

Asahi Breweries, Ltd.



FY2010 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 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, 2010. This translation was made for information only. The Company gives no warranty with respect to its correctness.

**Summary Report of 1Q Financial Results
(Fiscal 2010)**

April 30, 2010

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 Financial Results for Fiscal 2010 (From January 1, 2010 to Marh 31, 2010)

(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 2010 1Q ended March 31, 2010	284,121	2.4	(2,458)	-	(1,881)	-
Fiscal 2009 1Q ended March 31, 2009	277,404	-	(4,940)	-	(2,937)	-

	Net income	% change	Net income per share (Primary)	Net income per share (Diluted)
	(Millions of yen)	(%)	(yen)	(yen)
Fiscal 2010 1Q ended March 31, 2010	4.0	-	0.01	0.01
Fiscal 2009 1Q ended March 31, 2009	(964)	-	(2.08)	-

(2) Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
Fiscal 2010 1Q ended March 31, 2010	1,358,903	575,973	42.1	1,230.22
Fiscal 2009 ended December 31, 2009	1,433,652	577,702	40.0	1,233.25

Notes: Equity at the end of 1Q FY2010: 572,235 million yen Equity at the end of FY2009: 573,473 million yen

2. Dividends

	Cash dividend per share				
	end of first	end of second	end of thurd	Year-end	Dividend per
	(yen)	(yen)	(yen)	(yen)	(yen)
Year ended December 31, 2009	-	10.00	-	11.00	21.00
Year ended December 31, 2010	-				
Year ended December 31, 2010 (Forecast)		10.50	-	10.50	21.00

(Note) Revisions to the forecast of dividends in the current quarter: No

3. Projection for Fiscal 2010 (January 1, 2010 to December 31, 2010)

	Net sales	% change	Operating income	% change	Ordinary income	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2010 ending June 30, 2010	691,000	3.1	24,000	11.7	26,000	(6.6)
Fiscal 2010 ending December 31, 2010	1,500,000	1.9	96,000	16.0	101,000	11.5

	Net income	% change	Net income per share
	(Millions of yen)	(%)	(yen)
Fiscal 2010 ending June 30, 2010	12,000	(45.6)	25.81
Fiscal 2010 ending December 31, 2010	52,000	9.1	111.83

(Note) Revisions to the forecast of consolidated results in the current quarter: No

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

(3) Changes in principles, procedures and methods of indication of accounting methods for formulation of quarterly financial statements: No

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

(1) Issued stock including treasury stock:

Three months ended March 31, 2010	483,585,862 shares	Year ended December 31, 2009	483,585,862 shares
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(2) Treasury stock:

Three months ended March 31, 2010	18,438,024 shares	Year ended December 31, 2009	18,576,966 shares
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(3) Average of issued Stock:

Three months ended March 31, 2010	465,117,482 shares	Three months ended March 31, 2009	464,833,192 shares
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5. Consolidated Financial Statements (Unaudited)

(1) Consolidated Balance Sheets (As of March 31, 2010 and December 31, 2009)

(in million yen)

	As of March 31, 2010	As of December 31, 2009
(Assets)		
Current Assets:		
Cash and deposits	18,537	19,583
Notes and accounts receivable-trade	196,889	274,558
Merchandise and finished goods	69,591	64,499
Raw materials and supplies	33,946	32,943
Deferred tax assets	11,333	11,175
Other	32,245	32,952
Allowance for doubtful accounts	(6,258)	(7,665)
Total Current assets	<u>356,285</u>	<u>428,047</u>
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures	417,449	416,590
Accumulated depreciation	(230,337)	(227,437)
Buildings and structures, net	<u>187,112</u>	<u>189,152</u>
Machinery, equipment and vehicles	535,507	531,835
Accumulated depreciation	(378,997)	(370,910)
Machinery, equipment and vehicles, net	<u>156,510</u>	<u>160,924</u>
Other	139,180	136,608
Accumulated depreciation	(80,116)	(78,393)
Other, net	<u>59,063</u>	<u>58,215</u>
Land	184,460	184,433
Construction in progress	6,609	6,382
Total property, plant and equipment	<u>593,755</u>	<u>599,108</u>
Intangible assets		
Goodwill	100,152	100,314
Other	40,204	40,427
Total intangible assets	<u>140,356</u>	<u>140,741</u>
Investments and other assets		
Investment securities	209,437	206,364
Deferred tax assets	20,899	21,021
Other	42,293	42,701
Allowance for doubtful accounts	(4,125)	(4,332)
Investments and other assets	<u>268,505</u>	<u>265,755</u>
Total investments and other assets	<u>1,002,618</u>	<u>1,005,605</u>
Total assets	<u>1,358,903</u>	<u>1,433,652</u>

(Continued)

(in million yen)

	As of March 31, 2010	As of December 31, 2009
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	77,522	100,998
Short-term loans payable	171,301	141,220
Current portion of bonds	15,000	15,000
Accrued alcohol tax	77,129	123,470
Income taxes payable	1,146	24,096
Deposits received	19,222	20,429
Commercial papers	35,000	30,000
Provision for bonuses	6,905	2,559
Other	99,491	116,005
Total current liabilities	502,718	573,780
Noncurrent liabilities		
Bonds payable	130,153	130,156
Long-term loans payable	73,941	75,499
Provision for retirement benefits	24,184	24,252
Provision for directors' retirement benefits	543	602
Deferred tax liabilities	4,873	4,860
Other	46,515	46,798
Total noncurrent liabilities	280,211	282,169
Total liabilities	782,929	855,949
(Net assets)		
Shareholders' equity		
Capital stock	182,531	182,531
Capital surplus	150,988	151,048
Retained earnings	247,050	252,146
Treasury stock	(29,064)	(29,283)
Total shareholders' equity	551,506	556,443
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,649	2,444
Deferred gains or losses on hedges	1	(6)
Foreign currency translation adjustment	18,078	14,591
Total valuation and translation adjustments	20,729	17,029
Minority interests	3,738	4,229
Net assets	575,973	577,702
Total liabilities and net assets	1,358,903	1,433,652

(2) Consolidated Income Statements (From January 1, 2010 to March 31, 2010)

	(in million yen)	
	March 31 2009 Amount	March 31 2010 Amount
Net sales	277,404	284,121
Cost of sales	184,373	184,472
Gross profit	93,031	99,648
Selling, general and administrative expenses	97,972	102,106
Operating loss	(4,940)	(2,458)
Non-operating income		
Interest income	53	64
Dividends income	38	160
Equity in net income of unconsolidated subsidiaries	2,506	1,972
Other	1,381	421
Total non-operating income	3,979	2,619
Non-operating expenses		
Interest expenses	1,035	1,104
Other	939	938
Total non-operating expenses	1,975	2,043
Ordinary loss	(2,937)	(1,881)
Extraordinary income		
Gain on sales of noncurrent assets	12	625
Gain on sales of investment securities	0	7
Gain on sales of subsidiaries and affiliates' stocks	94	—
Reversal of allowance for doubtful accounts	1,024	1,534
Gain on change in equity	—	726
Total extraordinary income	1,131	2,893
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	146	523
Loss on sales of investment securities	0	5
Loss on valuation of investment securities	168	187
Total extraordinary loss	315	715
Income before income taxes and minority interests	(2,120)	296
Income taxes	(274)	821
Minority interests in income	(881)	(529)
Net income	(964)	4

(3) Consolidated Statements of Cash Flows (From January 1 to March 31, 2010 and 2009)

	(in million yen)	
	Three months ended March 31, 2009 (From January 1 to March 31)	Three months ended March 31, 2010 (From January 1 to March 31)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	(2,120)	296
Depreciation and amortization	13,490	14,787
Amortization of goodwill	935	1,622
Increase (decrease) in provision for retirement benefits	83	(265)
Increase (decrease) in allowance for doubtful accounts	(678)	(1,654)
Interest and dividends income	(91)	(225)
Interest expenses	1,035	1,104
Equity in (earnings) losses of affiliates	(2,506)	(1,972)
Loss (gain) on sales of investment securities	168	187
Loss (gain) on sales of noncurrent assets	134	(101)
Decrease (increase) in notes and accounts receivable-trade	69,983	78,217
Decrease (increase) in inventories	(6,162)	(5,802)
Increase (decrease) in notes and accounts payable-trade	(21,874)	(23,860)
Increase (decrease) in accrued consumption taxes	(45,476)	(46,343)
Other, net	(11,471)	(13,990)
Subtotal	(4,550)	1,996
Interest and dividends income received	68	4,583
Interest expenses paid	(554)	(650)
Income taxes paid	(22,632)	(24,255)
Net cash provided by (used in) operating activities	(27,669)	(18,325)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(7,174)	(6,352)
Purchase of intangible assets	(1,764)	(1,476)
Purchase of investment securities	(7,922)	(3,669)
Proceeds from sales of investments in subsidiaries	141	-
Payments of loans receivable	(1,367)	(577)
Collection of loans receivable	521	940
Other, net	(1,412)	(40)
Net cash provided by (used in) investing activities	(18,977)	(11,176)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	57,323	34,945
Repayments of lease obligations	-	(581)
Proceeds from long-term loans payable	2,648	137
Repayment of long-term loans payable	(2,807)	(2,120)
Purchase of treasury stock	(13)	(6)
Cash dividends paid	(4,880)	(5,115)
Proceeds from stock issuance to minority shareholders	542	-
Other, net	881	985
Net cash provided by (used in) financing activities	53,693	28,245
Effect of exchange rate change on cash and cash equivalents	102	142
Net increase (decrease) in cash and cash equivalents	7,148	(1,114)
Cash and cash equivalents	12,697	18,082
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	475	-
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	2
Cash and cash equivalents	20,322	16,970

(4) Notes regarding premise of a going concern

No applicable items

(5) Segment information

a. Segment information by business

Fiscal 2009 (January 1, 2009 to March 31, 2009)

(Millions of yen)

	Alcoholic beverages	Soft drinks	Foods and pharmaceuticals	Other	Total	Elimination or corporate	Consolidated total
I. Net sales							
1) To outside customers	179,633	63,106	20,838	13,826	277,404	-	277,404
2) Inter-segment sales	3,695	274	492	11,238	15,701	(15,701)	-
Total	183,328	63,381	21,330	25,065	293,105	(15,701)	277,404
Operating expenses	184,972	65,972	21,678	25,485	298,109	(15,764)	282,345
Operating income/loss	(1,644)	(2,591)	(347)	(420)	(5,004)	63	(4,940)

(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.
- Changes in principles, procedures and methods of indication of accounting methods
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 drinks, 69 million in Foods and pharmaceuticals, and ¥0 million in other.
- 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 three months under review decreased ¥1,560 million in Alcoholic beverage, ¥4 million in Soft drinks, and increased ¥22 million in Food and pharmaceuticals, and ¥0 million in other business.

Fiscal 2010 (January 1, 2010 to March 31, 2010)

(Millions of yen)

	Alcoholic beverages	Soft drinks	Foods	Other	Total	Elimination or corporate	Consolidated total
I. Net sales							
1) To outside customers	168,702	79,801	21,290	14,326	284,121	-	284,121
2) Inter-segment sales	2,378	160	417	11,052	14,008	(14,008)	-
Total	171,081	79,961	21,708	25,378	298,129	(14,008)	284,121
Operating expenses	170,844	82,718	21,620	25,887	301,071	(14,492)	286,579
Operating income	236	(2,756)	87	(509)	(2,941)	483	(2,458)

(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.
 - Foods ----- foods 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.
- Food and pharmaceuticals business renamed the "Foods business" from first quarter of fiscal year 2010.
This change is only the change of segment name, and there is no change in the method of segment classification.

(6) Notes regarding marked changes in amount of shareholders' equity

No applicable items.