

# Asahi Breweries, Ltd.



## FY2011 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 28, 2011. This translation was made for information only. The Company gives no warranty with respect to its correctness.

**Summary Report of 1Q Financial Results  
(Fiscal 2011)**

April 28, 2011

**Asahi Breweries, Ltd.**

Code number: 2502  
Shares Listed: First Section of each of Tokyo Stock Exchanges and Osaka Securities Exchanges  
Head Office: Tokyo  
Contact: Tsuyoshi Morita, General Manager, Public Relations Department  
Tel: + 81 3 5608 5126 (<http://www.asahibeer.co.jp/english/>)  
US GAAP: Not applicable

## 1. Consolidated Financial Results for Fiscal 2011 (From January 1, 2011 to March 31, 2011)

### (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 2011 1Q ended March 31, 2011	280,223	(1.4)	7,412	-	10,552	-
Fiscal 2010 1Q ended March 31, 2010	284,121	2.4	(2,458)	-	(1,881)	-

	Net income	% change	Net income per share (Primary)	Net income per share (Diluted)
	(Millions of yen)	(%)	(yen)	(yen)
Fiscal 2011 1Q ended March 31, 2011	3,635	-	7.81	7.81
Fiscal 2010 1Q ended March 31, 2010	4	-	0.01	0.01

### (2) Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
Fiscal 2011 1Q ended March 31, 2011	1,333,348	612,856	45.9	1,314.49
Fiscal 2010 1Q ended March 31, 2010	1,405,358	612,670	43.6	1,315.51

Notes: Equity at the end of 1Q FY2011: 611,839 million yen      Equity at the end of FY2010: 612,191 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, 2010	-	10.50	-	12.50	23.00
Year ended December 31, 2011	-				
Year ended December 31, 2011(Forecast)		11.50	-	11.50	23.00

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

### 3. Projection for Fiscal 2011 (January 1, 2011 to December 31, 2011)

	Net sales	% change	Operating income	% change	Ordinary income	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2010 ending June 30, 2010	682,000	2.2	29,500	19.5	32,500	16.6
Fiscal 2010 ending December 31, 2010	1,490,000	0.0	107,000	12.2	112,000	10.7

	Net income	% change	Net income per share
	(Millions of yen)	(%)	(yen)
Fiscal 2010 ending June 30, 2010	12,500	(19.6)	26.86
Fiscal 2010 ending December 31, 2010	57,000	7.4	122.48

(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 : 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:

Three months ended March 31, 2011	483,585,862 shares	Year ended December 31, 2010	483,585,862 shares
-----------------------------------	--------------------	------------------------------	--------------------

(2) Treasury stock:

Three months ended March 31, 2011	18,128,888 shares	Year ended December 31, 2010	18,220,056 shares
-----------------------------------	-------------------	------------------------------	-------------------

(3) Average of issued Stock:

Three months ended March 31, 2011	465,422,497 shares	Three months ended March 31, 2010	465,117,482 shares
-----------------------------------	--------------------	-----------------------------------	--------------------

#### Cautionary Statement with Respect to Forward-Looking Statements

This report contains forward-looking statements that reflect Asahi's forecasts for consolidated and unconsolidated results.

These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause Asahi's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

## 5. Consolidated Financial Statements (Unaudited)

### (1) Consolidated Balance Sheets (As of March 31, 2011 and December 31, 2010)

(in million yen)

	As of March 31, 2011	As of December 31, 2010
<b>(Assets)</b>		
<b>Current Assets:</b>		
Cash and deposits	19,209	11,534
Notes and accounts receivable-trade	192,340	274,379
Merchandise and finished goods	73,679	64,178
Raw materials and supplies	30,348	31,180
Deferred tax assets	15,838	14,622
Other	34,195	30,842
Allowance for doubtful accounts	(4,451)	(5,685)
Total Current assets	361,161	421,052
<b>Noncurrent assets:</b>		
Property, plant and equipment		
Buildings and structures	396,025	398,687
Accumulated depreciation	(227,025)	(224,957)
Buildings and structures, net	168,999	173,729
Machinery, equipment and vehicles	492,937	489,228
Accumulated depreciation	(362,972)	(357,706)
Machinery, equipment and vehicles, net	129,965	131,522
Other	141,663	141,789
Accumulated depreciation	(78,633)	(79,224)
Other, net	63,029	62,565
Land	179,647	182,569
Construction in progress	4,573	6,714
Total property, plant and equipment	546,214	557,100
<b>Intangible assets</b>		
Goodwill	84,074	84,172
Other	36,889	37,640
Total intangible assets	120,963	121,812
<b>Investments and other assets</b>		
Investment securities	237,266	235,685
Deferred tax assets	30,310	30,450
Other	42,539	45,156
Allowance for doubtful accounts	(5,106)	(5,900)
Investments and other assets	305,009	305,392
Total investments and other assets	972,187	984,305
Total assets	1,333,348	1,405,358

(Continued)

(in million yen)

	As of March 31, 2011	As of December 31, 2010
<b>(Liabilities)</b>		
Current liabilities		
Notes and accounts payable-trade	72,937	102,948
Short-term loans payable	72,221	69,259
Current portion of bonds	15,000	15,000
Accrued alcohol tax	82,125	119,338
Income taxes payable	576	32,493
Deposits received	19,769	19,609
Commercial papers	55,000	14,000
Provision for bonuses	7,365	2,817
Other	103,248	124,406
Total current liabilities	428,245	499,874
Noncurrent liabilities		
Bonds payable	135,141	135,144
Long-term loans payable	77,905	78,019
Provision for retirement benefits	24,188	24,738
Provision for directors' retirement benefits	219	597
Asset retirement obligations	508	-
Deferred tax liabilities	4,745	4,831
Other	49,536	49,481
Total noncurrent liabilities	292,246	292,813
Total liabilities	720,492	792,688
<b>(Net assets)</b>		
Shareholders' equity		
Capital stock	182,531	182,531
Capital surplus	150,872	150,910
Retained earnings	292,829	295,228
Treasury stock	(28,577)	(28,721)
Total shareholders' equity	597,655	599,948
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	285	198
Deferred gains or losses on hedges	-	693
Foreign currency translation adjustment	13,899	11,351
Total valuation and translation adjustments	14,184	12,243
Minority interests	1,017	478
Total net assets	612,856	612,670
Total liabilities and net assets	1,333,348	1,405,358

## (2) Consolidated Income Statements (From January 1, 2011 to March 31, 2011)

	(in million yen)	
	March 31 2010 Amount	March 31 2011 Amount
Net sales	284,121	280,223
Cost of sales	184,472	176,499
Gross profit	99,648	103,723
Selling, general and administrative expenses	102,106	96,311
Operating income	(2,458)	7,412
Non-operating income		
Interest income	64	78
Dividends income	160	38
Gain on valuation of derivatives	-	2,384
Equity in net income of unconsolidated subsidiaries	1,972	1,819
Other	421	440
Total non-operating income	2,619	4,760
Non-operating expenses		
Interest expenses	1,104	921
Other	938	700
Total non-operating expenses	2,043	1,621
Ordinary income	(1,881)	10,552
Extraordinary income		
Gain on sales of noncurrent assets	625	74
Gain on sales of investment securities	7	-
Gain on sales of subsidiaries and affiliates' stocks	-	2,629
Reversal of allowance for doubtful accounts	1,534	1,252
Gain on change in equity	726	-
Total extraordinary income	2,893	3,956
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	523	58
Loss on sales of investment securities	5	-
Loss on valuation of investment securities	187	847
Earthquake related expenses	-	6,927
Loss on adjustment for changes of accounting standards	-	460
Other	-	358
Total extraordinary loss	715	8,652
Income before income taxes and minority interests	296	5,856
Income taxes	821	2,561
Income before minority interests	-	3,294
Minority interests in loss	(529)	(340)
Net income	4	3,635

**(3) Consolidated Statements of Cash Flows (From January 1 to March 31, 2011 and 2010)**

(in million yen)

	Three months ended March 31, 2010 (From January 1 to March 31)	Three months ended March 31, 2011 (From January 1 to March 31)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	296	5,856
Depreciation and amortization	14,787	14,795
Amortization of goodwill	1,622	1,340
Increase (decrease) in provision for retirement benefits	(265)	686
Increase (decrease) in allowance for doubtful accounts	(1,654)	(1,224)
Interest and dividends income	(225)	(116)
Interest expenses	1,104	921
Equity in (earnings) losses of affiliates	(1,972)	(1,819)
Loss (gain) on valuation of investment securities	187	847
Loss (gain) on sales of stocks of subsidiaries and affiliates	-	(2,629)
Loss (gain) on sales and retirement of noncurrent assets	(101)	(15)
Decrease (increase) in notes and accounts receivable-trade	78,217	79,500
Decrease (increase) in inventories	(5,802)	(10,278)
Increase (decrease) in notes and accounts payable-trade	(23,860)	(27,476)
Increase (decrease) in accrued consumption taxes	(46,343)	(37,214)
Other, net	(14,002)	(17,414)
Subtotal	1,985	5,758
Interest and dividends income received	4,595	105
Interest expenses paid	(650)	(645)
Income taxes paid	(24,255)	(36,571)
Net cash provided by (used in) operating activities	(18,325)	(31,353)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(6,352)	(5,696)
Purchase of intangible assets	(1,476)	(797)
Purchase of investment securities	(3,669)	(318)
Payments of loans receivable	(577)	(213)
Collection of loans receivable	940	318
Other, net	(40)	(534)
Net cash provided by (used in) investing activities	(11,176)	(7,242)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	34,945	52,298
Repayments of lease obligations	(581)	(1,068)
Proceeds from long-term loans payable	137	-
Repayment of long-term loans payable	(2,120)	(128)
Purchase of treasury stock	(6)	(2)
Cash dividends paid	(5,115)	(5,817)
Other, net	985	999
Net cash provided by (used in) financing activities	28,245	46,281
Effect of exchange rate change on cash and cash equivalents	142	88
Net increase (decrease) in cash and cash equivalents	(1,114)	7,773
Cash and cash equivalents at beginning of period	18,082	10,813
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	2	-
Cash and cash equivalents	16,970	18,587

#### (4) Segment information

##### a. Segment information by 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/loss	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.
  - 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.
- 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.

Fiscal 2011 (January 1, 2011 to March 31, 2011)

- Effective from the first quarter of FY 2011, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17 issued on March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 issued on March 21, 2008) have been applied.
- Major products and services of each segment
  - Domestic alcoholic beverages ----- manufacture and sales of beer, happoshu (low-malt beer), new genre, whisky products, etc.
  - Domestic soft drinks ----- manufacture and sales of refreshing drinks products, etc.
  - Domestic food ----- manufacture and sales of food and pharmaceuticals products
  - Overseas alcoholic and soft drinks etc. ----- manufacture and sales of alcoholic and refreshing drinks products
  - Other ----- real estate, restaurants, wholesale, distribution, etc.

(Millions of yen)

	Domestic alcoholic beverages	Domestic soft drinks	Domestic food	Overseas alcoholic and soft drink etc.	Other	Adjustment	Consolidated total
I. Net sales							
1) To outside customers	162,656	60,896	23,052	20,675	12,942	-	280,223
2) Inter-segment sales	7,320	805	543	2	11,337	(20,010)	-
Total	169,977	61,702	23,596	20,677	24,279	(20,010)	280,223
Operating income	8,767	(1,463)	1,113	(601)	(363)	(39)	7,412

- Information regarding goodwill and important loss on fixed assets by reportable segment  
Not Applicable

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

No applicable items.