

Asahi Breweries, Ltd.



FY2009 2Q 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 July 31, 2009.

**Summary Report of 2Q Financial Results
(Fiscal 2009)**

July 31, 2009

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 2Q Financial Results for Fiscal 2009
(From January 1, 2009 to June 30, 2009)

(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 2009 2Q ended June 30, 2009	670,156	-	21,479	-	27,829	-
Fiscal 2008 2Q ended June 30, 2008	666,149	(1.0)	30,726	33.0	34,127	28.1

	Net income	% change	Net income per share (Primary)	Net income per share (Diluted)
	(Millions of yen)	(%)	(yen)	(yen)
Fiscal 2009 2Q ended June 30, 2009	22,053	-	47.44	47.43
Fiscal 2008 2Q ended June 30, 2008	18,883	37.2	40.18	40.10

(2) Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
Fiscal 2009 2Q as of June 30, 2009	1,433,551	558,497	38.6	1,190.53
Fiscal 2008 2Q as of June 30, 2008	1,299,058	534,627	40.2	1,122.13

Notes: Equity at the end of FY2009 2Q: 553,411 million yen Equity at the end of FY2008: 521,594 million yen

2. Dividends

	1Q dividend per share (yen)	2Q dividend per share (yen)	3Q dividend per share (yen)	Year-end dividend per share (yen)	Dividend per share for the year (yen)
Year ended December 31, 2008	-	9.50	-	10.50	20.00
Year ended December 31, 2009	-	10.0	-	-	-
Year ended December 31, 2009 (Forecast)	-	-	-	10.00	20.00

3. Projection for Fiscal 2009
(From January 1, 2009 to December 31, 2009)

	Net sales	% change	Operating income	% change	Ordinary income	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2009 ending December 31, 2009	1,508,000	3.1	88,000	(6.9)	92,000	(4.6)

	Net income	% change	Net income per share
	(Millions of yen)	(%)	(yen)
Fiscal 2009 ending December 31, 2009	50,000	11.1	107.56

(Note) Revisions to the forecast of consolidated results in the current quarter: yes

4. Other

(1) Change in the scope of consolidation and application of the equity method: No

(2) Adoption of simplified accounting methods or special accounting methods in preparation of quarterly financial statements:

1. Simplified accounting methods

• Method of estimating general credit losses

The Company and its main consolidated subsidiaries adopt the method of estimating general credit losses using reasonable criteria such as the credit-loss ratio estimated in the consolidated financial statements of the previous fiscal year, as it was deemed that there has been no marked change from the credit-loss ratio estimated at the end of the previous fiscal year.

• Method of estimating depreciation expenses for fixed assets

When employing the fixed-percentage depreciation method, the Company and its main consolidated subsidiaries adopt a method of assigning to the period under review an estimated proportional amount of depreciation expenses for the fiscal year.

• Method of estimating deferred tax assets and liabilities

In assessing the recoverability of deferred tax assets, as the Company and its main consolidated subsidiaries have deemed that there has been no marked change in the operating environment, etc., since the end of the previous year, and that there has been no marked change with respect to the occurrence of temporary differences, etc., they employ the future earnings forecasts and tax planning assumptions of the financial statements for the previous fiscal year.

2. Special accounting methods for preparation of quarterly financial statements

Method of estimating tax expenses

The Company and its main consolidated subsidiaries estimate tax expenses for the fiscal year, including the three months under review, by making a reasonable estimation of the effective tax rate on net income before income taxes after the application of tax effect accounting, and apply this rate to net income before income taxes for the period under review. Corporate tax adjustments have been included in the income taxes.

(3) Changes in principles, procedures and methods of indication of accounting methods for formulation of quarterly financial statements:

1. Adoption of accounting standards for quarterly financial statements

From the current fiscal year, the Company has adopted the "Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and the "Implementation Guidance for Accounting Standard for Quarterly Financial Statements" (ASBJ Guidance No. 14). Furthermore, the Company prepares its quarterly consolidated financial 9 statements in accordance with the "Rules for Quarterly Financial Statements."

2. Changes in valuation standards and methods for important assets

The Company has adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9 of July 5, 2006) from the first quarter of the current fiscal year, and accordingly such inventories are now mainly stated using the acquisition cost method, cost being determined by the average method (in cases where the profitability has declined, the book value is reduced accordingly). As a result, operating income for the three months ended March 31, 2009 decreased ¥137 million in Alcoholic beverage, ¥233 million in Soft drink, ¥69 million in Food and pharmaceuticals, and ¥0 million in other. The impact on segment information is stated in the applicable sections.

3. Adoption of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

From the first quarter of the current fiscal year, the Company has adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No. 18 of May 17, 2006), and made the necessary revisions to its financial statements. As a result, the effect to operating income for the three months under review is minor. There are no impact on segments.

(4) Number of shares issued and outstanding at the end of the term (consolidated):

(1) Issued stock including treasury stock:

Six months ended December 31, 2009	483,585,862 shares	Year ended December 31, 2008	483,585,862 shares
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(2) Treasury stock:

Six months ended December 31, 2009	18,742,866 shares	Year ended December 31, 2008	18,76,163 shares
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(3) Average of issued Stock:

Six months ended December 31, 2009	464,835,306 shares	Six months ended December 31, 2008	469,972,441 shares
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Note: The above figures were prepared based on the economic conditions and market trends that can be anticipated currently and the actual performance will be subject to change according to various factors in the future.

(Reference) Projection for Fiscal 2009 (From January 1, 2009 to December 31, 2009)

	Net sales	% change	Operating income	% change	Ordinary income	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2009 ending December 31, 2009	1,005,000	(1.4)	81,000	(11.0)	82,000	(7.4)
	Net income	% change	Net income per share			
	(Millions of yen)	(%)	(yen)			
Fiscal 2009 ending December 31, 2009	38,000	(2.6)	81.75			

ASAHI BREWERIES, LTD.
Consolidated Balance Sheets (As of June 30, 2009 and As of December 31, 2008)
(Unaudited)

ASSETS

	(in million yen)	
	At	At
	June 30, 2009	December 31, 2008
	Amount	Amount
(Assets)		
. Current Assets:		
Cash and time deposits	19,469	12,771
Notes and accounts receivable	243,438	265,048
Investment securities	-	301
Finish goods	76,394	66,264
Raw materials and storages	32,252	30,774
Deferred income tax assets	9,518	9,009
Other current assets	42,667	34,218
Allowance for doubtful accounts	(7,669)	(6,044)
Total current assets	416,072	412,344
. Fixed Assets:		
Property, plant and equipment:		
Buildings and structures	420,142	413,983
accumulated depreciation	(224,828)	(217,921)
buildings and structures (in net)	195,313	196,061
Machinery and equipment	546,201	521,651
accumulated depreciation	(370,338)	(347,613)
machinery and equipment (in net)	175,863	174,038
Other	128,454	112,343
accumulated depreciation	(78,566)	(66,944)
other (in net)	49,887	45,398
Land	186,077	185,201
Construction in progress	6,027	6,090
Total tangible fixed assets	613,169	606,791
Intangible fixed assets:		
Consolidation goodwill	97,354	60,675
Others	38,589	15,696
Total intangible fixed assets	135,944	76,371
Investments and other assets:		
Investment securities	211,521	142,731
Deferred income tax assets	21,183	24,212
Other investments	40,192	43,253
Allowance for doubtful accounts	(4,531)	(6,645)
Total investments and other assets	268,365	203,551
Total fixed assets	1,017,479	886,714
Total Assets	1,433,551	1,299,058

LIABILITIES AND SHAREHOLDERS' EQUITY

	(in million yen)	
	At	At
(Liabilities)	June 30, 2009	December 31, 2008
	Amount	Amount
. Current Liabilities:		
Notes and accounts payable	89,677	99,674
Bank loans	218,066	95,556
Bonds due within one year	35,000	20,000
Alcohol tax payable	119,525	128,379
Income tax payable	20,919	22,653
Deposits received	24,596	22,863
Commercial paper	36,000	7,000
Allowance for bonus payable	2,839	2,715
Other current liabilities	118,060	117,218
Total current liabilities	664,684	516,061
. Long-term Liabilities:		
Bonds	105,162	120,168
Long-term debt	36,445	59,535
Provision for Employees' severance and retirement benefits	23,983	23,515
Allowance for retirement benefits for directors and corporate auditors	554	633
Deferred income tax liabilities	4,922	6,112
Other long-term liabilities	39,300	38,404
Total long-term liabilities	210,369	248,369
Total liabilities	875,053	764,430
(Net assets)		
. Shareholders' equity:		
Common stock	182,531	182,531
Capital surplus	151,130	151,147
Retained earnings	231,199	214,189
Treasury stock, at cost	(29,544)	(29,579)
Total shareholders' equity	535,316	518,288
. Accumulated gains (losses) from revaluation and translation adjustments:		
Unrealized gains on available-for-sale securities, net of taxes	6,162	1,111
	-	1,751
Unrealized losses on hedging derivatives, net of taxes	(11)	(3)
Foreign currency translation adjustments	11,944	446
Total accumulated gains (losses) from revaluation and translation adjustments	18,094	3,305
. Minority interests	5,086	13,033
Total net assets	558,497	534,627
Total liabilities and net assets	1,433,551	1,299,058

ASAHI BREWERIES, LTD.
Consolidated Income Statements (6 months ended June 30, 2009 and 2008)
(Unaudited)

	2Q ended June 30, 2009	2Q ended June 30, 2008
	Amount	Amount
		(in million yen)
		*For reference
. Net sales	670,156	666,149
. Cost of sales	436,680	431,550
Gross profit	233,475	234,598
. Selling, general and administrative expenses	211,995	203,872
Operating income	21,479	30,726
. Non-operating income:		
Interest income	158	159
Dividend income	991	992
Equity in net income of unconsolidated subsidiaries and affiliated companies	5,569	5,899
Other	3,235	1,270
Total	9,954	8,322
. Non-operating expenses:		
Interest expenses	2,180	2,710
Other	1,423	2,210
Total	3,604	4,920
Recurring profit	27,829	34,127
. Extraordinary gain:		
Gain on sale of fixed assets	670	66
Gain on sale of investment securities	336	1
Gain on sale of sale of investment in affiliated companies	16,092	-
Gain on reverse of allowance for doubtful accounts	510	1,492
Total	17,609	1,559
. Extraordinary loss:		
Loss on sale and disposal of fixed assets	2,285	868
Loss on sale of investment securities	2	35
Loss on devaluation of investment securities	525	1,200
Impairment loss on fixed assets	760	140
Others	-	43
Total	3,574	2,288
Income before income taxes	41,865	33,398
Income tax, Inhabitants tax & enterprise tax	18,717	15,377
Minority interests in net gain of consolidated subsidiaries	1,093	(862)
Net income	22,053	18,883

ASAHI BREWERIES, LTD.
Consolidated Statements of Cash Flows (6 months ended June, 2009 and 2008)
(Unaudited)

(in million yen)
*For reference

	2Q ended June 30, 2009	2Q ended June 30, 2008
. Cash flow from operating activities:		
Net income before income taxes and minority interest	41,865	33,398
Depreciation	27,922	23,536
Impairment loss on fixed assets	760	140
Amortization of goodwill	2,273	2,015
Increase(decrease) in provision for employees' severance and retirement benefits	400	(1,427)
Decrease in allowance for doubtful accounts	(576)	(1,255)
Interest and dividend income	(1,149)	(1,151)
Interest expenses	2,180	2,710
Equity in net income of unconsolidated subsidiaries and affiliated companies	(5,569)	(5,899)
Loss on devaluation of investment securities	525	1,200
Gain on sale of investment in affiliated companies	(16,092)	-
Loss on sale of fixed assets	1,615	802
Decrease in notes and accounts receivable	29,439	43,145
Increase in inventories	(6,372)	(12,732)
Decrease in notes and accounts payable	(15,263)	(16,222)
Decrease in accrued alcohol tax payable	(8,856)	(15,090)
Other	(3,605)	3,296
Subtotal	49,497	56,466
Interest and dividends received	5,422	1,360
Interest paid	(2,136)	(2,723)
Income taxes paid	(22,707)	(14,810)
Net cash provided by operating activities	30,075	40,293
. Cash flows from investing activities:		
Payments for purchases of property, plant and equipment	(14,009)	(16,268)
Proceeds from sale of property, plant and equipment	2,331	107
Payments for purchases of intangible assets	(21,733)	(1,946)
Payments for purchases of investment securities	(76,448)	(6,082)
Proceeds for sale of investment securities	38,437	7
Proceeds from sale of securities of subsidiaries	(15,360)	(2,903)
Proceeds for purchases of investment in subsidiaries results in change in scope of consolidation	-	2,154
Payments for purchases of investment in subsidiaries results in change in scope of consolidation	(60,926)	-
Payments for sales of investment in subsidiaries results in change in scope of consolidation	-	(173)
Payments for loans receivable	(1,892)	(1,280)
Proceeds from collections of loans receivable	1,422	2,058
Other	(667)	(2,559)
Net cash used in investing activities	(148,846)	(26,886)
. Cash flows from financing activities:		
Increase(decrease) in bank loans	144,089	(38,215)
Proceeds from long-term debt	3,412	8,691
Repayments of long-term debt	(18,756)	(20,945)
Proceeds from bonds and convertible debentures issued	-	70,175
Redemption of bonds	-	(10,000)
Payments for purchases of treasury stock	(18)	(15,046)
Cash dividends paid	(4,880)	(4,488)
Contribution from minority in consolidated subsidiaries	542	-
Other	160	324
Net cash used in financing activities	124,548	(9,506)
. Effect of exchange rate change on cash and cash equivalents	366	(100)
. Net increase in cash and cash equivalents	6,144	3,799
. Cash and cash equivalents at beginning of year	12,697	11,741
. Increase in cash and cash equivalents due to increase in consolidated subsidiaries	475	-
. Cash and cash equivalents at end of period	19,317	15,541

(Segment information)**(1) Industrial segment information****Fiscal 2009 (January 1, 2009 to June 30, 2009)**

(Millions of yen)

	Alcoholic beverages	Soft drinks	Food and pharmaceuticals	Other	Total	Elimination or corporate	Consolidated total
I. Net sales							
1) To outside customers	431,291	163,626	44,115	31,123	670,156	-	670,156
2) Inter-segment sales	8,937	1,098	954	25,126	36,116	(36,116)	-
Total	440,228	164,724	45,069	56,249	706,273	(36,116)	670,156
Operating expenses	416,950	167,066	44,767	56,042	684,827	(36,150)	648,676
Operating income/loss	23,278	(2,341)	302	207	21,445	33	21,479

(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.
- Significant Changes in Segment Assets
Due to the Company's acquisition of Schweppes Holding Pty Ltd.'s share to make it a wholly owned subsidiary, segment assets of Soft drinks segment were increased by 79,764 million yen. In the addition, the assets of Company were increased by 75,514 million yen due to the acquisition of Tsingtao Brewery.
- Changes in valuation standards and methods for important assets
The Company has adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9 of July 5, 2006) from the first quarter of the current fiscal year, and accordingly such inventories are now mainly stated using the acquisition cost method, cost being determined by the average method (in cases where the profitability has declined, the book value is reduced accordingly). As a result, operating income for the six months ended June 30, 2009 decreased ¥255 million in Alcoholic beverage, ¥86 million in Food and pharmaceuticals, ¥1 million in other, and operating loss increased ¥498 million in Soft drinks.
- Additional Information
In line with a revision of the Corporation Tax Law in fiscal 2008, from the first quarter of the current fiscal year, the Company and its main consolidated subsidiaries in Japan have changed their estimates for the useful lives of fixed assets.
As a result, operating income for the six months under review decreased ¥3,103 million in Alcoholic beverage, ¥0 in other, and increased ¥40 million in Food and pharmaceuticals. An operating loss increased ¥10 million in Soft drink .

*For reference

Fiscal 2008 (January 1, 2008 to June 30, 2008)

(Millions of yen)

	Alcoholic beverages	Soft drinks	Food and pharmaceuticals	Other	Total	Elimination or corporate	Consolidated total
I. Net sales							
1) To outside customers	443,379	153,907	34,016	34,847	666,149	-	666,149
2) Inter-segment sales	10,771	1,482	753	25,281	38,290	(38,290)	-
Total	454,151	155,390	34,769	60,128	704,440	(38,290)	666,149
Operating expenses	423,255	155,813	34,685	60,117	673,871	(38,448)	635,423
Operating income/loss	30,896	(423)	84	11	30,568	157	30,726

(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.