To Our **Shareholders** and **Friends**

Enhancing Corporate Value

by Reforming Business Structure and Revenue Model

Fiscal 2005 Highlights

- Achieved record-high net income for the fifth consecutive year on a consolidated basis.
- Returned profit to shareholders by raising annual dividend by ¥2 per share and purchasing treasury stock.
- Shifted to new management with Kouichi Ikeda as new Chairman and CEO and Hitoshi Ogita as new President and COO (effective March 30, 2006).

Kouichi Ikeda
Chairman and CEO

Hitoshi Ogita
President and COO

I. Review of Fiscal 2005

Net Income Reaches Record-High Levels

In fiscal 2005, the second year of the Second Group Medium-Term Management Plan, the Asahi Breweries Group reported net sales of ¥1,430.0 billion, down 1.0% from the previous term, operating income of ¥90.2 billion, down 10.9%, and a highest ever net income of ¥39.9 billion, up 30.3%. Favorable performances by the Group's core businesses led by Asahi Soft Drinks Co., Ltd. and Asahi Food & Healthcare Co., Ltd., together with the results of acquisitions completed under the Medium-Term Management Plan, contributed to net sales and operating income. However, these results fell short of covering the losses suffered by Asahi Breweries, Ltd., caused by a slump in the overall beer-type beverages market following the introduction of a new trading system. The Group nevertheless achieved record-high levels in net income as our Chinese soft drink joint venture—an equity method-based subsidiary—contributed to non-operating income and the decrease in losses on disposal of real estate led to an improvement in extraordinary loss.

Our challenge in 2005 focused on accomplishing growth in our domestic alcoholic beverages business, as well as our Group and overseas businesses, by pursuing concrete measures for these three businesses to ensure that we attained the goals of the Medium-Term Management Plan.

In the domestic alcoholic beverages business in 2004, the first year of the Medium-Term Management Plan, we made considerable progress in reforming our profit structure, including product strategies and cost reduction, and Asahi Breweries, Ltd. successfully met its target for operating income originally intended for the plan's final year. In 2005, while we enjoyed some measure of success in terms of expanding the share of our core brands in the RTD beverages and shochu markets, our efforts fell short of accomplishing overall growth for the alcoholic beverages business centered on beer-type beverages.

On the other hand, we made steady progress in restructuring Group business consisting of soft drinks, and food and healthcare, and other businesses. In particular, Asahi Soft Drinks Co., Ltd. achieved 10.4% year-on-year growth in net sales, significantly exceeding the industry average, due to the growth of its main brands and brisk sales in new products. The company also maintained its structural reform efforts, and as a result, saw profits reach record-high levels and exceed the quantitative target set in the plan.

Asahi Food & Healthcare Co., Ltd. reversed its losses and returned to the black, exceeding projections for growth in net sales set by the plan led by the Pola Foods brand, acquired in 2003.

Additionally, in 2005, we acquired the stock of LB, Ltd. (Saitama) and LB, Ltd. (Nagoya), and incorporated their chilled beverage business into our portfolio of Group businesses, thereby expanding the scope of our soft drinks business. We also endeavored to bolster the foundations of our food and healthcare business by adding the health food products company, Sunwell Co., Ltd., to our Group.

In our overseas business, we were rewarded in our efforts to enhance the profitability of companies engaged in the alcoholic beverages business in China, Europe and the U.S., and developed new markets centered on Asia.

Reaching for
ever higher corporate value
through profitable growth

Vigorously upholding our commitment to reforming the business and profit structure

In the overseas soft drinks business, Tingyi-Asahi-Itochu Beverages Holding Co. Ltd., a joint venture company in China, accomplished growth that significantly exceeded initial projections, thanks in part to Group technical and marketing support.

Returns to Shareholders

Following our basic principle of issuing dividend payments corresponding to a consolidated payout ratio of around 20%, we raised our year-end dividend for the fiscal year ended December 2005 by ¥2.0 to ¥9.5 per share. Combined with the half-year dividend of ¥7.5, the annual dividend was ¥17.0 per share. As a follow-up to our acquisition of ¥6.8 billion in treasury stock in fiscal 2004, we acquired ¥10.0 billion worth of treasury stock in fiscal 2005 and retired 20 million shares of treasury stock thus accumulated. We are determined to continue practicing management that places a premium on our shareholders.

II. Plans and Business Direction for Fiscal 2006

Primary Allocation of Management Resources to Domestic Alcoholic Beverages Business Centered on Beer-Type Beverages

In fiscal 2006, we will strive to achieve consolidated net sales totaling ¥1,495.0 billion, an increase of 4.5% from the previous term. We forecast that operating income will rise 16.3% to a record-breaking ¥105.0 billion, based on projections for steady growth in revenues at Asahi Soft Drinks Co., Ltd. and Asahi Food & Healthcare Co., Ltd., and on our aggressive efforts to reverse business trends to seize the initiative at Asahi Breweries, Ltd. We expect net income will also mark a record high of ¥44.5 billion, an increase of 11.6% from the previous term. At the time we formulated the Second Group Medium-Term Management Plan, our targets of ¥1,160.0 billion in net sales and ¥115.0 billion in operating income included projected increases in sales and profit generated by our M&A activities. We have adjusted our performance targets to reflect subsequent developments in our M&A activities.

In fiscal 2006, the final year of the Medium-Term Management Plan, we will build on the accomplishments and challenges of the past two years to put the final touches on our reform efforts by forging ahead in restructuring our business and profit structure, while at the same time effectively directing our free cash flows to further enhance corporate value.

The biggest challenge lies in our domestic alcoholic beverages business, where we are aware of the crucial need to strengthen our growth potential. In 2006, we will allocate management resources with a primary focus on the beer-type beverages (beer, happoshu, new genre beverages) that constitute the core of the business, in an effort to reconstruct the foundations for growth. In particular, with regard to the slowdown in customer migration to cheaper products in the home-use market and the recovery in consumption in the commercial-use market, our top priority will be to realize a full-scale return to beer centered on *Asahi Super Dry*. We will also endeavor to increase sales of happoshu and new genre beverages with a focus on our existing brands.

In the domestic soft drinks business, Asahi Soft Drinks Co., Ltd. will take the initiative in maintaining our effort to pursue growth strategies centered on core brands, restructure sales and SCM systems, and bolster cost competitiveness to strengthen our structure for sustainable expansion.

In the food and healthcare business, Asahi Food & Healthcare, Co., Ltd., which successfully returned to profitability in fiscal 2005, will endeavor to further bolster its profit base. The company will seek to expand sales of main products, such as *MINTIA* breath mint tablets, while entering new areas, including dietary support products and agriculture-related businesses.

With respect to our overseas business, in our beer business in China, we will assist local beer companies in which we invested to raise their competitiveness in regions where they are located. In the fast-growing ASEAN countries and East Asia region, including Taiwan and Korea, we will seek to strengthen our business foundations by further expanding growth and establishing an optimal supply chain.

We will also seek corporate acquisitions beyond the three-year period of the Medium-Term Management Plan to maintain active businesses investments and thereby ensure sustainable growth for the Asahi Breweries Group through the next decade.

We plan to attain our target operating income ratio of 7%, as laid out in the management indicators under our Medium-Term Management Plan, by endeavoring to recover profit levels centered on Asahi Breweries, Ltd. Due to the steady improvement in our net income levels, we are now set to attain our ROE target of 10%. We will continue to reinforce our efforts toward enhancing capital efficiency.

III. Changes in Top Management

Aiming for Group-Wide Growth under a New Management Team

The year 2006 is the final year of the Group's Medium-Term Management Plan and an important year in which to formulate the next management plan. To ensure we accomplish our performance plans and acheive Group-wide growth from a long-term perspective, the Asahi Breweries Group implemented a change in top management, effective March 30, 2006. The previous President and COO, Kouichi Ikeda, will assume the position of chairman and CEO while Hitoshi Ogita will be named president and COO. As top manager, Mr. Ogita led Asahi Soft Drinks Co., Ltd. to a dramatic turnaround in performance. His experience will be utilized in managing the entire Group centered on Asahi Breweries, Ltd.

Under this new management team, the Asahi Breweries Group will achieve steady profit growth to meet the expectations of our shareholders and all our stakeholders. Recognizing that all stakeholders are our customers, we will continue to pursue our management principle of customer satisfaction. To do so, we will work toward consistent growth by continuously striving to provide high-quality products that give delicious enjoyment to all our customers. With respect to the various activities we undertake to fulfill our corporate social responsibility (CSR), including environmental protection and social contribution (please see CSR page18), we will maintain our efforts in communicating with stakeholders. We appreciate your ongoing support for the Asahi Breweries Group.

Kouichi Ikeda
Chairman and CEO
Kouichi Ikeda.

Hitoshi Ogita
President and COO
Hitoshi Ogita

Profile of the New President and COO: Hitoshi Ogita

Hitoshi Ogita

Born January 1, 1942. Joined Asahi Breweries, Ltd. in 1965 after graduating from Kyushu University, Department of Economics. Established his career mainly in the areas of sales and marketing, holding positions such as general manager and senior general manager at branches throughout Japan. Assumed post of vice president at Asahi Soft Drinks Co., Ltd. in September, 2002. After taking the post of president in March 2003, he began management reform to lift the company out of stagnation. Since then, Asahi Soft Dinks Co., Ltd. has demonstrated a dramatic turnaround through aggressive management reforms and cost reductions, reporting record-breaking revenues for three consecutive years up to fiscal 2005. Ogita is highly regarded both inside and outside the company for his ability to take action and demonstrate leadership that brings out the best of each employee. His appointment as president and COO is expected to provide impetus in formulating the new Medium-Term Management Plan and is welcomed by all board members and employees.