

ASAHI BREWERIES, LTD.



FY2010 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 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 February 8, 2010. This translation was made for information only. The Company gives no warranty with respect to its correctness.

**Summary of Financial Results
(Fiscal 2010)**

July 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 2Q Financial Results for Fiscal 2010 (From January 1, 2010 to June 30, 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 2Q ended June 30, 2010	667,411	(0.4)	24,692	15.0	27,864	0.1
Fiscal 2009 2Q ended June 30, 2009	670,156	-	21,479	-	27,829	-

	Net income	% change	Net income per share (Primary)	Net income per share (Diluted)
	(Millions of yen)	(%)	(yen)	(yen)
Fiscal 2010 2Q ended June 30, 2010	15,544	(29.5)	33.42	33.38
Fiscal 2009 2Q ended June 30, 2009	22,053	-	47.44	47.43

(2) Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
Fiscal 2010 2Q ended June 30, 2010	1,388,301	579,572	41.5	1,239.35
Fiscal 2009 4Q ended December 31, 2009	1,433,652	577,702	40.0	1,233.25

Notes: Equity at the end of 2Q FY2010: 576,552 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 third	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	-	10.50			
Year ended December 31, 2010 (Forecast)			-	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 December 31, 2010	1,487,000	1.0	93,000	12.3	100,000	10.4

	Net income	% change	Net income per share
	(Millions of yen)	(%)	(yen)
Fiscal 2010 ending December 31, 2010	52,000	9.1	111.78

(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 : Yes

Note: Changes simplified accounting methods or special accounting methods in preparation of quarterly financial statements.

(3) Changes in accounting policies, procedures and methods of indication of accounting methods

(1) Changes due to amendment of accounting standard: Yes

(2) Changes due to other reasons: None

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

(1) Issued stock including treasury stock:

Six months ended June 30, 2010	483,585,862 shares	Year ended December 31, 2009	483,585,862 shares
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(2) Treasury stock:

Six months ended June 30, 2010	18,381,764 shares	Year ended December 31, 2009	18,576,966 shares
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(3) Average of issued Stock:

Six months ended June 30, 2010	465,154,515 shares	Six months ended June 30, 2010	464,835,306 shares
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5. Consolidated Financial Statements (Unaudited)

(1) Consolidated Balance Sheets (As of June 30, 2010 and December 31, 2009)

(in million yen)

	As of June 30, 2010	As of December 31, 2009
(Assets)		
Current Assets:		
Cash and deposits	14,803	19,583
Notes and accounts receivable-trade	240,177	274,558
Merchandise and finished goods	77,218	64,499
Raw materials and supplies	29,762	32,943
Deferred tax assets	11,469	11,175
Other	32,423	32,952
Allowance for doubtful accounts	(4,819)	(7,665)
Total Current assets	401,035	428,047
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures	418,654	416,590
Accumulated depreciation	(232,347)	(227,437)
Buildings and structures, net	186,306	189,152
Machinery, equipment and vehicles	531,219	531,835
Accumulated depreciation	(381,042)	(370,910)
Machinery, equipment and vehicles, net	150,177	160,924
Other	139,427	136,608
Accumulated depreciation	(79,500)	(78,393)
Other, net	59,926	58,215
Land	184,454	184,433
Construction in progress	5,695	6,382
Total property, plant and equipment	586,560	599,108
Intangible assets		
Goodwill	94,649	100,314
Other	38,423	40,427
Total intangible assets	133,072	140,741
Investments and other assets		
Investment securities	210,668	206,364
Deferred tax assets	21,293	21,021
Other	41,827	42,701
Allowance for doubtful accounts	(6,156)	(4,332)
Investments and other assets	267,633	265,755
Total investments and other assets	987,265	1,005,605
Total assets	1,388,301	1,433,652

(Continued)

(in million yen)

	As of June 30, 2010	As of December 31, 2009
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	86,131	100,998
Short-term loans payable	76,622	141,220
Current portion of bonds	15,000	15,000
Accrued alcohol tax	115,007	123,470
Income taxes payable	12,767	24,096
Deposits received	19,920	20,429
Commercial papers	75,000	30,000
Provision for bonuses	2,819	2,559
Other	118,079	116,005
Total current liabilities	521,348	573,780
Noncurrent liabilities		
Bonds payable	135,150	130,156
Long-term loans payable	73,835	75,499
Provision for retirement benefits	24,391	24,252
Provision for directors' retirement benefits	561	602
Deferred tax liabilities	4,850	4,860
Other	48,588	46,798
Total noncurrent liabilities	287,377	282,169
Total liabilities	808,726	855,949
(Net assets)		
Shareholders' equity		
Capital stock	182,531	182,531
Capital surplus	150,955	151,048
Retained earnings	262,576	252,146
Treasury stock	(28,976)	(29,283)
Total shareholders' equity	567,087	556,443
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,882	2,444
Deferred gains or losses on hedges	-	(6)
Foreign currency translation adjustment	7,582	14,591
Total valuation and translation adjustments	9,464	17,029
Minority interests	3,022	4,229
Net assets	579,574	577,702
Total liabilities and net assets	1,388,301	1,433,652

(2) Consolidated Income Statements (From January 1, 2010 to June 30, 2010)

	(in million yen)	
	June 30 2009 Amount	June 30 2010 Amount
Net sales	670,156	667,411
Cost of sales	436,680	424,307
Gross profit	233,475	243,103
Selling, general and administrative expenses	211,995	218,410
Operating loss	21,479	24,692
Non-operating income		
Interest income	158	156
Dividends income	991	887
Equity in net income of unconsolidated subsidiaries	5,569	5,090
Other	3,235	834
Total non-operating income	9,954	6,968
Non-operating expenses		
Interest expenses	2,180	2,242
Other	1,423	1,554
Total non-operating expenses	3,604	3,797
Ordinary loss	27,829	27,864
Extraordinary income		
Gain on sales of noncurrent assets	670	641
Gain on sales of investment securities	336	1,658
Gain on sales of subsidiaries and affiliates' stocks	16,092	-
Reversal of allowance for doubtful accounts	510	714
Gain on change in equity	-	726
Other	-	63
Total extraordinary income	17,609	3,803
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	2,285	2,401
Loss on sales of investment securities	2	5
Loss on valuation of investment securities	525	844
Impairment loss	760	-
Loss on liquidation of subsidiaries and affiliates	-	390
Other	-	1,219
Total extraordinary loss	3,574	4,860
Income before income taxes and minority interests	41,865	26,807
Income taxes	18,717	12,343
Minority interests in income	1,093	(1,080)
Net income	22,053	15,544

(3) Consolidated Statements of Cash Flows (From January 1 to June 30, 2010 and 2009)

(in million yen)

	Six months ended June 30, 2009 (From January 1 to June 30)	Six months ended June 30, 2010 (From January 1 to June 30)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	41,865	26,807
Depreciation and amortization	27,922	29,672
Impairment loss	760	-
Amortization of goodwill	2,273	3,004
Increase (decrease) in provision for retirement benefits	400	1,042
Increase (decrease) in allowance for doubtful accounts	(576)	(914)
Interest and dividends income	(1,149)	(1,044)
Interest expenses	2,180	2,242
Equity in (earnings) losses of affiliates	(5,569)	(5,090)
Loss (gain) on valuation of investment securities	525	844
Loss (gain) on sales of stocks of subsidiaries and affiliates	(16,092)	-
Loss (gain) on sales and retirement of noncurrent assets	1,615	1,759
Decrease (increase) in notes and accounts receivable-trade	29,439	33,118
Decrease (increase) in inventories	(6,372)	(10,267)
Increase (decrease) in notes and accounts payable-trade	(15,263)	(14,161)
Increase (decrease) in accrued consumption taxes	(8,856)	(8,460)
Other, net	(3,605)	2,535
Subtotal	49,497	61,086
Interest and dividends income received	5,422	5,757
Interest expenses paid	(2,136)	(2,054)
Income taxes paid	(22,707)	(24,679)
Net cash provided by (used in) operating activities	30,075	40,111
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(14,009)	(12,330)
Proceeds from sales of property, plant and equipment	2,331	843
Purchase of intangible assets	(21,733)	(2,054)
Purchase of investment securities	(76,448)	(5,924)
Proceeds from sales of investment securities	38,437	2,568
Purchase of investments in subsidiaries	(15,360)	(41)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(60,926)	-
Payments for transfer of business	-	(5,339)
Payments of loans receivable	(1,892)	(826)
Collection of loans receivable	1,422	1,511
Other, net	(667)	(1,680)
Net cash provided by (used in) investing activities	(148,846)	(23,273)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	144,089	2,302
Repayments of lease obligations	-	(1,284)
Proceeds from long-term loans payable	3,412	137
Repayment of long-term loans payable	(18,756)	(22,318)
Proceeds from issuance of bonds	-	20,000
Redemption of bonds	-	(15,000)
Purchase of treasury stock	(18)	(11)
Cash dividends paid	(4,880)	(5,115)
Proceeds from stock issuance to minority shareholders	542	-
Other, net	160	86
Net cash provided by (used in) financing activities	124,548	(21,203)
Effect of exchange rate change on cash and cash equivalents	366	(337)
Net increase (decrease) in cash and cash equivalents	6,144	(4,702)
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	19,317	13,381

(5) Segment information

a. Segment information by business

Fiscal 2009 (January 1, 2009 to June 30, 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	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.
- Note on significant change in asset
Asset of Soft drink business increased by ¥79,764 million compared to the end of the previous fiscal year due to the acquisition of all shares of Schweppes Holding Pty Ltd. Total asset increased by ¥75,514 million due to purchasing shares of Tsingtao
- 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 six months ended June 30, 2010 decreased ¥255 million in Alcoholic beverage, ¥86 million in Foods and pharmaceuticals and ¥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 million in other, and increased ¥40 million in Food and pharmaceuticals, and operating loss increased ¥10 million in Soft drink .

Fiscal 2010 (January 1, 2010 to June 30, 2010)

(Millions of yen)

	Alcoholic beverages	Soft drinks	Foods	Other	Total	Elimination or corporate	Consolidated total
I. Net sales							
1) To outside customers	409,000	181,385	45,584	31,441	667,411	-	667,411
2) Inter-segment sales	7,235	967	899	24,930	34,031	(34,031)	-
Total	416,235	182,352	46,483	56,371	701,442	(34,031)	667,411
Operating expenses	392,776	183,329	45,119	56,097	677,323	(34,605)	642,718
Operating income	23,459	(976)	1,363	273	24,119	572	24,962

(Notes)

1. The Group's businesses are classified into segments by type and nature of products handled.
2. Major products for each segment
 - (1) Alcoholic beverages ----- beer, happoshu (low-malt beer), new genre ,sho-chu, whisky, etc.
 - (2) Soft drinks ----- refreshing drinks, etc.
 - (3) Foods ----- foods business, pharmaceuticals business
 - (4) Other ----- real estate, restaurants, wholesale, distribution, etc.
3. 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.
4. 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.