

# Asahi Breweries, Ltd.



## FY2009 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 materials have been rounded down to omit fractions less than one million yen. This document is a partial English translation of the Japanese Financial Statement which was filed at Stock Exchanges in Japan on April 30, 2009. This translation was made for information only. The Company gives no warranty with respect to its correctness.

**Summary Report of 3Q Financial Results  
(Fiscal 2009)**

October 30, 2009

**Asahi Breweries, Ltd.**

Code number: 2502  
Shares Listed: First Section of each of Tokyo Stock Exchanges and Osaka Securities Exchanges  
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US GAAP: Not applicable

**1. Consolidated 3Q Financial Results for Fiscal 2009**  
(From January 1, 2009 to September 30, 2009)

**(1) Operating Results**

	Net sales	% change	Operating income	% change	Ordinary income	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2009 3Q ended September 30, 2009	1,079,345	-	53,265	-	62,711	-
Fiscal 2008 3Q ended September 30, 2008	1,079,858	(0.2)	70,464	14.8	75,832	13.2

  

	Net income	% change	Net income per share (Primary)	Net income per share (Diluted)
	(Millions of yen)	(%)	(yen)	(yen)
Fiscal 2009 3Q ended September 30, 2009	41,717	-	89.74	89.70
Fiscal 2008 3Q ended September 30, 2008	41,799	22.5	89.27	89.10

**(2) Financial Condition**

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
Fiscal 2009 3Q ended September 30, 2009	1,398,696	570,145	40.4	1,216.86
Fiscal 2008 3Q ended September 30, 2008	1,299,058	534,627	40.2	1,122.13

Notes: Equity at the end of FY2009 3Q: 565,688 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	-	10.00	-		
Year ended December 31, 2009 (Forecast)				10.00	20.00

**3. Projection for Fiscal 2009**

(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

**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, gross profit decreased ¥2,274 million, operating income decreased ¥1,109 million, recurring profit decreased ¥68 million, and net income before tax decreased ¥68 million. The impact on segment information is stated in the applicable sections.

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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. The resulting impact on operating income, recurring income and net income before taxes for the third quarter accumulated period under review is immaterial.

(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, recurring income, net income before tax for the third quarter accumulated period under review each decreased ¥4,579 million

The impact on segment information is stated in the applicable sections.

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

(1) Issued stock including treasury stock:

Nine months ended September 30, 2009	483,585,862 shares	Year ended December 31, 2008	483,585,862 shares
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(2) Treasury stock:

Nine months ended September 30, 2009	18,709,174 shares	Year ended December 31, 2008	18,762,163 shares
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(3) Average of issued Stock:

Nine months ended September 30, 2009	464,844,053 shares	Nine months ended September 30, 2008	468,242,812 shares
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**ASAHI BREWERIES, LTD.**  
**Consolidated Balance Sheets (As of September 30, 2009 and As of December 31, 2008)**  
(Unaudited)

**ASSETS**

	(in million yen)	
	<b>At</b>	<b>At</b>
	<b>September 30, 2009</b>	<b>December 31, 2008</b>
	Amount	Amount
<b>(Assets)</b>		
<b>. Current Assets:</b>		
Cash and time deposits	15,877	12,771
Notes and accounts receivable	228,003	265,048
Investment securities	-	301
Finish goods	70,219	66,264
Raw materials and storages	33,377	30,774
Deferred income tax assets	9,701	9,009
Other current assets	39,958	34,218
Allowance for doubtful accounts	(6,990)	(6,044)
<b>Total current assets</b>	<b>390,147</b>	<b>412,344</b>
<b>. Fixed Assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures	420,392	413,983
accumulated depreciation	(227,282)	(217,921)
buildings and structures (in net)	193,109	196,061
Machinery and equipment	545,137	521,651
accumulated depreciation	(376,497)	(347,613)
machinery and equipment (in net)	168,639	174,038
Other	128,432	112,343
accumulated depreciation	(79,003)	(66,944)
other (in net)	49,429	45,398
Land	186,252	185,201
Construction in progress	5,825	6,090
<b>Total tangible fixed assets</b>	<b>603,256</b>	<b>606,791</b>
<b>Intangible fixed assets:</b>		
Consolidation goodwill	96,384	60,675
Others	37,109	15,696
<b>Total intangible fixed assets</b>	<b>133,494</b>	<b>76,371</b>
<b>Investments and other assets:</b>		
Investment securities	213,308	142,731
Deferred income tax assets	22,196	24,212
Other investments	41,089	43,253
Allowance for doubtful accounts	(4,796)	(6,645)
<b>Total investments and other assets</b>	<b>271,798</b>	<b>203,551</b>
<b>Total fixed assets</b>	<b>1,008,549</b>	<b>886,714</b>
<b>Total Assets</b>	<b>1,398,696</b>	<b>1,299,058</b>

## LIABILITIES AND SHAREHOLDERS' EQUITY

	(in million yen)	
	At	At
(Liabilities)	September 30, 2009	December 31, 2008
	Amount	Amount
<b>. Current Liabilities:</b>		
Notes and accounts payable	92,625	99,674
Bank loans	187,357	95,556
Bonds due within one year	35,000	20,000
Alcohol tax payable	123,225	128,379
Income tax payable	17,617	22,653
Deposits received	19,375	22,863
Commercial paper	13,000	7,000
Allowance for bonus payable	7,554	2,715
Other current liabilities	96,964	117,218
<b>Total current liabilities</b>	<b>592,720</b>	<b>516,061</b>
<b>. Long-term Liabilities:</b>		
Bonds	130,159	120,168
Long-term debt	37,299	59,535
Provision for Employees' severance and retirement benefits	24,218	23,515
Allowance for retirement benefits for directors and corporate auditors	577	633
Deferred income tax liabilities	4,919	6,112
Other long-term liabilities	38,656	38,404
<b>Total long-term liabilities</b>	<b>235,830</b>	<b>248,369</b>
<b>Total liabilities</b>	<b>828,550</b>	<b>764,430</b>
<b>(Net assets)</b>		
<b>. Shareholders' equity:</b>		
Common stock	182,531	182,531
Capital surplus	151,111	151,147
Retained earnings	246,214	214,189
Treasury stock, at cost	(29,491)	(29,579)
<b>Total shareholders' equity</b>	<b>550,365</b>	<b>518,288</b>
<b>. Accumulated gains (losses) from revaluation and translation adjustments:</b>		
Unrealized gains on available-for-sale securities, net of taxes	7,797	1,111
Revaluation surplus	-	1,751
Unrealized losses on hedging derivatives, net of taxes	(3)	(3)
Foreign currency translation adjustments	7,528	446
<b>Total accumulated gains (losses) from revaluation and translation adjustments</b>	<b>15,322</b>	<b>3,305</b>
<b>. Minority interests</b>	<b>4,457</b>	<b>13,033</b>
<b>Total net assets</b>	<b>570,145</b>	<b>534,627</b>
<b>Total liabilities and net assets</b>	<b>1,398,696</b>	<b>1,299,058</b>

**ASAHI BREWERIES, LTD.**  
**Consolidated Income Statements (9 months ended September 30, 2009 and 2008)**  
(Unaudited)

	<b>3Q ended</b>	<b>3Q ended</b>
	<b>September 30, 2009</b>	<b>September 30, 2008</b>
	Amount	Amount
		(in million yen)
		*For reference
<b>. Net sales</b>	1,079,345	1,079,858
<b>. Cost of sales</b>	700,392	698,769
<b>Gross profit</b>	378,953	381,088
<b>. Selling, general and administrative expenses</b>	325,688	310,624
<b>Operating income</b>	53,265	70,464
<b>. Non-operating income:</b>		
Interest income	235	211
Dividend income	2,012	1,007
Equity in net income of unconsolidated subsidiaries and affiliated companies	8,874	9,670
Other	3,671	1,378
Total	14,794	12,267
<b>. Non-operating expenses:</b>		
Interest expenses	3,282	4,009
Other	2,065	2,889
Total	5,347	6,899
<b>Recurring profit</b>	62,711	75,832
<b>. Extraordinary gain:</b>		
Gain on sale of fixed assets	689	103
Gain on sale of investment securities	386	43
Gain on sale investment in affiliated companies	16,091	-
Gain on reverse of allowance for doubtful accounts	843	1,550
Total	18,010	1,697
<b>. Extraordinary loss:</b>		
Loss on sale and disposal of fixed assets	2,882	1,694
Loss on sale of investment securities	403	35
Loss on devaluation of investment securities	636	1,202
Impairment loss on fixed assets	760	140
Others	396	601
Total	5,080	3,673
<b>Income before income taxes</b>	75,642	73,855
<b>Income tax, Inhabitants tax &amp; enterprise tax</b>	33,082	32,884
<b>Minority interests in net gain of consolidated subsidiaries</b>	842	(827)
<b>Net income</b>	41,717	41,799

**ASAHI BREWERIES, LTD.**

**Consolidated Statements of Cash Flows (9 months ended September 30, 2009 and 2008)**

(Unaudited)

(in million yen)

\*For reference

	3Q ended September 30, 2009	3Q ended September 30, 2008
<b>. Cash flow from operating activities:</b>		
1Q Net Loss(Income) before income taxes and minority interest	75,462	73,855
Depreciation	42,672	35,249
Impairment loss on fixed assets	760	140
Amortization of goodwill	3,590	3,029
Increase(decrease) in provision for employees' severance and retirement benefits	686	(2,180)
Decrease in allowance for doubtful accounts	(924)	(1,385)
Interest and dividend income	(2,247)	(1,218)
Interest expenses	3,282	4,009
Equity in net income of unconsolidated subsidiaries and affiliated companies	(8,874)	(9,670)
Loss on devaluation of investment securities	636	1,202
Gain on sale of investment in affiliated companies	(16,091)	-
Loss on sale of fixed assets	2,193	1,590
Decrease in notes and accounts receivable	44,960	58,573
Increase in inventories	(1,445)	(9,485)
Decrease in notes and accounts payable	(11,484)	(11,577)
Decrease in accrued alcohol tax payable	(5,150)	(1,311)
Other	(11,577)	(4,256)
Subtotal	116,628	136,564
Interest and dividends received	6,512	1,394
Interest paid	(2,725)	(3,506)
Income taxes paid	(41,525)	(30,345)
<b>Net cash provided by operating activities</b>	<b>78,890</b>	<b>104,107</b>
<b>. Cash flows from investing activities:</b>		
Payments for purchases of property, plant and equipment	(27,599)	29,052
Proceeds from sale of property, plant and equipment	2,270	2,926
Payments for purchases of intangible assets	(22,117)	(2,026)
Payments for purchases of investment securities	(80,168)	(12,729)
Proceeds from purchases of investment securities	39,000	82
Payments for purchase of securities of subsidiaries	(15,360)	(2,904)
Payments for purchases of investment in subsidiaries results in change in scope of consolidation	(60,896)	2,154
Payments for sales of investment in subsidiaries results in change in scope of consolidation	(18)	(173)
Payments for loans receivable	(2,653)	(2,467)
Proceeds from collections of loans receivable	1,839	3,046
Other	(3,457)	(2,629)
<b>Net cash used in investing activities</b>	<b>(169,160)</b>	<b>(47,386)</b>
<b>. Cash flows from financing activities:</b>		
Increase in bank loans	95,122	(73,512)
Proceeds from long-term debt	4,489	23,357
Repayments of long-term debt	(23,024)	(40,529)
Proceeds from bonds and convertible debentures issued	25,000	70,175
Redemption of bonds	-	(10,000)
Payments for purchases of treasury stock	(24)	(15,289)
Cash dividends paid	(9,529)	(8,904)
Contribution from minority interest in consolidated subsidiaries	542	-
Other	47	(185)
<b>Net cash used in financing activities</b>	<b>92,623</b>	<b>(54,889)</b>
<b>. Effect of exchange rate change on cash and cash equivalents</b>	<b>134</b>	<b>(270)</b>
<b>. Net increase in cash and cash equivalents</b>	<b>2,487</b>	<b>1,560</b>
<b>. Cash and cash equivalents at beginning of year</b>	<b>12,697</b>	<b>11,741</b>
<b>. Increase in cash and cash equivalents due to increase in consolidated subsidiaries</b>	<b>475</b>	<b>-</b>
<b>. Cash and cash equivalents at end of period</b>	<b>15,660</b>	<b>13,301</b>

**(Segment information)****(1) Industrial segment information****Fiscal 2009 3Q (January 1, 2009 to September 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	697,207	265,647	67,166	49,323	1,079,345	-	1,079,345
2) Inter-segment sales	13,861	1,764	1,384	39,063	56,074	(56,074)	-
Total	711,069	267,412	68,551	88,386	1,135,420	(56,074)	1,079,345
Operating expenses	659,222	268,475	67,177	87,380	1,082,255	(56,175)	1,026,080
Operating income/loss	51,847	(1,062)	1,374	1,006	53,164	100	53,265

(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 in previous quarter ended in June 30, 2009, segment assets of Soft drinks segment were increased by 84,673 million yen. In the addition, the assets of Company were increased by 67,586 million yen due to the acquisition of Tsingtao Brewery in previous quarter ended in June, 2009.
- 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 nine months ended September 30, 2009 decreased ¥369 million in Alcoholic beverage, ¥100 million in Food and pharmaceuticals, and ¥2 million in other, and operating loss increased ¥636 million in Soft drink.
- 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 nine months under review decreased ¥4,631 million in Alcoholic beverage, increased ¥74 million in Food and pharmaceuticals and ¥0 million in other, and operating loss increased ¥21 million in Soft drink.

\*For reference

**Fiscal 2008 3Q (January 1, 2008 to September 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	728,600	245,817	51,847	53,593	1,079,858	-	1,079,858
2) Inter-segment sales	16,137	2,397	1,122	39,679	59,337	(59,337)	-
Total	744,738	248,215	52,969	93,272	1,139,196	(59,337)	1,079,858
Operating expenses	677,787	246,156	52,556	92,446	1,068,946	(59,552)	1,009,394
Operating income/loss	66,950	2,059	413	825	70,249	214	70,464

(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.