
Long-term debt	50,125		28,625		(21,500)	49,125	
Long-term deposits received	35,085		33,776		(1,309)	35,163	
Provision for Employees' severance and retirement benefits	7,857		3,523		(4,333)	6,684	
Allowance for retirement benefits for directors and corporate auditors	289		-		(289)	310	
Long-term accrued liabilities	-		214		214	-	
Other long-term liabilities	-		27		27	47	
<b>Total long-term liabilities</b>	<b>178,357</b>	<b>18.1</b>	<b>136,166</b>	<b>13.6</b>	<b>(42,190)</b>	<b>146,330</b>	<b>14.4</b>
<b>Total liabilities</b>	<b>536,437</b>	<b>54.4</b>	<b>527,079</b>	<b>52.7</b>	<b>(9,357)</b>	<b>565,608</b>	<b>55.7</b>
<b>(Net assets)</b>							
<b>. Shareholders' equity:</b>							
<b>Common stock</b>	182,531	18.5	182,531	18.2	-	182,531	18.0
<b>Capital surplus:</b>							
Capital reserve	130,292		130,292		-	130,292	
Other capital surplus	42,390		30,026		(12,363)	29,221	
<b>Total</b>	<b>172,683</b>	<b>17.5</b>	<b>160,319</b>	<b>16.0</b>	<b>(12,363)</b>	<b>159,513</b>	<b>15.7</b>
<b>Retained earnings:</b>							
Reserve for advanced depreciation	2,201		1,431		(770)	1,431	
Contingent reserve	65,000		95,000		30,000	65,000	
Unappropriated retained earnings	29,661		32,437		2,775	43,260	
<b>Total</b>	<b>96,863</b>	<b>9.8</b>	<b>128,868</b>	<b>12.9</b>	<b>32,005</b>	<b>109,691</b>	<b>10.8</b>
<b>Treasury stock</b>	<b>(18,260)</b>	<b>-1.9</b>	<b>(14,724)</b>	<b>-1.5</b>	<b>3,535</b>	<b>(16,946)</b>	<b>-1.6</b>
<b>Total shareholders' equity</b>	<b>433,817</b>	<b>44</b>	<b>456,994</b>	<b>45.6</b>	<b>23,177</b>	<b>434,790</b>	<b>42.9</b>
<b>. Accumulated gains (losses) from revaluation and translation adjustments:</b>							
Unrealized gains on available-for-sale securities, net of taxes	15,512		16,612		1,100	14,508	
Unrealized losses on hedging derivatives, net of taxes	-		(16)		(16)	(28)	
<b>Total accumulated gains (losses) from revaluation and translation adjustments</b>	<b>15,512</b>	<b>1.6</b>	<b>16,596</b>	<b>1.7</b>	<b>1,084</b>	<b>14,480</b>	<b>1.4</b>
<b>Total net assets</b>	<b>449,329</b>	<b>45.6</b>	<b>473,591</b>	<b>47.3</b>	<b>24,261</b>	<b>449,270</b>	<b>44.3</b>
<b>Total liabilities and net assets</b>	<b>985,766</b>	<b>100.0</b>	<b>1,000,671</b>	<b>100.0</b>	<b>14,904</b>	<b>1,014,878</b>	<b>100</b>

**ASAHI BREWERIES, LTD.**

**Non-Consolidated Income Statements (9 months ended September 30, 2007 and 2006)**

(Unaudited)

(in million yen)

	3Q ended		3Q ended		Increase (Decrease)	Year ended	
	Sept 30, 2006		Sept 30, 2007			December 31, 2006	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Amount	Ratio(%)
<b>. Net sales</b>	750,286	100.0	749,168	100.0	(1,118)	1,031,060	100.0
<b>. Cost of sales</b>	530,788	70.7	530,173	70.8	(614)	729,338	70.7
<b>Gross profit</b>	219,498	29.3	218,994	29.2	(503)	301,722	29.3
<b>. Selling, general and administrative Operating income</b>	167,412	22.3	165,342	22.0	(2,070)	223,125	21.7
	52,085	7.0	53,652	7.2	1,566	78,596	7.6
<b>. Non-operating income:</b>							
Interest income	210		309			323	
Dividend income	1,216		1,559			1,519	
Other	343		513			554	
Total	1,770	0.2	2,382	0.3	611	2,397	0.2
<b>. Non-operating expenses:</b>							
Interest expenses	1,817		2,171			2,475	
Loss on sale and disposal of inventories	-		633			-	
Other	1,321		614			2,210	
Total	3,138	0.4	3,419	0.5	280	4,686	0.4
<b>Recurring profit</b>	50,718	6.8	52,615	7.0	1,897	76,307	7.4
<b>. Extraordinary gain:</b>							
Gain on sale of fixed assets	1		-			1,991	
Gain on sale of investment securities	8		0			72	
Gain on liquidation of subsidiaries	-		1,263			-	
Gain on reverse of allowance for doubtful accounts	1,748		1,175			1,416	
Gain on disposition of subsidiary's stock due to business succession	-		29			-	
Total	1,758	0.2	2,467	0.3	709	3,480	0.3
<b>. Extraordinary loss:</b>							
Loss on sales and disposal of fixed assets	2,575		3,216			5,454	
Loss on sale of investment securities	99		-			99	
Loss on devaluation of investment securities	38		160			52	
Loss on sale of investment in affiliated companies	91		618			91	
Loss on devaluation of investment in affiliated companies	97		110			445	
Loss on devaluation of contribution to affiliated companies	-		288			534	
Loss for adjustment to estimated consumption of gift coupon	-		1,545			-	
Loss on liquidation of subsidiaries	401		-			435	
Loss on disposition of subsidiary's stock due to business succession	422		-			422	
Impairment loss on fixed assets	3,238		-			3,238	
Total	6,965	0.9	5,939	0.8	(1,025)	10,774	1.0
<b>Income before income taxes</b>	45,510	6.1	49,143	6.5	3,633	69,013	6.7
<b>Income tax, Inhabitants tax &amp; enterprise tax</b>	19,437		20,537			30,659	
<b>Adjustment to income taxes</b>	-		-			(547)	
Total	19,437	2.6	20,537	2.7	1,100	30,111	2.9
<b>Net income</b>	<u>26,073</u>	<u>3.5</u>	<u>28,606</u>	<u>3.8</u>	<u>2,533</u>	<u>38,902</u>	<u>3.8</u>