Financial Section

Eleven-Year Summary

Years ended December 31

	Millions of yen				
	2009	2008	2007	2006	2005
For the year:					
Net sales	¥1,472,469	¥1,462,748	¥1,464,072	¥1,446,385	¥1,430,027
Operating income	82,777	94,520	86,956	88,713	90,249
Income (loss) before income taxes and minority interests	88,078	82,938	81,741	81,165	75,725
Net income (loss)	47,645	45,014	44,798	44,775	39,870
Capital investments*2	62,376	36,135	44,481	36,894	43,941
Depreciation*2	58,372	47,353	45,250	48,793	50,028
<Segment information>					
Sales:					
Alcoholic beverages	—	—	—	—	—
Soft drinks and food	—	—	—	—	—
Pharmaceuticals	—	—	—	—	—
Real estate	—	—	—	—	—
Others	—	—	—	—	—
Sales: (New Segments)					
Alcoholic beverages	958,156	995,703	1,012,256	1,007,558	1,025,447
Soft drinks	355,162	316,737	299,663	283,121	267,003
Food and pharmaceuticals	92,400	79,203	67,089	53,792	25,286
Others	66,751	71,105	85,064	101,914	112,291
Operating income (loss):					
Alcoholic beverages	—	—	—	—	—
Soft drinks and food	—	—	—	—	—
Pharmaceuticals	—	—	—	—	—
Real estate	—	—	—	—	—
Others	—	—	—	—	—
Operating income (loss): (New Segments)					
Alcoholic beverages	78,879	90,762	79,285	78,186	78,089
Soft drinks	695	616	4,593	7,746	8,632
Food and pharmaceuticals	2,745	1,944	1,344	445	805
Others	889	1,006	1,724	2,173	2,559
Financial position:					
Total assets	1,433,653	1,299,059	1,324,392	1,288,501	1,218,227
Interest-bearing debt	391,875	302,259	332,458	290,101	289,202
Total net assets*3	577,703	534,628	529,782	509,775	454,892
	Yen				
Per share data:					
Net income	¥ 102.49	¥ 96.31	¥ 94.94	¥ 94.02	¥ 82.22
Diluted net income	102.42	96.14	94.74	93.85	80.98
Cash dividends applicable to the year	21.00	20.00	19.00	19.00	17.00
Total net assets	1,233.25	1,122.13	1,089.33	1,012.77	951.12
	%				
Ratios:					
ROE	8.7	8.7	9.0	9.6	9.1
Operating income ratio	5.6	6.5	5.9	6.1	6.3
Operating income ratio (exclusive of alcohol tax)	8.1	9.6	9.0	9.4	9.8
Equity ratio	40.0	40.2	38.9	37.0	37.3

*1 U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥92.10 to U.S.$1, the exchange rate prevailing at December 31, 2009.
*2 Includes effects accompanying changes in accounting standards for lease transactions and trademarks of an Australian subsidiary at time of acquisition.
*3 Total net assets through fiscal 2005 represents total shareholders' equity under the former accounting standards, while after fiscal 2006 they were computed in accordance with new accounting standards.
*4 In case of net loss, disclosure of fully diluted per share data is not required.

Millions of yen						Thousands of U.S. dollars*1
2004	2003	2002	2001	2000	1999	2009
¥1,444,226	¥1,400,302	¥1,375,267	¥1,433,364	¥1,399,108	¥1,396,898	$15,987,720
101,273	78,984	69,341	77,777	76,550	80,122	898,773
58,369	48,681	32,483	18,611	(18,116)	15,038	956,330
30,596	23,210	14,754	13,617	(15,707)	4,082	517,318
40,134	38,184	41,257	64,829	66,518	63,149	677,264
51,339	53,101	51,546	52,901	51,790	43,840	633,789
—	—	—	1,179,412	1,127,737	1,114,441	—
—	—	—	201,772	216,191	229,704	—
—	—	—	—	—	—	—
—	—	—	3,058	4,194	3,897	—
—	—	—	49,122	50,986	48,856	—
1,078,931	1,067,136	1,057,029	1,101,620			10,403,431
217,380	185,738	173,773	192,526			3,856,265
22,163	21,547	14,232	14,561			1,003,257
125,752	125,881	130,233	124,657			724,767
—	—	—	92,635	86,774	86,037	—
—	—	—	(1,485)	2,009	6,972	—
—	—	—	—	—	—	—
—	—	—	1,833	2,717	1,623	—
—	—	—	(816)	(758)	94	—
90,872	72,452	69,145	76,809			856,449
8,114	2,645	(4,086)	(2,079)			7,546
(599)	169	8	406			29,804
2,935	3,399	3,855	2,476			9,653
1,250,818	1,244,410	1,294,738	1,341,103	1,389,827	1,405,507	15,566,265
303,089	336,285	402,206	417,167	503,371	502,327	4,254,896
417,828	398,153	387,539	385,965	356,009	383,474	6,272,562
Yen						U.S. dollars
¥ 62.52	¥ 46.80	¥ 28.90	¥ 27.00	¥ (31.54)	¥ 8.20	$ 1.11
60.64	44.58	27.46	25.25	—*4	8.11	1.11
15.00	13.00	13.00	13.00	12.00	12.00	0.23
860.66	810.19	770.86	752.25	715.04	777.04	13.39
%						
7.5	5.9	3.8	3.7	(4.2)	1.1	
7.0	5.6	5.0	5.4	5.5	5.7	
11.4	9.2	8.3	9.0	9.2	9.7	
33.4	32.0	29.9	28.8	25.6	27.3	

Management's Discussion and Analysis

Overview

Market Trends

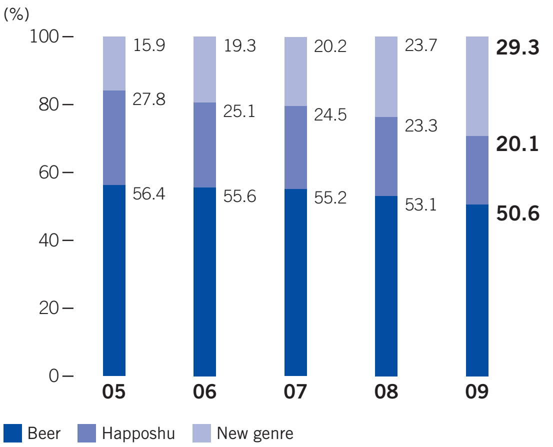
In the fiscal year ended December 31, 2009, Japan's economy continued to face harsh economic conditions, marked by steady deterioration in the employment environment and lackluster consumer spending in the wake of the global financial crisis that originated in the United States. The trajectory of these metrics remained largely unchanged despite signs that the economy is headed toward recovery, thanks to government-backed economic stimulus measures.

In the alcoholic beverages industry, while sales of new genre beverages rose substantially, reflecting more conservative consumer spending habits due to weak economic conditions, sales of beer and happoshu faltered. As a result, sales in the overall market for beer-type beverages ended 2.1% lower year on year on a taxable shipment volume basis. Sales in alcoholic beverages other than beer-type beverages were flat overall, despite revitalized performance in the market for whisky and spirits.

In the soft drinks industry, overall industry sales volume is estimated to have declined by around 3%, attributed mainly to economic weakness and irregular weather during the summer.

In this climate, the Asahi Breweries Group worked during the final year of its Third Medium-Term Management Plan to enhance the Group management base in several ways. In addition to strengthening each segment, key actions designed to establish growth and earnings bases for the Group's next generation of businesses included efforts to develop an optimal production system not limited by any single business framework.

PRODUCT SHARE IN THE BEER-TYPE BEVERAGES MARKET BY GENRE



* Based on taxable shipments

Net Sales

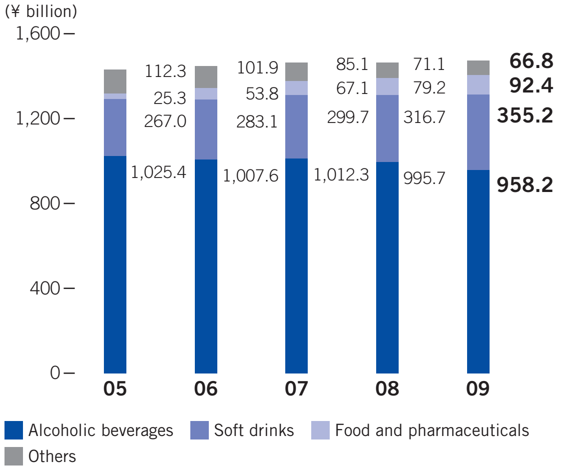
In fiscal 2009, net sales for the Asahi Breweries Group increased ¥9.7 billion, or 0.7%, year on year, to ¥1,472.5 billion ($15,987.7 million).

Sales in the alcoholic beverages business declined ¥37.5 billion, or 3.8% year on year, to ¥958.2 billion, largely reflecting lower sales for beer-type beverages. In the soft drinks business, sales rose ¥38.4 billion, or 12.1%, to ¥355.2 billion, while sales in the food business increased ¥13.2 billion, or 16.7%, to ¥92.4 billion.

In sales composition by segment, the alcoholic beverages business saw its share decrease from 68.1% in the previous fiscal year to 65.1%, while the soft drinks business' share increased from 21.7% to 24.1%, and the food business' share increased from 5.4% to 6.3%.

Sales from the alcoholic beverages business and the soft drinks business include net sales from the Group's overseas business. Overseas sales increased ¥35.2 billion, or 81.3%, year on year, to ¥78.5 billion, primarily from the recent consolidation of Schweppes Australia.

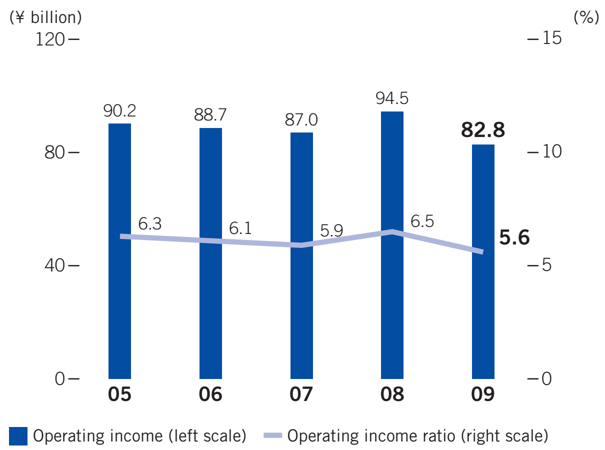
NET SALES BY SEGMENT



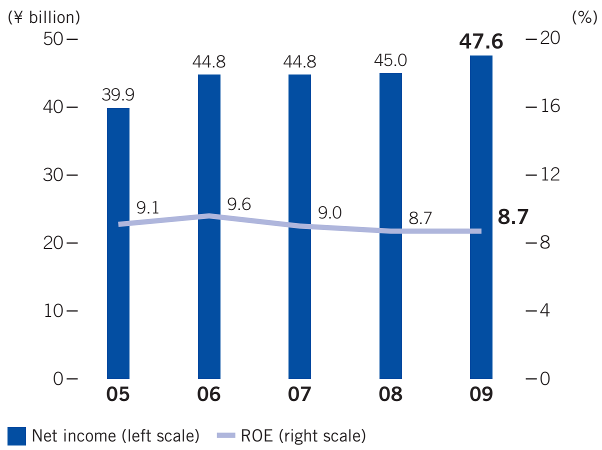
Operating Income

For the consolidated fiscal year, operating income decreased ¥11.7 billion, or 12.4%, year on year, to ¥82.8 billion. This result owed to several factors, including lower sales volume in the alcoholic beverages business, a higher cost of sales accompanying revisions to Japan's tax system, increased depreciation costs due to revisions to the years of useful life for property, plant and equipment, and an increased burden for amortization of goodwill in the soft drinks business related to Schweppes Australia.

OPERATING INCOME/OPERATING INCOME RATIO



NET INCOME/ROE



Other Income and Expenses

Other income increased ¥16.9 billion year on year, to ¥5.3 billion, reversing the loss posted in the previous year. Other income rose largely atop a gain on sales of investments in subsidiaries and affiliate companies of ¥16.1 billion, mainly from the partial sale of shares in Tingyi-Asahi Beverages Holding Co., Ltd. (Tingyi-Asahi Beverages). In other expenses, while profit benefited from the absence of prior year sales promotion expenses posted in the previous year, as well as a decline of ¥2.8 billion in the loss on devaluation of investment securities, the loss on sale and disposal of property, plant and equipment—net and loss on impairment of fixed assets increased ¥5.0 billion and ¥6.1 billion, respectively.

Income Taxes

The actual effective tax rate, including the corporate tax for fiscal 2009, decreased from 49.6% in the previous fiscal year to 47.1%. The difference between the actual effective tax rate of 47.1% and the statutory tax rate of 40.4% was primarily caused by the positive effects of 7.4% in valuation allowances, 2.4% in amortization of goodwill, and 1.9% in non-deductible expenses, and the negative effect of 3.9% in equity in net income of unconsolidated subsidiaries and affiliated companies, as well as 2.1% in the undistributed earnings of affiliated companies The major factor behind the decline in the actual effective tax rate was the decrease of 2.1% from undistributed earnings of affiliated companies.

Net Income

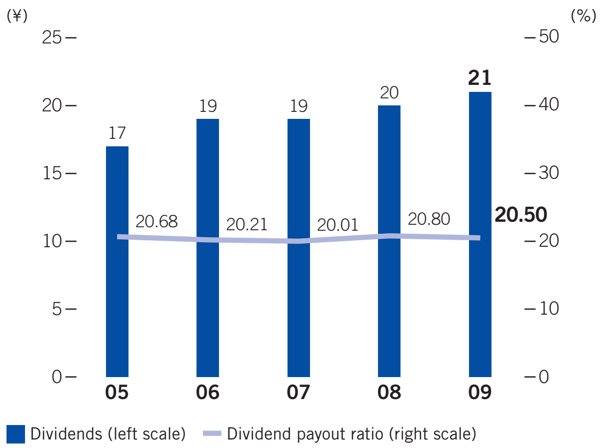
Net income rose 5.8%, or ¥2.6 billion year on year, to ¥47.6 billion ($517.3 million). The net income ratio was 3.2%, up 0.1 percentage points from the previous fiscal year. ROE was unchanged year on year, at 8.7%. Net income per share (diluted) increased from ¥96.14 to ¥102.42.

Dividends

Asahi Breweries, Ltd. places priority on returning profit to shareholders and adheres to a basic policy of implementing shareholder return that takes business performance and a range of other factors into account, while seeking enhanced profitability and ensuring a stronger financial position. We strive for consistent and stable dividend payments and aim to increase dividends by generally referring to a benchmark of at least 20% for the consolidated dividend payout ratio. In tandem, we repurchase our own shares whenever the timing for such is appropriate, with the goal of ensuring a well-rounded and comprehensive shareholder return program.

Based on this policy, we paid an ordinary full-year dividend of ¥21.0 per share, which included a one-yen increase in the year-end dividend to ¥11.0 per share, and an interim dividend of ¥10.0 per share. In fiscal 2010, ending December 31, 2010, we plan to pay an interim dividend of ¥10.5 and a year-end dividend of ¥10.5 per share, for a full-year dividend of ¥21.0 per share.

DIVIDENDS/DIVIDEND PAYOUT RATIO



Review of Operations by Segment

SALES AND OPERATING INCOME BY SEGMENT (2009/2008)

	Millions of yen		
	2009	2008	Percent change
Sales			
Alcoholic beverages	**¥958,156**	¥995,703	(3.8)
Soft drinks	**355,162**	316,737	12.1
Food and pharmaceuticals	**92,400**	79,203	16.7
Others	**66,751**	71,105	(6.1)
Operating income			
Alcoholic beverages	**78,879**	90,762	(13.1)
Soft drinks	**695**	616	12.9
Food and pharmaceuticals	**2,745**	1,944	41.2
Others	**889**	1,006	(11.6)

Alcoholic Beverages Business

The domestic alcoholic beverages business is being affected by a decline in the drinking-age population and more consumers, particularly younger consumers, showing preference for beverages other than beer. In this climate, we proposed products designed to meet customer needs and took steps to cultivate and reinforce our brands through sales promotion activities and other means. At the same time, we pursued initiatives for establishing a profit structure capable of weathering changes in the business environment.

While these initiatives spurred significant sales growth in the new genre beverages category, reflecting more conservative spending habits among consumers, the result was a slight dip in sales in the beer category and a sharp drop in happoshu sales. Combined with the downward trend across alcoholic beverages, overall sales in the alcoholic beverages segment declined 3.8% year on year, to ¥958.2 billion. Operating income was down ¥11.9 billion, or 13.1% year on year, to ¥78.9 billion, as benefits from our ongoing pursuit of greater efficiency in production, distribution, and advertising and promotional activities was offset mainly by lower sales volume in beer-type beverages and increased costs. The latter included costs stemming from revisions to the accounting system pertaining to the years of useful life for production equipment.

Asahi Breweries, Ltd.

Beer-type beverages

In the domestic beer market, we took action to further enhance the brand value of our core product in the beer category, *Asahi Super Dry*, by generating information and developing sales promotion activities highlighting the product. Efforts included the enactment of “Embody Refreshment,” a sales campaign to encourage consumers to try *Asahi Super Dry* at home, and a project called “Refreshingly Sustainable.” Promoted in each of Japan’s 47 prefectures, the project donates a portion of proceeds from sales of *Asahi Super Dry* to the protection and preservation of the natural environment and important cultural treasures in each region. May 2009, meanwhile, saw the release of *Asahi The Master*, as we sought to propose products that answer a wide range of customer needs. The result was annual sales volume of over 100 million cases*[1] for a 21st consecutive year, and a record-high share of 50.6%*[2] of Japan’s beer market, up 0.1 percentage points from the previous year. This achievement notwithstanding, beer sales volume decreased 6.1% year on year to 121 million cases, with beer sales declining ¥39.2 billion, or 5.7%, to ¥646.5 billion.

In happoshu, customers gave high marks to *Asahi Style Free*, a product designed to meet growing consumer health consciousness that features “zero carbohydrates”*[3], and which saw improved performance from the previous year amid a contracting market. We also took steps to revitalize the market, including through the release of *Asahi Cool Draft* in March. However, despite these vigorous efforts, happoshu sales volume declined 13.5% year on year. As a result, sales of happoshu decreased ¥14.1 billion, or 12.8%, to ¥96.2 billion. Asahi Breweries, Ltd.’s share of the domestic happoshu market, though, increased 0.6 percentage points to 26.6%.

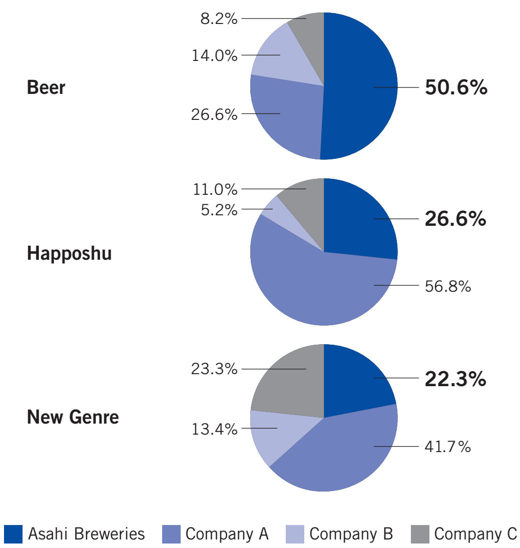
In new genre beverages, we aggressively pursued sales promotion activities intended to establish a solid position in the growing malt liquor*[4] market, which included enacting a large-scale sampling program for *Clear Asahi*. We also took on the challenge of proposing new value, releasing *Asahi Off* in February, and *Asahi Mugi Shibori* in September. From these initiatives, sales volume rose 30.7% from the previous year. Consequently, Asahi Breweries, Ltd.’s share of the domestic market for new genre beverages rose 1.4 percentage points to 22.3%. Sales in this category increased ¥24.1 billion, or 31.1%, to ¥101.6 billion.

Taxable shipments for domestic beer-type beverages from Asahi Breweries, Ltd. declined 2.5% year on year to 176.9 million cases. The company’s share of the overall domestic beer-type beverages market was 37.5%, down 0.3 percentage points from the previous fiscal year.

As a result, sales of beer-type beverages declined ¥29.2 billion, or 3.3% from the previous year, to ¥844.3 billion.

*1 One case is equivalent to 20 large bottles (663ml each).
*2 Beer market share based on statistical data on taxable shipment volume from Japan's top five beer companies.
*3 Based on nutrition labeling standards, sugar content of less than 0.5g (per 100ml) is indicated as "zero carbohydrate."
*4 "Malt liquor" refers to a new wheat beverage genre that blends malt-based happoshu (malt content of less than 50%) with wheat-based spirits (liquor).

BEER-TYPE BEVERAGES BY SHARE (2009)



Alcoholic beverages other than beer-type beverages

Overall sales of other alcoholic beverages—shochu, RTD beverages, whisky and spirits, and wine—decreased ¥6.6 billion, or 5.1%, to ¥123.1 billion. As customer needs in this area diversify, we worked to cultivate uniquely advantaged leading brands while making progress on profit structure reform, which focused largely on striving to use advertising and sales promotion expenses more efficiently. As a result of these efforts, we achieved an operating income ratio of 6%.

Shochu

For shochu, we vigorously pursued sales promotion activities targeting core brands *Kanoka* and *Satsuma Tsukasa*, with the goal of enhancing our position in the brisk markets for Ko- and Otsu-type shochu blends and potato shochu. Despite these efforts, however, sales declined 4.6% year on year to ¥50.3 billion.

Ready-to-Drink (RTD) beverages

In Ready-to-Drink (RTD) beverages, sales were firm for *Asahi Slat*, a well-received beverage that has both juicy bits of fruit and the lowest number of calories*1 in its class. Elsewhere, we took steps to propose a full lineup of products alongside our core products *Asahi Cocktail Partner* and *Asahi Shunka Shibori*. Nevertheless, sales fell 2.7% year on year to ¥30.6 billion.

Whisky and Spirits

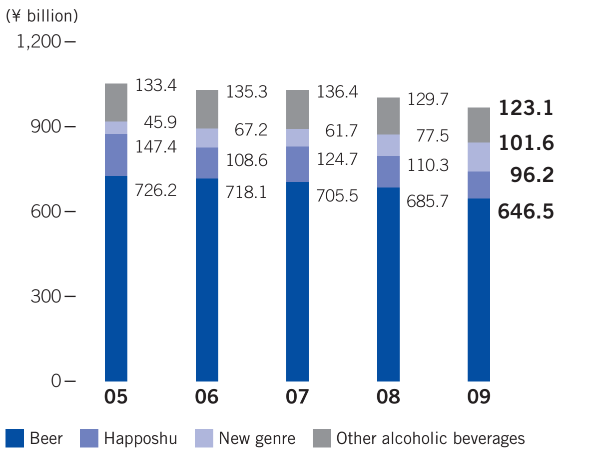
In whisky and spirits, brisk sales of core brand *Black Nikka Clear Blend* continued, leading to year-on-year growth for a third consecutive year. The quality of the *Nikka* brand, moreover, was recognized on the world stage when *Taketsuru 21 Years Old* was named "World's Best Blended Malt Whisky" at the World Whiskies Awards*2 in April 2009, and received the highest honor in the whisky category at the International Spirits Challenge*3 in October. These accolades notwithstanding, sales decreased 5.5% from the previous year to ¥26.0 billion.

Wine

In wine, we revamped our *Antioxidant-Free Organic Wine* series of domestic wines to further groom the *Sainte Neige* brand. For imported wines, along with handling the *Lanson* champagne brand for the first time, we strove to expand sales through more robust brand appeal and a diverse product lineup centered on key brands like *Baron Philippe de Rothschild* and *Louis Latour*. However, sales declined 16.3% to ¥12.4 billion.

*1 Based on comparison of products sold in the canned chu-hi market as of December 2009.
*2 An international contest focused exclusively on whisky, chiefly sponsored by U.K.-based *Whisky Magazine*.
*3 An international contest covering the full range of spirits, chiefly sponsored by Drinks International, an exclusive publisher of alcoholic beverage-related material based in the U.K.

SALES BY CATEGORY
(BEER, HAPPOSHU, NEW GENRE, AND OTHER ALCOHOLIC BEVERAGES)



Overseas Alcoholic Beverages Business

In the overseas alcoholic beverages business, we acquired shares in Tsingtao Brewery Company Limited (Tsingtao Brewery) enabling Asahi Breweries to build an evolving, long-term partnering relationship with Tsingtao Brewery. Accordingly, we moved to strengthen this strategic partnership in our beer business in China, for one that takes optimal advantage of Tsingtao Brewery's brand power and firm business base in China's beer market, together with our own skills in production, quality management, and product development technology.

As a result, sales from the overseas business, including the overseas soft drinks business, rose ¥35.2 billion, or 81.3%, to ¥78.5 billion. The operating loss associated with the overseas business declined by ¥3.0 billion year on year to ¥2.8 billion.

Soft Drinks Business

In the domestic soft drinks business, we enacted initiatives designed to stimulate dramatic growth through Asahi Soft Drinks Co., Ltd.'s fundamental strategies of "Growth Strategies," "Structural Reform," and "Taking on Challenges in New Areas." As a result, sales in the soft drinks business rose 12.1% year on year to ¥355.2 billion. Operating income, meanwhile, increased 12.8% to ¥0.7 billion, as higher prices for raw materials, proactive brand investment and other loss factors were offset by better-than-expected progress on cost reductions. The latter included benefits gained from increased internal production of PET bottles.

Asahi Soft Drinks Co., Ltd.

In the domestic soft drinks market, at Asahi Soft Drinks Co., Ltd., we concentrated marketing investment into the core brands *WONDA* and *Mitsuya Cider* in our ongoing efforts to strengthen and cultivate these brands. This decision culminated in record sales volume for Asahi Soft Drinks for a seventh consecutive year.

In the area of structural reform, we took steps designed to both improve quality and reform the profit structure by striving to reduce prices for raw materials and improve logistics efficiency, and by introducing a cutting-edge production line at the Akashi Factory, including equipment to produce PET bottles.

In taking on challenges in new areas, we moved assertively to propose new products, and also took steps in sales channels* to establish growth bases in new areas.

* Refers to direct and indirect sales routes and formats encompassing mass-retail outlets, convenience stores, vending machines and direct marketing, as well as sales activities conducted through authorized dealers.

Carbonated beverages

For our mainstay *Mitsuya Cider* brand, brisk sales of *Mitsuya Cider All Zero*, launched in May, revitalized the entire brand, leading to increased sales volume for a sixth consecutive year. This outcome led to an annual sales volume of 37.5 million cases for *Mitsuya Cider* brand beverages. This figure represented an increase of 12.1% from the previous year, and another year of sales of more than 30 million cases for the brand. As a result, the total sales for carbonated beverages increased 14.4% year on year to 41.3 million cases.

Coffee

Amid stagnation in the coffee market, sales volume for the core brand *WONDA* rose for a fifth consecutive year. In a follow up from 2008, sales once again pushed past the 30-million case mark, with overall sales volume for coffee up 2.8% year on year to 36.9 million cases.

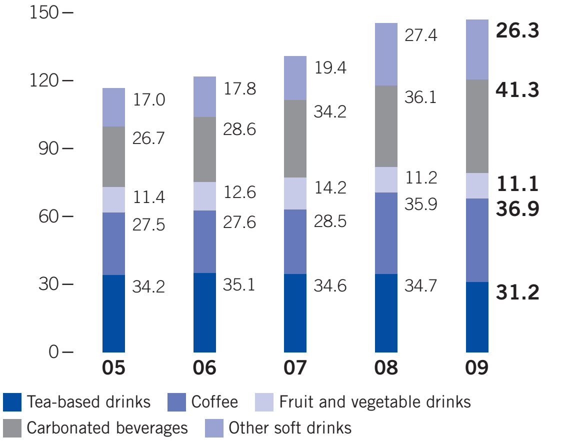
Tea-based drinks

During the year, we sought to boost sales for the entire tea-based drinks category, including through the launch of *Ibuki*, a new tea brand. Nevertheless, annual sales volume fell 10.2% year on year, to 31.2 million cases.

Other soft drinks

In other soft drinks, total sales volume declined 9.8% year on year to 14.4 million cases, primarily due to lower sales volume for *Asahi Fujisan no Vanadium Tennensui* mineral water.

SALES BY CATEGORY
(CARBONATED BEVERAGES, COFFEE, TEA-BASED DRINKS, FRUIT AND VEGETABLE DRINKS AND OTHER SOFT DRINKS)
(Million cases)



Overseas Soft Drinks Business

In the overseas soft drinks business, China-based Tingyi-Asahi Beverages continued to record firm sales growth. We also enacted sweeping reform of the profit structure at Haitai Beverage Co., Ltd. in South Korea, which included advancing measures to restructure core brands. In addition, Schweppes Australia, which became a wholly owned subsidiary in April 2009, launched new brands and reinforced existing ones as part of the effort to elevate its position in the Australian market.

Food Business

In the food business, Asahi Food & Healthcare Co., Ltd. strove to expand its business and strengthen its business foundation by upholding the basic strategies of growth, structural reform and assurance of safety and quality.

The successive launch of new and revamped products, coupled with aggressive sales promotions, prompted brisk performance in our core products—*MINTIA* breath mint tablets, *BALANCEUP* nutritionally balanced snack bars, *Dear-Natura* brand supplements, quasi-drug product *EBIOS*, our *Slim Up Slim* line of diet support food, and *Ippon Manzoku Bar* nutrition bars—resulting in substantial sales growth during the year.

Wakodo Co., Ltd., meanwhile, pursued initiatives designed to reinforce its business base and expand business, guided by a management policy of “further accelerating growth.” Taking advantage of its expertise in “infant-safe quality” honed in baby products over the years as a fundamental strength, Wakodo moved to reinforce its brands, which included the revamp of several products. Brisk performance from mainstay brands, including powdered infant formula brands *Hai Hai* and *Gun Gun*, and baby food brand *Goo-Goo Kitchen* resulted in sales growth for the year.

Meanwhile, Amano Jitsugyo Co., Ltd. worked to expand its business and boost profitability, with the aim of emerging as the undisputed leader in Japan’s freeze-dried food market. In addition to realizing year-on-year growth in commercial-use sales through outsourced production, the company saw significant growth in its direct marketing business, resulting in record sales for the year. The company also looked for ways to enhance its own profitability through closer ties with other Asahi Breweries Group companies.

As a result of the above actions, and with the inclusion of operating results from Amano Jitsugyo Co., Ltd. and growth in sales of core products, sales in the food business climbed 16.7% year on year to ¥92.4 billion. Operating income rose 41.2% year on year to ¥2.7 billion.

Other Businesses

In other businesses, sales declined mainly due to the reorganization of our wholesale business. As a result, total sales for other businesses decreased 6.1% year on year to ¥66.8 billion and operating income fell 11.6% year on year to ¥0.9 billion.

Outlook for Fiscal 2010

As the initial year of Medium-Term Management Plan 2012, formulated to realize the Group’s Long-Term Vision 2015, fiscal 2010 will see management resources channeled into strengthening brands for core products in each business, and a continued push to enhance cost competitiveness, in a bid to bolster the earnings power of the entire Group. Similarly, we will implement optimal financial and cash flow strategies with the goal of lifting the corporate value of the Asahi Breweries Group as a whole. In terms of investment, with a focus primarily on the alcoholic beverages and soft drinks businesses, we are exploring and enacting strategic business investments and business alliances both domestically and overseas, giving priority to strengthening our growth base. We will also pursue capital investment opportunities, with emphasis on creating more efficient production and distribution systems, and on environmental investment.

Consequently, we are forecasting net sales of ¥1,500.0 billion (up 1.9% year on year), operating income of ¥96.0 billion (up 16.0%) and net income of ¥52.0 billion (up 9.1%) for the fiscal year ending December 31, 2010.

Liquidity and Capital Resources

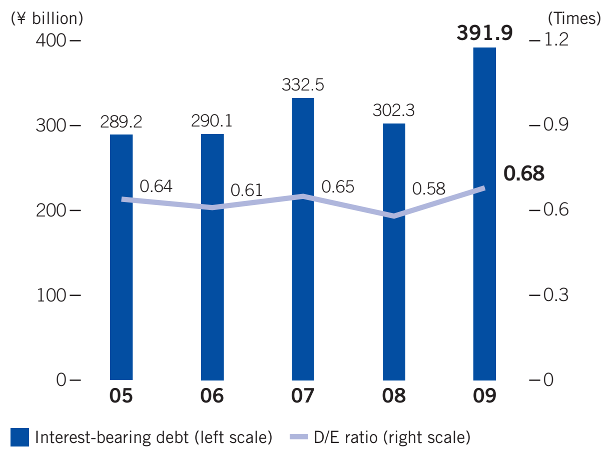
Asahi Breweries, Ltd. gains its capital resources principally from cash flows generated by operating activities, loans from financial institutions, and the issuance of company bonds, and as a management policy regards the reduction of interest-bearing debt as a priority issue. However, we make flexible use of our financial liabilities according to the need for capital resources to invest. Potential investments include capital expenditure to enhance the management base and increase efficiency, and strategic investments such as M&As. When financing needs arise, we respond with due consideration to procurement methods that will result in the lowest possible interest cost. Daily financing needs are, in principle, met through short-term loans and the issuance of commercial paper.

The Asahi Breweries Group has also introduced a cash management service (or CMS) that channels excess funds of each Group company to Asahi Breweries, Ltd., where these funds are centrally managed. This service enables the Company to take steps aimed at both improving capital efficiency and minimizing financing costs.

As a result, the outstanding balance of interest-bearing debt amounted to ¥391.9 billion as of the end of 2009, up ¥89.6 billion from the previous fiscal year-end. This balance primarily reflected an increase in cash flows used in investing activities, mainly for the acquisition of a soft drinks business in Australia and shares of Tsingtao Brewery. The outstanding balance was approximately one-fourth of its all-time peak in fiscal 1992. In addition, during the year under review the debt-equity ratio was 0.7, compared to 4.9 in fiscal 1992.

Asahi Breweries, Ltd. has earned an A+ rating from Rating and Investment Information, Inc., an AA– rating from the Japan Credit Rating Agency, Ltd., an A– rating from Standard & Poor’s (S&P), and an A– rating from Fitch Ratings, Ltd.

INTEREST-BEARING DEBT AND D/E RATIO

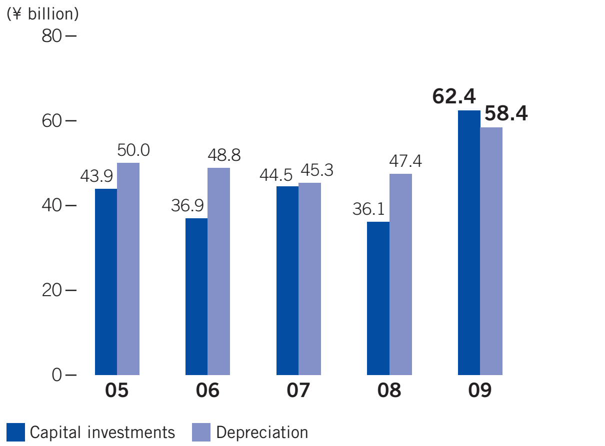


Capital Investments*

Capital investments for the fiscal year ended December 31, 2009, increased ¥26.2 billion from ¥36.1 billion in the previous fiscal year, to ¥62.4 billion. This growth resulted primarily from ongoing capital investment in the alcoholic beverages business, including upgrades to existing equipment and energy-saving measures; the acquisition in the soft drinks business of Schweppes Australia trademarks; and strategic capital investment to enhance production system efficiency in Japan. Consolidated depreciation* costs totaled ¥58.4 billion.

* Includes effects accompanying changes in accounting standards for lease transactions and trademarks of an Australian subsidiary at time of acquisition.

CAPITAL INVESTMENTS AND DEPRECIATION



Assets, Liabilities and Net Assets

Consolidated total assets as of the end of fiscal 2009 increased by ¥134.6 billion, or 10.4% compared with the previous fiscal year-end, to ¥1,433.7 billion ($15,566.3 million). This growth was primarily due to the new consolidation of Schweppes Australia from the acquisition of a soft drinks business in Australia, and an increase in investment securities from the acquisition of shares in Tsingtao Brewery. Return on assets (ROA) deteriorated 0.8 points to 6.6%.

Current assets increased ¥15.7 billion, or 3.8%, year on year, to ¥428.0 billion. This was mainly due to an increase in cash and time deposits, and in notes and accounts receivable. Trade receivable turnover was 5.5 times, compared to 5.4 times in the previous fiscal year. Inventories turnover was 15.1 times, a decline of 0.5 percentage points from 15.6 times recorded for the previous year.

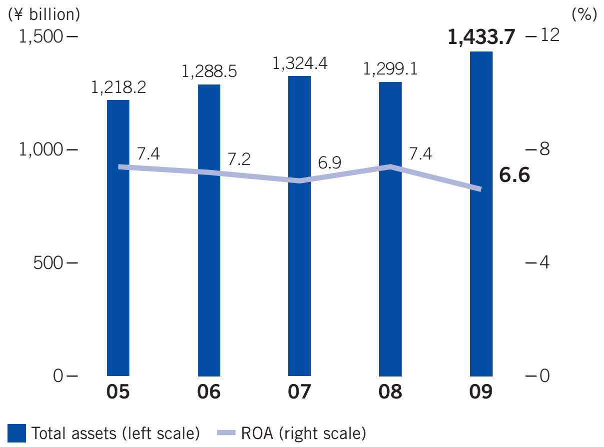
Property, plant and equipment decreased ¥7.7 billion, or 1.3%, year on year, to ¥599.1 billion, as a result of an increase in accumulated depreciation, despite increases in machinery and equipment mainly from the consolidation of Schweppes Australia. Investments and other assets increased ¥126.6 billion, or 45.2% year on year, to ¥406.5 billion, mainly reflecting an increasing in goodwill due to the consolidation of Schweppes Australia and an increase in investment securities from the acquisition of shares in Tsingtao Brewery.

Total liabilities increased ¥91.5 billion, or 12.0%, from the previous fiscal year-end, to ¥855.9 billion. Current liabilities increased ¥57.7 billion, or 11.2% year on year, to ¥573.8 billion. This reflected a 50.7% rise in bank loans, a 35.6% increase in long-term debt due within one year, and a 4.3-fold increase in commercial paper. Long-term liabilities rose ¥33.8 billion, or 13.6%, to ¥282.2 billion, primarily due to an increase of 8.3% in company bonds and a 26.8% increase in long-term debt.

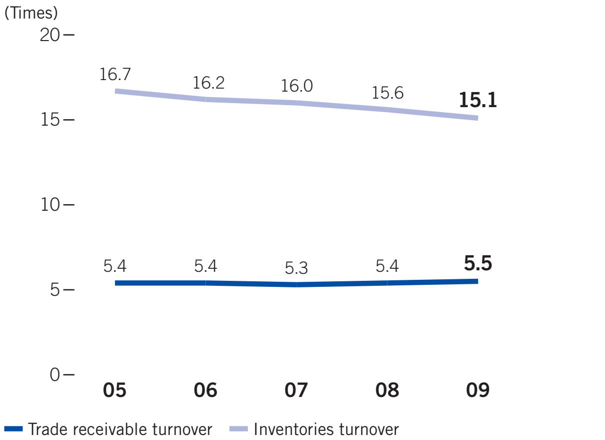
Total net assets increased ¥43.1 billion, or 8.1%, to ¥577.7 billion. Shareholders' equity minus minority interests was ¥573.5 billion, up ¥51.9 billion, or 9.9%, compared to ¥521.6 billion in the previous fiscal year. This resulted from an increase in retained earnings from the posting of consolidated net income, along with an increase in foreign currency translation adjustments, primarily from exchange rate fluctuations for the Australian dollar.

As a result, the equity ratio declined 0.2 percentage points to 40.0%.

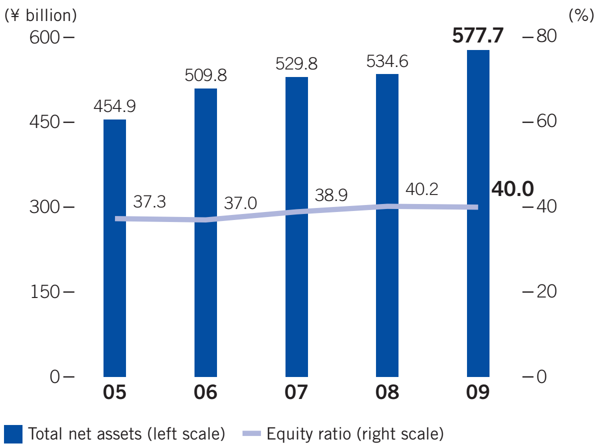
TOTAL ASSETS AND ROA



TRADE RECEIVABLE TURNOVER AND INVENTORIES TURNOVER



TOTAL NET ASSETS AND EQUITY RATIO



Cash Flows

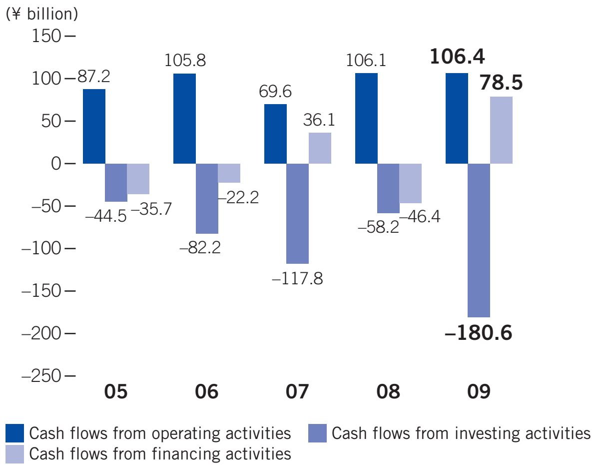
For the fiscal year ended December 31, 2009, net cash provided by operating activities increased ¥0.3 billion year on year to ¥106.4 billion. This result came despite increased corporate tax payments, and was due in large part to an increase in income before income taxes and minority interests and in interest and dividend income.

Net cash used in investing activities went primarily toward acquiring a soft drinks business in Australia and the acquisition of shares in Tsingtao Brewery. Consequently, outflows for investing activities increased ¥122.4 billion from the previous year to ¥180.6 billion.

Net cash provided by financing activities increased ¥124.9 billion year on year to ¥78.5 billion, primarily from capital procured for M&A activity.

As a result, cash and cash equivalents at the fiscal year-end increased ¥5.4 billion to ¥18.1 billion.

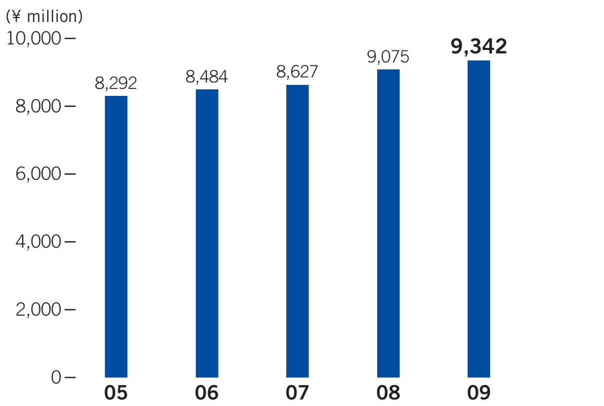
CASH FLOWS



Research and Development

R&D expenses for the year under review were ¥9.3 billion, representing an increase of 2.9% year on year.

R&D EXPENSES



Business Risk

1. Effects of market and economic trends and demographic change in Japan

The alcoholic beverages business accounts for approximately 65% of sales for the Asahi Breweries Group, a considerable portion of which is generated by the Japanese market. Future trends in the Japanese economy may have a significant effect on domestic consumption of alcoholic beverages. Furthermore, a continually declining population, fewer childbirths and the ongoing aging of the Japanese population may affect consumption of soft drinks and food as well as alcoholic beverages, and in turn may affect the business performance and financial condition of the Asahi Breweries Group.

2. Higher liquor tax rates

In the event that consumption tax or liquor tax rates are raised, consumption of alcoholic beverages, soft drinks, or foods and pharmaceuticals may decline due to higher sales prices, potentially affecting the business performance and financial condition of the Asahi Breweries Group.

3. Dependence on a specific product

Beer-type beverage sales constitute an important part of sales for the Asahi Breweries Group. The Asahi Breweries Group endeavors to increase sales by improving its lineup of products for alcoholic beverages apart from beer-type beverages, while also expanding businesses other than the alcoholic beverages business, including soft drinks, and food and pharmaceuticals. Nevertheless, unforeseen circumstances, such as a significant drop in consumption of beer-type beverages due to trends in market demand, may affect the business performance and financial condition of the Asahi Breweries Group.

4. Food safety

The Asahi Breweries Group upholds its management principle of delivering the highest quality to customers, and ensures food safety by implementing an uncompromising system of inspection and control throughout the Group. Nevertheless, the food industry currently faces various problems, including bird flu, BSE, residual agricultural chemicals, genetic engineering and the proper indication of allergy causing substances. The Asahi Breweries Group is strengthening its efforts to proactively identify such risks, and to implement countermeasures before they materialize. Nevertheless, the occurrence of incidents beyond the scope of such measures implemented by the Group may affect the business performance and financial condition of the Asahi Breweries Group.

5. Fluctuations in material prices

The prices of main raw materials used for Asahi Breweries Group products fluctuate according to such factors as weather conditions and natural disasters. Rising costs may lead to higher production costs that cannot be passed on to sales prices depending on prevailing market conditions, and may affect the business performance and financial condition of the Asahi Breweries Group.

6. Effects of weather conditions, natural disasters and others

With respect to the alcoholic beverage and soft drink sales of the Asahi Breweries Group, stagnant markets caused by abnormal weather or variable weather conditions may affect the volume of sales. Furthermore, sudden occurrences of various catastrophes, natural disasters and unforeseeable accidents that could damage production and logistics facilities may result in loss of assets, the reporting of losses on unshipped products, expenditures on facility repairs and opportunity loss due to disruptions in production and logistics, and in turn, affect the business performance and financial condition of the Asahi Breweries Group.

7. Risks related to information systems

The Asahi Breweries Group possesses personal information on a great number of customers obtained through sales promotion campaigns, direct marketing and other activities. To prevent such information from being lost, misused or falsified, the Group implements appropriate security measures related to the system and other aspects of information management. Nevertheless, the occurrence of unpredictable incidents including power outages, disasters, defective software or equipment, computer virus infections and illegal access may present risks including the breakdown, shutdown or temporary disruption of the information system, and therefore, could cause the erasure, leakage or falsification of internal information, including customer information. Such incidents may impede operations and in turn affect the business performance and financial condition of the Asahi Breweries Group.

8. Risks related to overseas operations

The Asahi Breweries Group pursues business operations in Asia and Oceania, mainly in China, as well as in Europe and North America. The Group endeavors to proactively identify risks and to implement concrete and appropriate countermeasures before they materialize. Nevertheless, occurrences of incidents such as those listed below, which are unforeseeable or beyond the scope of prediction, may affect the business performance and financial condition of the Asahi Breweries Group.

- Unpredictable revisions in the tax system, laws and regulations
- Changes in political and economic factors
- Social and economic disruption caused by the outbreak of epidemics such as SARS or bird flu
- Changes in the market or foreign exchange rates that are beyond prediction
- Social and economic disruption caused by acts of terrorism or war
- Occurrence of natural disasters such as earthquakes

9. Risks related to the environment

Asahi Breweries Group endeavors to thoroughly implement waste recycling, energy conservation, reduction of CO_2 emissions and the recycling of containers, and complies with the relevant environmental laws and regulations while conducting its businesses. Nevertheless, regulatory revisions that drive significant increases in costs due to investments in new facilities and changes in methods of waste disposal may affect the business performance and financial condition of the Asahi Breweries Group.

10. Risks related to changes in laws and regulations

In pursuing its businesses in Japan, the Asahi Breweries Group is placed under the regulatory control of various laws, including the Liquor Tax Law, the Food Sanitation Law and the Product Liability Law. The Group also operates under the control of laws and regulations in other countries in which it operates. Changes in such laws and regulations, or the unexpected introduction of new laws and regulations may affect the business performance and financial condition of the Asahi Breweries Group.

11. Trends in the control of alcoholic beverages

To fulfill its corporate social responsibility (CSR) as a company that produces and sells alcoholic beverages, the Asahi Breweries Group exercises the utmost care in expressions used in advertisements and information on container labels, and is actively involved in educating the public on responsible drinking to prevent underage drinking and consumption by pregnant and breast-feeding women. Nevertheless, considering that problems related to alcohol have become an international issue, regulations that significantly exceed expectations and result in a decline in consumption may affect the business performance and financial condition of the Asahi Breweries Group.

12. Risks related to litigation

In pursuing its businesses, the Asahi Breweries Group complies with relevant regulations and makes the utmost effort to ensure employees understand and practice regulatory compliance. Nevertheless, the Group faces risks of litigation in undertaking its businesses both in Japan and abroad. Lawsuits against the Asahi Breweries Group and/or the impact of such lawsuits may affect the business performance and financial condition of the Asahi Breweries Group.

13. Fluctuations in value of owned assets

Sudden drops in the value of land, marketable securities and other assets owned by the Asahi Breweries Group, or changes in the business environment, could affect the business performance and financial condition of the Asahi Breweries Group.

14. Retirement benefits

Retirement benefit liabilities and retirement benefit costs for employees and former employees of the Asahi Breweries Group are calculated based on the discount rate used in actuarial calculations and the rate of expected returns on pension assets. Major fluctuations in preconditions, including changes in the market price of pension assets, interest rates and/or pension system, may affect the business performance and financial condition of the Asahi Breweries Group.

15. Business and capital alliances

The Asahi Breweries Group pursues business and capital alliances with companies in Japan and overseas to establish bases for growth in line with its medium-term management plan. There is the possibility, however, that these alliances could fail to yield synergies as initially projected due to the impact of changes in the business environment on the Asahi Breweries Group, its alliance partners, or companies in which the Group is invested, or other factors. Moreover, changes of this kind in the business environment could cause deterioration in the businesses, management, or financial condition of alliance partners and invested companies. Adverse effects of this type could negatively impact the businesses, operating results and financial condition of the Asahi Breweries Group.

Furthermore, the need to amortize a substantial amount of goodwill stemming from investment, or to post significant impairment losses caused by slumping business performance at invested companies, could adversely affect the operating results of the Asahi Breweries Group.

Consolidated Balance Sheets

Asahi Breweries, Ltd. and Consolidated Subsidiaries
Years ended December 31, 2009, 2008 and 2007

	Millions of yen			Thousands of U.S. dollars (Note 1)
Assets	**2009**	2008	2007	**2009**
Current assets:				
Cash and time deposits (Notes 3 and 8)	**¥ 19,584**	¥ 12,772	¥ 11,628	**$ 212,639**
Notes and accounts receivable:				
Trade	**274,559**	265,048	278,239	**2,981,097**
Other	**13,721**	18,019	13,209	**148,979**
Allowance for doubtful accounts	**(7,666)**	(6,045)	(6,576)	**(83,236)**
Securities (Note 5)	**—**	302	52	**—**
Inventories (Note 4)	**97,442**	97,040	90,436	**1,058,002**
Deferred income tax assets (Note 10)	**11,176**	9,009	6,931	**121,346**
Other current assets (Note 3)	**19,232**	16,199	17,293	**208,817**
Total current assets	**428,048**	412,344	411,212	**4,647,644**
Property, plant and equipment (Notes 8 and 13)**:**				
Land	**184,433**	185,202	180,760	**2,002,530**
Buildings and structures	**416,591**	413,984	413,711	**4,523,247**
Machinery and equipment	**657,872**	633,995	632,142	**7,143,018**
Others	**10,572**	—	—	**114,788**
Construction in progress	**6,382**	6,090	3,447	**69,294**
	1,275,850	1,239,271	1,230,060	**13,852,877**
Less accumulated depreciation	**(676,742)**	(632,479)	(607,341)	**(7,347,904)**
Net property, plant and equipment	**599,108**	606,792	622,719	**6,504,973**
Investments and other assets:				
Goodwill (Note 13)	**100,314**	60,676	65,326	**1,089,185**
Investment securities (Note 5)	**83,989**	88,237	104,067	**911,933**
Investments in unconsolidated subsidiaries and affiliated companies (Note 5)	**124,476**	58,402	56,575	**1,351,531**
Long-term loans receivable	**4,976**	6,034	5,759	**54,029**
Deferred income tax assets (Note 10)	**21,021**	24,212	18,983	**228,241**
Other non-current assets	**71,721**	42,362	39,751	**778,729**
Total investments and other assets	**406,497**	279,923	290,461	**4,413,648**
	¥1,433,653	¥1,299,059	¥1,324,392	**$15,566,265**

See accompanying notes.

Liabilities and net assets	Millions of yen 2009	2008	2007	Thousands of U.S. dollars (Note 1) 2009
Current liabilities:				
Bank loans (Note 8)	¥ 115,818	¥ 76,828	¥ 103,909	$ 1,257,524
Commercial paper (Note 8)	30,000	7,000	52,000	325,733
Long-term debt due within one year (Note 8)	40,402	38,728	47,072	438,675
Notes and accounts payable:				
Trade	100,854	99,146	100,420	1,095,049
Other (mainly construction)	49,981	53,891	57,496	542,682
Alcohol tax and consumption taxes payable	132,385	137,016	142,711	1,437,405
Deposits received	20,429	22,863	25,662	221,813
Income taxes payable (Note 10)	24,097	22,653	14,004	261,640
Accrued liabilities	52,462	51,824	48,025	569,620
Other current liabilities	7,352	6,112	5,497	79,826
Total current liabilities	573,780	516,061	596,796	6,229,967
Long-term debt (Note 8)	205,656	179,703	129,477	2,232,964
Employees' severance and retirement benefits (Note 9)	24,252	23,516	23,820	263,323
Allowance for retirement benefits for directors and corporate auditors	602	634	450	6,536
Deferred income tax liabilities (Note 10)	4,861	6,112	5,019	52,780
Long-term deposits received	36,207	36,088	35,130	393,127
Other long-term liabilities	10,592	2,317	3,918	115,006
Commitments and contingent liabilities (Note 12)				
Net assets (Note 11)				
Shareholders' equity (Note 16):				
Common stock:				
Authorized—972,305,309 shares				
Issued—483,585,862 shares	182,531	182,531	182,531	1,981,878
Capital surplus	151,048	151,148	151,260	1,640,043
Retained earnings	252,147	214,189	178,079	2,737,753
Treasury stock, at cost	(29,283)	(29,579)	(14,674)	(317,948)
Total shareholders' equity	556,443	518,289	497,196	6,041,726
Accumulated gains (losses) from revaluation and translation adjustments:				
Unrealized gains on available-for-sale securities, net of taxes	2,445	1,112	13,037	26,547
Revaluation surplus (Note 2)	—	1,751	—	—
Unrealized losses on hedging derivatives, net of taxes	(7)	(3)	(44)	(76)
Foreign currency translation adjustments	14,592	446	4,478	158,437
Total accumulated gains from revaluation and translation adjustments	17,030	3,306	17,471	184,908
Minority interests	4,230	13,033	15,115	45,928
Total net assets	577,703	534,628	529,782	6,272,562
	¥1,433,653	¥1,299,059	¥1,324,392	$15,566,265

Consolidated Statements of Income

Asahi Breweries, Ltd. and Consolidated Subsidiaries
Years ended December 31, 2009, 2008 and 2007

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2009	2008	2007	**2009**
Net sales (Note 18)	**¥1,472,469**	¥1,462,748	¥1,464,072	**$15,987,720**
Costs and expenses (Note 18):				
Cost of sales	**508,293**	479,999	466,592	**5,518,925**
Alcohol tax	**450,151**	473,487	494,589	**4,887,633**
Selling, general and administrative expenses	**431,248**	414,742	415,935	**4,682,389**
	1,389,692	1,368,228	1,377,116	**15,088,947**
Operating income (Note 18)	**82,777**	94,520	86,956	**898,773**
Other income (expenses):				
Interest and dividend income	**2,756**	1,798	2,048	**29,924**
Interest expenses	**(4,629)**	(5,194)	(5,021)	**(50,261)**
Equity in net income of unconsolidated subsidiaries and affiliated companies	**8,512**	9,106	9,011	**92,421**
Gain (loss) on sale of securities—net (Note 5)	**(99)**	32	(701)	**(1,075)**
Gain on sales of investments in subsidiaries and affiliated companies	**16,090**	—	—	**174,702**
Loss on sale and disposal of property, plant and equipment—net	**(9,176)**	(4,213)	(5,441)	**(99,631)**
Gain (loss) on foreign currency exchange	**1,815**	(1,245)	—	**19,707**
Loss on devaluation of investment securities	**(788)**	(3,598)	(344)	**(8,556)**
Prior year sales promotion expenses (Note 14)	**—**	(3,114)	—	**—**
Loss on adjustment to estimated usage ratio of gift coupons	**—**	—	(1,545)	**—**
Loss on impairment of fixed assets (Notes 13 and 18)	**(8,318)**	(2,197)	(1,388)	**(90,315)**
Other—net	**(862)**	(2,957)	(1,834)	**(9,359)**
	5,301	(11,582)	(5,215)	**57,557**
Income before income taxes and minority interests	**88,078**	82,938	81,741	**956,330**
Income taxes (Note 10):				
Current	**42,370**	39,574	31,227	**460,043**
Deferred	**(899)**	1,548	5,543	**(9,761)**
	41,471	41,122	36,770	**450,282**
Income before minority interests	**46,607**	41,816	44,971	**506,048**
Minority interests in net gain (loss) of consolidated subsidiaries	**1,038**	3,198	(173)	**11,270**
Net income	**¥ 47,645**	¥ 45,014	¥ 44,798	**$ 517,318**

	Yen			U.S. dollars (Note 1)
	2009	2008	2007	**2009**
Amounts per share of common stock:				
Net income	**¥102.49**	¥96.31	¥94.94	**$1.11**
Diluted net income	**102.42**	96.14	94.74	**1.11**
Cash dividends applicable to the year	**21.00**	20.00	19.00	**0.23**

See accompanying notes.

Consolidated Statements of Changes in Net Assets (Note 16)

Asahi Breweries, Ltd. and Consolidated Subsidiaries
Years ended December 31, 2009, 2008 and 2007

	Millions of yen								
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains on available-for-sale securities, net of taxes	Revaluation surplus	Unrealized losses on hedging derivatives, net of taxes	Foreign currency translation adjustments	Minority interests
Balance at December 31, 2006	¥182,531	¥150,505	¥142,330	¥(16,947)	¥ 14,563	¥ —	¥(28)	¥ 3,754	¥ 33,067
Net income			44,798						
Cash dividends paid			(9,428)						
Purchases of treasury stock				(230)					
Disposal of treasury stock		755		2,503					
Increase resulting from increase in consolidated subsidiaries			231						
Increase resulting from decrease in consolidated subsidiaries			148						
Net changes of items in accumulated gains (losses) from revaluation and translation adjustments					(1,526)		(16)	724	
Decrease in minority interests									(17,952)
Balance at December 31, 2007	182,531	151,260	178,079	(14,674)	13,037	—	(44)	4,478	15,115
Net income			45,014						
Cash dividends paid			(8,904)						
Purchases of treasury stock				(15,349)					
Disposal of treasury stock		(112)		444					
Net changes of items in accumulated gains (losses) from revaluation and translation adjustments					(11,925)	1,751	41	(4,032)	
Decrease in minority interests									(2,082)
Balance at December 31, 2008	182,531	151,148	214,189	(29,579)	1,112	1,751	(3)	446	13,033
Net income			**47,645**						
Cash dividends paid			**(9,529)**						
Purchases of treasury stock				**(31)**					
Disposal of treasury stock		**(100)**		**327**					
Decrease resulting in change in scope of consolidation			**(394)**						
Decrease resulting in change in scope of equity method			**(15)**						
Effect of changes in accounting policies applied to foreign subsidiaries			**251**						
Net changes of items in accumulated gains (losses) from revaluation and translation adjustments					**1,333**	**(1,751)**	**(4)**	**14,146**	
Decrease in minority interests									**(8,803)**
Balance at December 31, 2009	**¥182,531**	**¥151,048**	**¥252,147**	**¥(29,283)**	**¥ 2,445**	**¥ —**	**¥ (7)**	**¥14,592**	**¥ 4,230**

	Thousands of U.S. dollars (Note 1)								
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains on available-for-sale securities, net of taxes	Revaluation surplus	Unrealized losses on hedging derivatives, net of taxes	Foreign currency translation adjustments	Minority interests
Balance at December 31, 2008	$1,981,878	$1,641,129	$2,325,614	$(321,162)	$12,074	$ 19,012	$(33)	$ 4,843	$141,509
Net income			**517,318**						
Cash dividends paid			**(103,464)**						
Purchases of treasury stock				**(337)**					
Disposal of treasury stock		**(1,086)**		**3,551**					
Decrease resulting in change in scope of consolidation			**(4,278)**						
Decrease resulting in change in scope of equity method			**(163)**						
Effect of changes in accounting policies applied to foreign subsidiaries			**2,726**						
Net changes of items in accumulated gains (losses) from revaluation and translation adjustments					**14,473**	**(19,012)**	**(43)**	**153,594**	
Decrease in minority interests									**(95,581)**
Balance at December 31, 2009	**$1,981,878**	**$1,640,043**	**$2,737,753**	**$(317,948)**	**$26,547**	**$ —**	**$(76)**	**$158,437**	**$ 45,928**

See accompanying notes.

Consolidated Statements of Cash Flows

Asahi Breweries, Ltd. and Consolidated Subsidiaries
Years ended December 31, 2009, 2008 and 2007

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2009	2008	2007	2009
Cash flows from operating activities:				
Income before income taxes and minority interests	¥ 88,078	¥ 82,938	¥ 81,741	$ 956,330
Depreciation	58,372	47,353	45,250	633,789
Loss on impairment of fixed assets	8,318	2,197	1,388	90,315
Increase (decrease) in provision for employees' severance and retirement benefits	765	(3,272)	(3,908)	8,306
Decrease in allowance for doubtful accounts	(754)	(530)	(3,481)	(8,187)
Interest and dividend income	(2,756)	(1,798)	(2,048)	(29,924)
Interest expenses	4,629	5,194	5,021	50,260
Equity in net income of unconsolidated subsidiaries and affiliated companies	(8,512)	(9,105)	(9,011)	(92,421)
Loss (gain) on sale of securities—net	99	(32)	701	1,075
Loss on devaluation of investment securities	788	3,598	344	8,556
Loss on adjustment to estimated usage ratio of gift coupons	—	—	1,545	—
Gain on sales of investments in subsidiaries and affiliated companies	(16,090)	—	—	(174,702)
Loss on sale and disposal of property, plant and equipment—net	9,176	4,213	5,441	99,631
Decrease (increase) in notes and accounts receivable	(891)	15,576	(2,049)	(9,674)
Decrease (increase) in inventories	5,043	(6,956)	1,343	54,756
Increase (decrease) in notes and accounts payable (excluding construction)	(2,820)	(4,105)	(2,716)	(30,619)
Increase (decrease) in accrued alcohol tax payable	(4,910)	(5,971)	1,833	(53,312)
Increase (decrease) in accrued consumption taxes payable	267	422	(132)	2,899
Bonuses paid to directors and corporate auditors	(349)	(279)	(150)	(3,789)
Other	7,777	12,315	(6,298)	84,442
Subtotal	146,230	141,758	114,814	1,587,731
Interest and dividends received	7,162	2,067	6,479	77,763
Interest paid	(4,605)	(5,192)	(5,200)	(50,000)
Income taxes paid	(42,429)	(32,539)	(46,520)	(460,684)
Net cash provided by operating activities	106,358	106,094	69,573	1,154,810
Cash flows from investing activities:				
Payments for time deposits	(3,365)	(651)	(715)	(36,536)
Proceeds from time deposits	2,243	1,296	35	24,354
Proceeds from sales of securities	—	4	5,120	—
Payments for purchases of property, plant and equipment	(35,120)	(36,193)	(35,435)	(381,325)
Proceeds from sale of property, plant and equipment	1,203	743	2,909	13,062
Payments for purchases of intangible assets	(23,418)	(4,524)	(5,969)	(254,267)
Proceeds from sales of intangible assets	9	1	126	98
Payments for purchases of investment securities	(82,838)	(8,560)	(28,649)	(899,436)
Proceeds from sale of investment securities	39,330	1,167	333	427,036
Purchase of investments in subsidiaries	(15,362)	(2,928)	(52,091)	(166,797)
Payments for purchase of investments in subsidiaries resulting in change in scope of consolidation	(60,044)	(5,420)	—	(651,944)
Proceeds from sale of investments in subsidiaries resulting in change in scope of consolidation	—	2,154	—	—
Payments for sale of investments in subsidiaries resulting in change in scope of consolidation	(19)	(174)	(850)	(206)
Payments for loans receivable	(3,375)	(3,234)	(3,209)	(36,645)
Proceeds from collections of loans receivable	2,629	3,585	2,924	28,545
Other	(2,511)	(5,501)	(2,357)	(27,264)
Net cash used in investing activities	(180,638)	(58,235)	(117,828)	(1,961,325)
Cash flows from financing activities:				
Increase (decrease) in bank loans	61,616	(72,095)	66,104	669,012
Repayments of lease obligations	(1,124)	—	—	(12,204)
Proceeds from long-term debt	42,000	24,148	18,210	456,026
Repayments of long-term debt	(19,740)	(34,377)	(24,773)	(214,332)
Proceeds from bonds and convertible debentures issued	25,000	70,175	25,000	271,444
Redemption of bonds	(20,000)	(10,000)	(40,000)	(217,155)
Payments for purchases of treasury stock	(31)	(15,349)	(231)	(337)
Cash dividends paid	(9,529)	(8,904)	(9,428)	(103,464)
Cash dividends paid to minority interest in consolidated subsidiaries	(61)	(98)	(435)	(662)
Contribution from minority interests in consolidated subsidiaries	716	—	321	7,774
Other	(302)	135	1,358	(3,279)
Net cash provided by (used in) financing activities	78,545	(46,365)	36,126	852,823
Effect of exchange rate change on cash and cash equivalents	643	(537)	(182)	6,982
Net increase (decrease) in cash and cash equivalents	4,908	957	(12,311)	53,290
Cash and cash equivalents at beginning of year	12,698	11,741	23,778	137,872
Increase in cash and cash equivalents due to change in scope of consolidation	476	—	274	5,168
Cash and cash equivalents at end of year (Note 3)	¥ 18,082	¥ 12,698	¥ 11,741	$ 196,330

Notes to Consolidated Financial Statements

Asahi Breweries, Ltd. and Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Asahi Breweries, Ltd. (the "Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Prior to the year ended December 31, 2009, the accounts of consolidated overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. As discussed in Note 2, the accounts of consolidated overseas subsidiaries for the year ended December 31, 2009 are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified six items as applicable.

The accompanying consolidated financial statements have been reformatted and translated into English with some expanded descriptions from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at December 31, 2009, which was ¥92.10 to U.S. $1.00. The translations should not be construed as representations of what the Japanese yen amounts have been, could have been, or could in the future be when converted into U.S. dollars at this or any other rate of exchange.

2. Significant Accounting Policies

CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its significant subsidiaries (collectively, the "Companies") (39 domestic and 16 overseas subsidiaries for 2009, 39 domestic and 11 overseas subsidiaries for 2008, and 40 domestic and 11 overseas subsidiaries for 2007). All significant intercompany transactions and account balances are eliminated in consolidation.

In the elimination of investments in subsidiaries, the assets and liabilities of subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

Effective January 1, 2009, the Company adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force (PITF) No. 18 issued by the Accounting Standards Board of Japan ("ASBJ") on March 17, 2006) which prescribes: PITF No. 18 requires that accounting policies and procedures applied by a parent company and its subsidiaries to similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. PITF No. 18, however, as a tentative measure, allows a parent company to prepare consolidated financial statements using foreign subsidiaries' financial statements prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles. In this case, adjustments for the following six items are required in the consolidation process so that their impact on net income are accounted for in accordance with Japanese GAAP unless the impact is not material.

(1) Goodwill not subject to amortization
(2) Actuarial gains and losses of defined-benefit retirement plans recognized outside profit or loss
(3) Capitalized expenditures for research and development activities
(4) Fair value measurement of investment properties, and revaluation of property, plant and equipment and intangible assets
(5) Retrospective treatment of a change in accounting policies
(6) Accounting for net income attributable to minority interests

As a result of adopting PITF No. 18, effective January 1, 2009, retained earnings at January 1, 2009 was decreased by ¥251 million ($2,726 thousand).

In addition, as a result, operating income decreased by ¥1,377 million ($14,951 thousand), and income before income taxes and minority interests decreased by ¥1,416 million ($15,375 thousand) for the year ended December 31, 2009. The effects on segment information are disclosed in Note 18.

GOODWILL

The difference between acquisition cost and net assets acquired is shown as goodwill and amortized over 5 to 20 years on a straight-line basis.

EQUITY METHOD

Investments in certain unconsolidated subsidiaries and affiliated companies are accounted for by the equity method and, accordingly, stated at cost adjusted for equity in undistributed earnings and losses from the date of acquisition.

CONSOLIDATED STATEMENTS OF CASH FLOWS

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities of not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

Allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual percentage of collection losses.

SECURITIES

Securities are classified as (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, or (d) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities"). The Companies do not have trading securities.

Held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies which are not consolidated nor accounted for using the equity method are stated at moving-average cost.

Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on sale of such securities are computed using moving-average cost.

If the market value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliated companies, and available-for-sale securities, declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as a loss in the period of the decline. Debt securities with no available fair market value are stated at amortized cost, net of the amount considered not collectible. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method is not readily available, such securities should be written down to net asset value with a corresponding charge in the statements of income in the event the net asset value declines significantly. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

INVENTORIES

Prior to January 1, 2009, merchandise, finished goods and work in process were stated at cost determined mainly by the average method, and raw materials and supplies were stated at cost determined mainly by the moving average method. Effective January 1, 2009, the Company and its consolidated domestic subsidiaries adopted a new accounting standard "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9 issued on July 5, 2006) and stated them respectively at the lower of cost (average method) or net realizable value and the lower of cost (moving average method) or net realizable value.

The new accounting standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net realizable value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. Replacement cost may be used in place of the net selling value, if appropriate.

As a result of the adoption of the new accounting standard, operating income decreased by ¥1,558 million ($16,916 thousand), and income before income taxes and minority interests decreased by ¥89 million ($966 thousand) for the year ended December 31, 2009.

The effects on segment information are disclosed in Note 18.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried substantially at cost. Depreciation is provided by the straight-line method with respect to production facilities and by the declining-balance method with respect to remaining assets, except for the buildings acquired on or after April 1, 1998, which are depreciated using the straight-line method due to the amendments to the Corporation Tax Law. Estimated useful lives of the assets are as follows:

Buildings and structures	3–50 years
Machinery and equipment	2–20 years

The Company and its consolidated domestic subsidiaries have changed their depreciation methods for assets acquired on and after April 1, 2007 in accordance with fiscal 2007 amendments of the Japanese Corporation Tax Law, the Law to Amend Part of the Income Tax Law (March 30, 2007, Law No. 6) and the Cabinet Order to Amend Part of the Corporation Tax Law (Cabinet Order No. 83, March 30, 2007). The impact of this change on profits or losses was insignificant.

Japanese tax regulations allow a company to defer capital gains on the sale of real estate if the company intends to offset such gains against the cost of newly acquired property, plant and equipment. When such accounting is followed, the cost of the new property, plant and equipment is reduced to the extent of the deferred capital gains, thereby affecting related depreciation charges and accumulated depreciation.

Effective January 1, 2008, due to the revision of the Corporate Tax Law, the allowable depreciation limits of the assets acquired before March 31, 2007 are depreciated evenly over 5 years from the following year when it would be depreciated up to allowable limit for depreciation. As a consequence, operating income and income before income taxes and minority interests decreased by ¥1,978 million for the year ended December 31, 2008, respectively. The effects of this accounting change on segment information are disclosed in Note 18.

In accordance with the Company's review of the useful lives based on the recent actual usable years when the Corporation Tax Law of Japan was revised, the Company and its consolidated domestic subsidiaries have changed the useful lives for tangible fixed assets in the year ended December 31, 2009. The effect of this change in useful lives on the operating income and income before income taxes and minority interests decreased by ¥5,885 million ($63,898 thousand) for the year ended December 31, 2009. The effects of this change in useful lives on segment information are disclosed in Note 18.

ACCOUNTING FOR LEASE TRANSACTIONS AS LESSEE

Prior to January 1, 2009, the Company and its consolidated domestic subsidiaries accounted for finance leases which do not transfer ownership of the leased property to the lessees as operating leases with disclosure of certain "as if capitalized" information in the notes to the consolidated financial statements.

Effective January 1, 2009, the Company and its consolidated domestic subsidiaries adopted the "Accounting Standards for Lease Transactions" (ASBJ Statement No. 13, issued on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, issued on March 30, 2007) and capitalized finance leases which commenced on and after January 1, 2009, except for certain immaterial or short-term finance leases, which are accounted for as operating leases. As permitted, finance leases which commenced prior to January 1, 2009 and have been accounted for as operating leases, continue to be accounted for as operating leases with disclosure of certain "as if capitalized" information.

Depreciation or amortization expense is calculated by a straight-line method over the lease's term.

The effect of this change on profits or losses is insignificant.

INCOME TAXES

The Companies recognized tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting. The asset and liability approach is used to recognize deferred income tax assets and liabilities for the expected future tax consequences of temporary differences.

EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

The Companies' basic severance and retirement benefits consist of two types of plans; a defined benefit pension plan and an unfunded lump-sum payment plan. In addition, the Company has a defined contribution pension plan and an advance payment system for the employees' retirement plan.

The liabilities and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Companies provided allowance for employees' severance and retirement benefits at the balance sheet date based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at that date.

Actuarial gains and losses are recognized as expenses using the straight-line method over the average of the estimated remaining service lives of mainly 10 years commencing with the following period.

Prior service costs are recognized as expenses using the straight-line method over the average of the estimated remaining service lives of mainly 10 years.

ALLOWANCE FOR RETIREMENT BENEFITS FOR DIRECTORS AND CORPORATE AUDITORS

Directors and corporate auditors of certain consolidated subsidiaries are entitled, in most circumstances, to lump-sum severance payments based on current rates of pay, length of services and certain other factors. These consolidated subsidiaries accrue 100% of obligations based on their rules required under the assumption that all directors and corporate auditors retired at the balance sheet date. Payments of retirement benefits to directors and corporate auditors are subject to approval of the shareholders' meeting.

At the annual shareholders' meetings of the Company and several of its consolidated subsidiaries held in March 2007, the proposal of the termination of their retirement benefit programs for directors and corporate auditors (under which payments would be made at the time of each person's retirement) was approved. Accordingly, the Company and those consolidated subsidiaries reversed the entire amount of their allowances for retirement benefits for directors and corporate auditors, and recorded unpaid balances of these retirement benefits as of December 31, 2007, in the "Other long-term liabilities" of the balance sheets.

TRANSLATION OF FOREIGN CURRENCY ACCOUNTS AND FINANCIAL STATEMENTS

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates of the balance sheet dates, and differences arising from the translation are included in the statements of income as a gain or loss.

The financial statements of foreign subsidiaries and affiliated companies are translated into Japanese yen at the exchange rates prevailing on the balance sheet dates for assets and liabilities and at the historical exchange rates for shareholders' equity. All revenue and expense accounts are translated at the average rates of exchange during the fiscal period.

DERIVATIVE FINANCIAL INSTRUMENTS

The accounting standard for financial instruments requires companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Companies defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

However, in cases where interest rate swap contracts are used as hedge and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

AMOUNTS PER SHARE OF COMMON STOCK

Net income per share is computed based upon the average number of shares of common stock outstanding during the period.

Cash dividends per share have been presented on an accrual basis and include dividends to be approved after the balance sheet date, but applicable to the year then ended.

REVALUATION SURPLUS

Due to the change of the accounting standard in a foreign country, an overseas subsidiary revaluated its lands based on the results of real-estate appraisals as of December 31, 2008. As a result of this change, "revaluation surplus" is recorded in net assets. The amount of revaluation surplus, net of taxes, is ¥1,751 million as of December 31, 2008.

3. Cash Flow Information

A. Reconciliation of cash and time deposits shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows as of December 31, 2009, 2008 and 2007 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	2009
Cash and time deposits	¥19,584	¥12,772	¥11,628	$212,639
Less: Time deposits with maturities exceeding three months	(1,502)	(376)	(1,130)	(16,309)
Securities	—	302	45	—
Other current assets (short-term loans receivable)	—	—	1,198	—
Cash and cash equivalents	¥18,082	¥12,698	¥11,741	$196,330

B. Assets and liabilities of newly consolidated subsidiaries through acquisition of shares:

Assets and liabilities of acquired companies and its subsidiaries and net cash outflow of such acquisition, which are included in "Payments for purchase of investments in subsidiaries resulting in change in scope of consolidation" for the year ended December 31, 2009, are as follows:

	Millions of yen
	2009
Current assets	¥ 13,989
Fixed assets	28,111
Goodwill	31,855
Current liabilities	(10,556)
Long-term liabilities	(1,024)
Foreign currency translation adjustment	(2,547)
Acquisition cost of shares	59,828
Expenditures for acquiring the common shares	1,407
Cash and cash equivalents of acquired companies	(1,191)
Net cash used for acquisition of acquired companies	¥ 60,044

4. Inventories

Inventories at December 31, 2009, 2008 and 2007 consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	2009
Finished goods	¥20,493	¥19,491	¥20,621	$ 222,508
Work in process	36,406	38,200	38,350	395,288
Raw materials	26,897	23,957	19,159	292,041
Supplies	6,046	6,818	5,959	65,646
Merchandise	7,600	8,574	6,347	82,519
Total	¥97,442	¥97,040	¥90,436	$1,058,002

5. Securities

A. The following tables summarize book values and fair values of held-to-maturity debt securities with available fair value as of December 31, 2009, 2008 and 2007:

	Millions of yen		
	2009		
Type	Book value	Fair value	Difference
Securities with fair values exceeding book values:			
Foreign bonds	¥ 2	¥ 2	¥ 0
Corporate bonds	500	509	9
	502	511	9
Securities with fair values not exceeding book values:			
	—	—	—
Total	¥502	¥511	¥ 9

Type	Millions of yen 2008 Book value	Fair value	Difference
Securities with fair values exceeding book values:			
	¥—	¥—	¥—
Securities with fair values not exceeding book values:			
	—	—	—
Total	¥—	¥—	¥—

Type	Millions of yen 2007 Book value	Fair value	Difference
Securities with fair values exceeding book values:			
Foreign securities	¥71	¥76	¥ 5
	71	76	5
Securities with fair values not exceeding book values:			
	0	0	—
Total	¥71	¥76	¥ 5

Type	Thousands of U.S. dollars 2009 Book value	Fair value	Difference
Securities with fair values exceeding book values:			
Foreign bonds	**$ 22**	**$ 22**	**$ 0**
Corporate bonds	**5,429**	**5,527**	**98**
	5,451	**5,549**	**98**
Securities with fair values not exceeding book values:			
	—	**—**	**—**
Total	**$5,451**	**$5,549**	**$98**

B. The following tables summarize acquisition costs and book values of available-for-sale securities with available fair value as of December 31, 2009, 2008 and 2007:

Type	Millions of yen 2009 Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs:			
Equity securities	**¥37,321**	**¥49,071**	**¥11,750**
Others	**49**	**53**	**4**
	37,370	**49,124**	**11,754**
Securities with book values not exceeding acquisition costs:			
Equity securities	**24,090**	**17,785**	**(6,305)**
Others	**87**	**73**	**(14)**
	24,177	**17,858**	**(6,319)**
Total	**¥61,547**	**¥66,982**	**¥ 5,435**

Type	Millions of yen 2008 Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs:			
Equity securities	¥19,749	¥30,124	¥10,375
	19,749	30,124	10,375
Securities with book values not exceeding acquisition costs:			
Equity securities	45,152	38,057	(7,095)
Corporate bonds	1	1	0
Others	143	118	(25)
	45,296	38,176	(7,120)
Total	¥65,045	¥68,300	¥ 3,255

Type	Millions of yen 2007 Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs:			
Equity securities	¥44,118	¥68,882	¥24,764
Corporate bonds	1	1	0
Others	100	101	1
	44,219	68,984	24,765
Securities with book values not exceeding acquisition costs:			
Equity securities	15,824	14,172	(1,652)
Others	105	87	(18)
	15,929	14,259	(1,670)
Total	¥60,148	¥83,243	¥23,095

Type	Thousands of U.S. dollars		
	2009		
	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs:			
Equity securities	$405,223	$532,802	$127,579
Others	532	575	43
	405,755	533,377	127,622
Securities with book values not exceeding acquisition costs:			
Equity securities	261,563	193,105	(68,458)
Others	945	793	(152)
	262,508	193,898	(68,610)
Total	$668,263	$727,275	$ 59,012

C. Total sales of available-for-sale securities in the years ended December 31, 2009, 2008 and 2007 amounted to ¥11,608 million ($126,037 thousand), ¥1,175 million and ¥333 million, and the related gains amounted to ¥388 million ($4,213 thousand), ¥70 million and ¥103 million and the related losses amounted to ¥119 million ($1,292 thousand), ¥3 million and ¥39 million, respectively.

D. The following tables summarize book values of securities with no available fair values as of December 31, 2009, 2008 and 2007:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	2009
(a) Held-to-maturity debt securities				
Type				
Non-listed foreign debt securities	¥ —	¥ 300	¥ —	$ —
(b) Available-for-sale securities				
Type				
Non-listed equity securities	10,921	8,457	8,808	118,578
Preference shares	5,000	10,000	10,000	54,289
Others	584	1,482	1,997	6,341
(c) Investments in unconsolidated subsidiaries and affiliated companies	122,375	54,495	53,971	1,328,719

E. Available-for-sale securities with maturities and held-to-maturity debt securities as of December 31, 2009, 2008 and 2007 were as follows:

Type	Millions of yen				
	2009				
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Available-for-sale securities:					
Foreign securities	¥—	¥ 2	¥ —	¥—	¥ 2
Corporate bonds	—	580	—	—	580
Others	—	—	53	—	53
Held-to-maturity debt securities:					
	—	—	—	—	—
Total	¥—	¥582	¥53	¥—	¥635

Type	Millions of yen				
	2008				
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Available-for-sale securities:					
Corporate bonds	¥97	¥ 80	¥500	¥—	¥ 677
Others	—	—	50	—	50
Held-to-maturity debt securities:					
Foreign securities	—	300	—	—	300
Total	¥97	¥380	¥550	¥—	¥1,027

	Millions of yen				
	2007				
Type	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Available-for-sale securities:					
Corporate bonds	¥—	¥1,197	¥ 10	¥—	¥1,207
Others	—	—	87	—	87
Held-to-maturity debt securities:					
Foreign securities	7	62	3	—	72
Total	¥ 7	¥1,259	¥100	¥—	¥1,366

	Thousands of U.S. dollars				
	2009				
Type	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Available-for-sale securities:					
Foreign securities	**$—**	**$ 22**	**$ —**	**$—**	**$ 22**
Corporate bonds	**—**	**6,298**	**—**	**—**	**6,298**
Others	**—**	**—**	**575**	**—**	**575**
Held-to-maturity debt securities:					
	—	**—**	**—**	**—**	**—**
Total	**$—**	**$6,320**	**$575**	**$—**	**$6,895**

F. Total sales of held-to-maturity debt securities sold at December 31, 2008, and related loss, amounted respectively to ¥40 million and ¥5 million, so as to streamline the assets held by overseas subsidiaries.

6. Research and Development Expenses

Research and development expenses are expensed when incurred. Research and development expenses included in cost of sales and selling, general and administrative expenses were ¥9,342 million ($101,433 thousand), ¥9,075 million and ¥8,627 million for the years ended December 31, 2009, 2008 and 2007, respectively.

7. Derivative Financial Instruments

The Companies use interest rate swap, currency swap and forward currency exchange contracts only for the purpose of mitigating the risk of fluctuations in interest rates and foreign exchange rates, and commodity swap contracts only for the purpose of managing the risk arising from fluctuation in the market price of raw materials.

Forward currency exchange and currency swap, and interest rate swap contracts are subject to risks of foreign exchange rate changes and interest rate changes, respectively.

The derivative transactions are executed and managed by the Company's Finance Department in accordance with the established policies and within the specified limits on the amounts of derivative transactions allowed. The Company's Finance Department reports information on derivative transactions to the Manager and Executive Officer of the Finance Department whenever necessary.

The following summarizes hedging derivative financial instruments used by the Companies and items hedged:

Hedging instruments:
- Forward currency exchange contracts
- Currency swap contracts
- Interest rate swap contracts

Hedged items:
- Foreign currency trade receivables and trade payables
- Foreign currency bonds
- Interest on foreign currency bonds and loans payable

Fair market value information of the derivative financial instruments is as follows:

	Millions of yen			
	2009			
Classification / Type	Notional amount of contract	Notional amount due over one year	Fair market value	Unrealized gain
Forward currency exchange contracts				
Long (buy) (U.S. dollar)	**¥2,656**	**—**	**¥2,635**	**¥(21)**
Long (buy) (GB pound)	**579**	**—**	**552**	**(27)**
Short (sell) (U.S. dollar)	**534**	**—**	**545**	**11**
Total	**¥3,769**	**—**	**¥3,732**	**¥(37)**
Commodity swap contracts				
Payable fixed price/Receivable floating price	**¥ 540**		**¥ 636**	**¥ 96**
Total	**¥ 540**	**—**	**¥ 636**	**¥ 96**

	Millions of yen			
	2008			
Classification / Type	Notional amount of contract	Notional amount due over one year	Fair market value	Unrealized gain
Forward currency exchange contracts				
Short (sell) (U.S. dollar)	¥3,216	—	¥3,011	¥205
Total	¥3,216	—	¥3,011	¥205

	Thousands of U.S. dollars			
	2009			
Classification / Type	Notional amount of contract	Notional amount due over one year	Fair market value	Unrealized gain
Forward currency exchange contracts				
Long (buy) (U.S. dollar)	**$28,838**	**—**	**$28,610**	**$ (228)**
Long (buy) (GB pound)	**6,287**	**—**	**5,994**	**(293)**
Short (sell) (U.S. dollar)	**5,798**	**—**	**5,917**	**119**
Total	**$40,923**	**—**	**$40,521**	**$ (402)**
Commodity swap contracts				
Payable fixed price/Receivable floating price	**$ 5,863**		**$ 6,906**	**$1,043**
Total	**$ 5,863**	**—**	**$ 6,906**	**$1,043**

Derivative financial instruments that qualify as a hedge and are accounted for using the deferred hedge accounting method are not disclosed in the above table.

8. Bank Loans, Commercial Paper and Long-term Debt

Bank loans at December 31, 2009, 2008 and 2007 were represented by short-term notes or overdrafts, bearing interest at average rates of 1.11% per annum for 2009, 1.93% per annum for 2008 and 1.41% per annum for 2007.

The Company has entered into a yen domestic commercial paper program with a current maximum facility amount of ¥200,000 million ($2,171,553 thousand). There were outstanding balances of ¥30,000 million ($325,733 thousand), ¥7,000 million and ¥52,000 million at December 31, 2009, 2008 and 2007, respectively.

Long-term debt at December 31, 2009, 2008 and 2007 consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	**2009**
Domestic debentures:				
0.61% debentures due in 2008	**¥ —**	¥ —	¥ 10,000	**$ —**
0.84% debentures due in 2009	**—**	20,000	20,000	**—**
1.34% debentures due in 2010	**15,000**	15,000	15,000	**162,866**
1.55% debentures due in 2011	**15,000**	15,000	15,000	**162,866**
1.72% debentures due in 2012	**10,000**	10,000	10,000	**108,578**
0.63% debentures due in 2012	**15,000**	—	—	**162,866**
1.88% debentures due in 2014	**10,000**	10,000	10,000	**108,578**
0.92% debentures due in 2014	**10,000**	—	—	**108,578**
Zero coupon convertible bonds due in 2023	**35,156**	35,168	—	**381,715**
Zero coupon convertible bonds due in 2028	**35,000**	35,000	—	**380,022**
Long-term loans, principally from banks, insurance companies and agricultural cooperatives:				
Secured loans due through 2013 at interest rates of mainly 1.15% to 6.39%	**4,769**	9,507	10,659	**51,781**
Unsecured loans due through 2015 at interest rates of mainly 0.75% to 5.75%	**96,133**	68,756	85,890	**1,043,789**
	246,058	218,431	176,549	**2,671,639**
Amount due within one year	**(40,402)**	(38,728)	(47,072)	**(438,675)**
	¥205,656	¥179,703	¥129,477	**$2,232,964**

Assets, at book value, pledged as collateral for loans totaling ¥4,769 million ($51,781 thousand), ¥9,907 million and ¥12,469 million, respectively, at December 31, 2009, 2008 and 2007 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	**2009**
Deposit	**¥ —**	¥ —	¥ 101	**$ —**
Land	**16,733**	29,888	27,162	**181,683**
Buildings and structures	**6,563**	8,171	9,045	**71,259**
Machinery and equipment	**535**	1,291	2,900	**5,809**
	¥23,831	¥39,350	¥39,208	**$258,751**

The aggregate annual maturities of long-term debt at December 31, 2009 were as follows:

Years ending December 31,	Millions of yen	Thousands of U.S. dollars
2010	**¥ 40,402**	**$ 438,675**
2011	**22,009**	**238,968**
2012	**72,379**	**785,874**
2013	**15,112**	**164,083**
2014	**20,000**	**217,155**
2015 and thereafter	**76,156**	**826,884**
	¥246,058	**$2,671,639**

9. Employees' Severance and Retirement Benefits

Employees' severance and retirement benefits included in the liability section of the consolidated balance sheets as of December 31, 2009, 2008 and 2007 consist of the following:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	**2009**
Projected benefit obligation	**¥ 89,691**	¥ 87,251	¥ 86,265	**$ 973,844**
Less fair value of pension assets	**(42,749)**	(36,687)	(42,652)	**(464,159)**
Less fair value of employees' retirement benefit trust	**(18,709)**	(14,904)	(21,338)	**(203,138)**
Unrecognized actuarial differences	**(15,133)**	(18,857)	(2,407)	**(164,311)**
Unrecognized prior service cost	**2,196**	2,640	3,091	**23,844**
Prepaid pension cost	**8,956**	4,073	861	**97,242**
Employees' severance and retirement benefits	**¥ 24,252**	¥ 23,516	¥ 23,820	**$ 263,322**

The discount rates used by the Companies are mainly 2.0% for the years ended December 31, 2009, 2008 and 2007, respectively.

The pension assets of the funded contributory pension plan is not included in the fair value of pension assets above because the amount of pension assets can not be calculated reasonably. The contribution to the funded contributory pension plan is reported as severance and retirement benefit expenses.

Included in the consolidated statements of income for the years ended December 31, 2009, 2008 and 2007 are severance and retirement benefit expenses which comprised of the following:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	2009
Service costs—benefits earned during the year	¥4,485	¥ 4,842	¥ 4,415	$48,697
Interest cost on projected benefit obligation	1,796	1,696	1,648	19,501
Expected return on plan assets	(255)	(2,386)	(2,483)	(2,769)
Amortization of actuarial differences	2,228	538	(219)	24,191
Amortization of prior service cost	(443)	(452)	(452)	(4,810)
Others	477	717	721	5,179
Severance and retirement benefit expenses	¥8,288	¥ 4,955	¥ 3,630	$89,989

The rates of expected return on plan assets used by the Companies are mainly 0.0% for the year ended December 31, 2009, and 4.0% for the years ended December 31, 2008 and 2007. The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years. Actuarial gains and losses are recognized as expenses using the straight-line method over the average of the estimated remaining service lives of mainly 10 years commencing with the following period. Prior service costs are recognized as expenses using the straight-line method over the average of the estimated remaining service lives of mainly 10 years.

10. Income Taxes

The Company is subject to corporation, enterprise and inhabitants' taxes, which resulted in an aggregate normal effective tax rate of approximately 40.4% for the years ended December 31, 2009, 2008 and 2007.

The following table summarizes the significant differences between the statutory tax rate and the actual effective tax rate:

	2009	2008	2007
Statutory tax rate	40.4%	40.4%	40.4%
Non-deductible expenses	1.9%	2.0%	1.9%
Non-taxable dividend income	(0.3%)	(0.3%)	(0.4%)
Per capita inhabitants' taxes	0.4%	0.4%	0.4%
Valuation allowance	7.4%	6.3%	5.4%
Reversal of valuation allowance	(1.6%)	(1.5%)	(1.7%)
Amortization of goodwill	2.4%	1.9%	1.2%
Equity in net income of unconsolidated subsidiaries and affiliated companies	(3.9%)	(4.4%)	(4.5%)
Undistributed earnings of affiliated companies	(2.1%)	1.0%	1.3%
Others	2.5%	3.8%	1.0%
Effective tax rate	47.1%	49.6%	45.0%

Significant components of deferred income tax assets and liabilities as of December 31, 2009, 2008 and 2007 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	2009
Deferred income tax assets:				
Allowance for doubtful accounts	¥ 2,781	¥ 4,054	¥ 4,211	$ 30,195
Employees' severance and retirement benefits	15,939	15,582	15,491	173,062
Accrued enterprise taxes	1,719	1,799	1,158	18,665
Depreciation	258	357	441	2,801
Temporary difference for investment in subsidiaries	—	—	1,083	—
Loss on impairment of fixed assets	3,503	1,507	1,565	38,035
Loss on devaluation of investment securities	3,182	5,669	4,390	34,549
Loss on securities contributed to employees' retirement benefit trust	2,037	1,470	1,470	22,117
Net operating loss carryforwards	11,930	10,066	12,432	129,533
Unrealized gain on sale of non-current assets eliminated on consolidation	7,215	7,162	7,169	78,339
Accrued expenses	1,532	1,657	1,687	16,634
Others	11,019	7,185	5,937	119,642
	61,115	56,508	57,034	663,572
Valuation allowance	(22,496)	(18,280)	(19,577)	(244,256)
Total deferred income tax assets	38,619	38,228	37,457	419,316
Deferred income tax liabilities:				
Reserve deductible for Japanese tax purposes	(1,159)	(1,085)	(1,206)	(12,584)
Unrealized gains on available-for-sale securities	(2,184)	(1,319)	(9,332)	(23,713)
Land revaluation gain	(5,750)	(5,750)	(5,614)	(62,432)
Undistributed earnings of affiliated companies	(—)	(1,831)	(1,034)	(—)
Prepaid pension cost	(1,493)	(1,631)	(340)	(16,211)
Others	(697)	(1,321)	(21)	(7,568)
Total deferred income tax liabilities	(11,283)	(12,937)	(17,547)	(122,508)
Net deferred income tax assets	¥ 27,336	¥ 25,291	¥ 19,910	$ 296,808

The net deferred tax assets as of December 31, 2009 consisted of deferred income tax assets included in current assets and fixed assets amounting to ¥11,176 million ($121,347 thousand) and ¥21,021 million ($228,241 thousand), respectively, and deferred income tax liabilities included in current liabilities and long-term liabilities amounting to ¥0 million ($0 thousand) and ¥4,861 million ($52,780 thousand), respectively.

The net deferred tax assets as of December 31, 2008 consisted of deferred income tax assets included in current assets and fixed assets amounting to ¥9,009 million and ¥24,212 million, respectively, and deferred income tax liabilities included in current liabilities and long-term liabilities amounting to ¥1,818 million and ¥6,112 million, respectively.

The net deferred tax assets as of December 31, 2007 consisted of deferred income tax assets included in current assets and fixed assets amounting to ¥6,931 million and ¥18,983 million, respectively, and deferred income tax liabilities included in other current liabilities and long-term liabilities amounting to ¥986 million and ¥5,019 million, respectively.

11. Net Assets

The Japanese Corporate Law (“the Law”) became effective on May 1, 2006, replacing the Japanese Commercial Code (“the Code”).

Under the Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the prices of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend and the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Code, companies were required to set aside an amount equal to at least 10% of cash dividends and other cash appropriations as legal earnings reserve until the total of legal earnings reserve and additional paid-in capital equaled 25% of common stock.

Under the Code, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders’ meeting or could be capitalized by a resolution of the Board of Directors. Under the Law, both of these appropriations generally require a resolution of the shareholders’ meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, additional paid-in capital and legal earnings reserve may be transferred to retained earnings by the resolution of the shareholders’ meeting as long as the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock. Under the Law, all additional paid-in-capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law.

At the annual shareholders’ meeting held on March 26, 2010, the shareholders resolved cash dividends amounting to ¥5,115 million ($55,537 thousand). Such appropriations have not been accrued in the consolidated financial statements as of December 31, 2009, and are recognized in the period in which they were resolved.

12. Commitments and Contingent Liabilities

The Companies were contingently liable as guarantors for borrowings of unconsolidated subsidiaries, affiliated companies, employees and others, including letters of awareness and keep-well agreements, in the amount of ¥1,276 million ($13,855 thousand) as of December 31, 2009.

13. Impairment of Fixed Assets

The Company and its domestic consolidated subsidiaries have grouped their fixed assets principally based on their offices or factories, while considering mutual supplementation of the cash flows.

For fixed assets in the real estate business and idle properties, each property is considered to constitute a group. Headquarters and welfare facilities were classified as corporate assets because they do not generate cash flows independently from other assets or group of assets. The recoverable amount of each group of assets is the higher amount of net selling price (fair value less costs to sell) or value in use.

Loss on impairment of fixed assets for the year ended December 31, 2009 consisted of the following:

Use	Location	Type of assets
Assets used for business (Alcoholic beverages)	Beijing (China)	Buildings and structures, Machinery, equipment and vehicles, Tools, furniture and fixtures
Asset for rent	Saitama (Saitama) and 5 others	Buildings and structures, Land
Idle properties	Yuhutsu-gun (Hokkaido)	Buildings and structures, Land
Others	—	Goodwill

The carrying amounts of certain assets used for alcoholic beverages business were devalued to their recoverable amounts, since the expected future revenue was considered to be unrealizable. Carrying amounts of certain assets for rent were devalued to their recoverable amounts, since they were considered not to be recoverable with their fair market value substantially declining. Carrying amounts of certain idle properties were devalued to their recoverable amounts, due to substantial decline in the fair market value. A part of the goodwill reported in overseas subsidiaries of alcoholic beverages and their soft drinks businesses was devaluated to its recoverable amount, since the expected future revenue was considered to be unrealizable. As a result, the Company recognized loss on impairment in the amount of ¥8,318 million ($90,315 thousand), which consisted of buildings and structures of ¥1,632 million ($17,720 thousand), Machinery, equipment and vehicles of ¥1,943 million ($21,097 thousand), Tools, furniture and fixtures of ¥12 million ($130 thousand), Land of ¥2,341 million ($25,418 thousand) and goodwill of ¥2,390 million ($25,950 thousand).

The Company used a net selling price based on real-estate appraisal for the related assets, and the value in use was calculated by discounting future cash flows at interest rates of 4.3% to 8.3%.

Loss on impairment of fixed assets for the year ended December 31, 2008 consisted of the following:

Use	Location	Type of assets
Assets used for business (Logistics)	Kasumigaura (Ibaraki)	Buildings and structures
Idle properties	Kashiwa (Chiba)	Buildings and structures
Others	—	Goodwill

The carrying amounts of certain assets used for logistics business were devalued to their recoverable amounts, since they were considered not to be recoverable under the changed business circumstances. Carrying amounts of certain idle properties, as a result of the shutdown of the business office were devalued to their recoverable amounts, due to a substantial decline in the fair market value. The goodwill of soft drinks business was devaluated to its recoverable amount, since the expected future revenue at the time of initial acquisition was considered to be unrealizable. As a result, the Company recognized loss on impairment in the amount of ¥2,197 million ($24,135 thousand), which consisted of buildings and structures of ¥315 million ($3,460 thousand) and goodwill of ¥1,882 million ($20,675 thousand).

The Company used a net selling price based on real-estate appraisal for the related assets, and the value in use was calculated by discounting future cash flows at interest rates of 4.3% to 7.3%.

Loss on impairment of fixed assets for the year ended December 31, 2007 consisted of the following:

Use	Location	Type of assets
Assets used for business (Foods)	Sakura (Tochigi)	Buildings and structures
Others	—	Goodwill

The carrying amounts of certain assets used for foods business were devalued to their recoverable amounts by the decision to sell them in the year ended December 31, 2007. The goodwill of foods and pharmaceutical business was devaluated to its recoverable amount, since the expected future revenue at the time of initial acquisition was considered to be unrealizable. As a result, the Company recognized loss on impairment in the amount of ¥1,388 million, which consisted of buildings and structures of ¥99 million and goodwill of ¥1,289 million.

The Company used a net selling price based on the sales agreement for the related assets, and the value in use was calculated by discounting future cash flows at an interest rate of 4.3%.

14. Prior Year Sales Promotion Expenses

Prior to fiscal year 2008, the Company had accrued sales promotion expenses based on an invoice from wholesalers which was calculated by the volume of sales from wholesalers to retailers and other factors. In 2008, the Company developed a billing system so that it was able to estimate the amount of sales and sales promotion expenses to retailers on a timely basis. Therefore, the Company changed the method of calculation of sales promotion expenses based on an estimate at the end of month from 2008.

Prior year sales promotion expenses represent such expenses related to sales and other factors in the prior year.

15. Information for Certain Leases

As discussed in Note 2, finance leases commenced prior to January 1, 2009, which do not transfer ownership to lessees, are accounted for as operating leases.

A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value at December 31, 2009, 2008 and 2007 was as follows:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	**2009**
Machinery, furniture and fixtures and others				
Acquisition cost	**¥52,804**	¥67,714	¥74,118	**$573,333**
Accumulated depreciation	**29,785**	33,881	38,753	**323,398**
Net book value	**23,019**	33,833	35,365	**249,935**

Future lease payments as of December 31, 2009, 2008 and 2007, net of interest, under such leases were summarized as follows:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	2009
Due within one year	¥10,371	¥12,564	¥12,399	$112,606
Due after one year	13,694	22,751	24,125	148,686
	¥24,065	¥35,315	¥36,524	$261,292

Lease payments, depreciation equivalents and amounts representing interest under the finance leases which are accounted for in the same manner as operating leases for the years ended December 31, 2009, 2008 and 2007 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	2009
Lease payments	¥13,966	¥16,005	¥15,362	$151,640
Depreciation equivalents	12,935	14,281	13,788	140,445
Amounts representing interest	985	1,531	1,466	10,695

Differences between total lease expenses and acquisition costs of the leased properties comprise interest expense equivalent. Interest expense equivalent is allocated using the interest method over the lease terms.

16. Shareholders' Equity

Changes in the number of shares issued and treasury stock outstanding during the years ended December 31, 2009, 2008 and 2007 are as follows:

Common stock issued

	2009	2008	2007
Balance at beginning of year	483,585,862	483,585,862	483,585,862
Decrease due to retirement of treasury stock	—	—	—
Balance at end of year	483,585,862	483,585,862	483,585,862

Treasury stock outstanding

	2009	2008	2007
Balance at beginning of year	18,762,163	11,124,073	12,888,400
Increase due to purchase of odd stock	22,664	186,391	57,027
Increase due to purchase of treasury stock based on article 797 paragraph 1 of the Corporate Law	—	—	51,500
Increase due to purchase of treasury stock (Purchased by subsidiaries)	—	—	20,300
Increase due to purchase of treasury stock based on resolution of the board of directors	—	7,759,900	—
Decrease due to exercise of stock options	(205,200)	(291,900)	(316,000)
Decrease due to stock exchanges	—	—	(1,361,915)
Decrease due to sales of treasury stock (Sold by subsidiaries)	—	—	(212,654)
Decrease for other reasons	(2,661)	(16,301)	(2,585)
Balance at end of year	18,576,966	18,762,163	11,124,073

17. Stock Option Plans

The following tables summarize contents of stock options as of December 31, 2009, 2008 and 2007.

Company name	Asahi Breweries, Ltd.
Date of the annual shareholders' meeting	March 30, 2000
Position and number of grantees	Directors and Executive Officers: 38
Class and number of stock	Common Stock: 99,000
Date of issue	March 30, 2000
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From January 1, 2005 to March 29, 2010

Company name	Asahi Breweries, Ltd.
Date of the annual shareholders' meeting	March 29, 2001
Position and number of grantees	Directors and Executive Officers: 30
Class and number of stock	Common Stock: 344,000
Date of issue	March 29, 2001
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From January 1, 2005 to March 28, 2011

Company name	Asahi Breweries, Ltd.
Date of the annual shareholders' meeting	March 28, 2002
Position and number of grantees	Directors and Executive Officers: 43
Class and number of stock	Common Stock: 610,000
Date of issue	March 28, 2002
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From January 1, 2005 to March 27, 2012

Company name	Asahi Breweries, Ltd.
Date of the annual shareholders' meeting	March 28, 2003
Position and number of grantees	Directors, Corporate Auditors and Executive Officers: 49
Class and number of stock	Common Stock: 645,000
Date of issue	March 28, 2003
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From March 28, 2005 to March 27, 2013

Company name	Asahi Breweries, Ltd.
Date of the annual shareholders' meeting	March 30, 2004
Position and number of grantees	Directors, Corporate Auditors and Executive Officers: 44
Class and number of stock	Common Stock: 585,000
Date of issue	March 30, 2004
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From March 30, 2006 to March 29, 2014

Company name	Asahi Breweries, Ltd.
Date of the annual shareholders' meeting	March 30, 2005
Position and number of grantees	Directors, Corporate Auditors and Executive Officers: 45
Class and number of stock	Common Stock: 600,000
Date of issue	March 30, 2005
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From March 30, 2007 to March 29, 2015

Company name	Asahi Breweries, Ltd.
Date of the annual shareholders' meeting	March 30, 2006
Position and number of grantees	Directors, Corporate Auditors and Executive Officers: 48
Class and number of stock	Common Stock: 620,000
Date of issue	March 30, 2006
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From March 30, 2008 to March 29, 2016

The following tables summarize volume and movement of stock options as of December 31, 2009.

Non-exercisable stock options

Company name	Asahi Breweries, Ltd.						
Date of the annual shareholders' meeting	March 30, 2000	March 29, 2001	March 28, 2002	March 28, 2003	March 30, 2004	March 30, 2005	March 30, 2006
Stock options outstanding at January 1, 2009	—	—	—	—	—	—	—
Stock options granted	—	—	—	—	—	—	—
Forfeitures	—	—	—	—	—	—	—
Conversion to exercisable stock options	—	—	—	—	—	—	—
Stock options outstanding at December 31, 2009	—	—	—	—	—	—	—

Exercisable stock options

Company name	Asahi Breweries, Ltd.						
Date of the annual shareholders' meeting	March 30, 2000	March 29, 2001	March 28, 2002	March 28, 2003	March 30, 2004	March 30, 2005	March 30, 2006
Stock options outstanding at January 1, 2009	35,000	242,500	410,300	166,000	536,400	598,000	620,000
Conversion from non-exercisable stock options	—	—	—	—	—	—	—
Stock options exercised	17,000	45,900	80,300	33,000	18,500	10,500	—
Forfeitures	—	—	—	—	—	—	—
Stock options outstanding at December 31, 2009	18,000	196,600	330,000	133,000	517,900	587,500	620,000

The following tables summarize price information of stock options as of December 31, 2009.

Company name	Asahi Breweries, Ltd.						
Date of the annual shareholders' meeting	March 30, 2000	March 29, 2001	March 28, 2002	March 28, 2003	March 30, 2004	March 30, 2005	March 30, 2006
Exercise price	¥1,115	¥1,185	¥1,090	¥ 830	¥1,205	¥1,374	¥1,688
Average market price of the stock at the time of exercise	1,432	1,372	1,397	1,352	1,351	1,401	—

The following tables summarize volume and movement of stock options as of December 31, 2008.

Non-exercisable stock options

Company name	Asahi Breweries, Ltd.						
Date of the annual shareholders' meeting	March 30, 2000	March 29, 2001	March 28, 2002	March 28, 2003	March 30, 2004	March 30, 2005	March 30, 2006
Stock options outstanding at January 1, 2008	—	—	—	—	—	—	620,000
Stock options granted	—	—	—	—	—	—	—
Forfeitures	—	—	—	—	—	—	—
Conversion to exercisable stock options	—	—	—	—	—	—	620,000
Stock options outstanding at December 31, 2008	—	—	—	—	—	—	—

Exercisable stock options

Company name	Asahi Breweries, Ltd.						
Date of the annual shareholders' meeting	March 30, 2000	March 29, 2001	March 28, 2002	March 28, 2003	March 30, 2004	March 30, 2005	March 30, 2006
Stock options outstanding at January 1, 2008	58,000	276,500	518,600	260,000	567,000	600,000	—
Conversion from non-exercisable stock options	—	—	—	—	—	—	620,000
Stock options exercised	23,000	34,000	108,300	94,000	30,600	2,000	—
Forfeitures	—	—	—	—	—	—	—
Stock options outstanding at December 31, 2008	35,000	242,500	410,300	166,000	536,400	598,000	620,000

The following tables summarize price information of stock options as of December 31, 2008.

Company name	Asahi Breweries, Ltd.						
Date of the annual shareholders' meeting	March 30, 2000	March 29, 2001	March 28, 2002	March 28, 2003	March 30, 2004	March 30, 2005	March 30, 2006
Exercise price	¥1,115	¥1,185	¥1,090	¥ 830	¥1,205	¥1,374	¥1,688
Average market price of the stock at the time of exercise	1,851	1,854	1,856	1,882	1,918	1,923	—

The following tables summarize volume and movement of stock options as of December 31, 2007.

Non-exercisable stock options

Company name	Asahi Breweries, Ltd.						
Date of the annual shareholders' meeting	March 30, 2000	March 29, 2001	March 28, 2002	March 28, 2003	March 30, 2004	March 30, 2005	March 30, 2006
Stock options outstanding at January 1, 2007	—	—	—	—	—	600,000	620,000
Stock options granted	—	—	—	—	—	—	—
Forfeitures	—	—	—	—	—	—	—
Conversion to exercisable stock options	—	—	—	—	—	600,000	—
Stock options outstanding at December 31, 2007	—	—	—	—	—	—	620,000

Exercisable stock options

Company name	Asahi Breweries, Ltd.						
Date of the annual shareholders' meeting	March 30, 2000	March 29, 2001	March 28, 2002	March 28, 2003	March 30, 2004	March 30, 2005	March 30, 2006
Stock options outstanding at January 1, 2007	72,000	326,000	576,100	437,000	585,000	—	—
Conversion from non-exercisable stock options	—	—	—	—	—	600,000	—
Stock options exercised	14,000	49,500	57,500	177,000	18,000	—	—
Forfeitures	—	—	—	—	—	—	—
Stock options outstanding at December 31, 2007	58,000	276,500	518,600	260,000	567,000	600,000	—

The following table summarizes price information of stock options as of December 31, 2007.

Company name	Asahi Breweries, Ltd.						
Date of the annual shareholders' meeting	March 30, 2000	March 29, 2001	March 28, 2002	March 28, 2003	March 30, 2004	March 30, 2005	March 30, 2006
Exercise price	¥1,115	¥1,185	¥1,090	¥ 830	¥1,205	¥1,374	¥1,688
Average market price of the stock at the time of exercise	1,900	1,890	1,883	1,884	1,851	—	—

18. Segment Information

The Companies primarily engage in the manufacturing and sale of products in three major segments grouped on the basis of similarities in the type and nature of products.

Business segment information for the years ended December 31, 2009, 2008 and 2007 was as follows:

	Millions of yen					
Year ended December 31, 2009	Alcoholic beverages	Soft drinks	Food and pharmaceuticals	Others	Elimination and/or corporate	Consolidated
Sales:						
Outside customers	**¥958,156**	**¥355,162**	**¥92,400**	**¥66,751**	**¥ —**	**¥1,472,469**
Intersegment	**20,969**	**2,572**	**1,744**	**52,329**	**(77,614)**	**—**
Total sales	**979,125**	**357,734**	**94,144**	**119,080**	**(77,614)**	**1,472,469**
Operating expenses	**900,246**	**357,039**	**91,399**	**118,191**	**(77,183)**	**1,389,692**
Operating income	**¥ 78,879**	**¥ 695**	**¥ 2,745**	**¥ 889**	**¥ (431)**	**¥ 82,777**
Identifiable assets	**¥737,833**	**¥334,850**	**¥90,096**	**¥79,286**	**¥191,588**	**¥1,433,653**
Depreciation	**40,672**	**13,165**	**2,500**	**2,033**	**2**	**58,372**
Loss on impairment of fixed assets	**4,111**	**761**	**—**	**3,446**	**—**	**8,318**
Capital investments	**15,924**	**40,801**	**4,341**	**1,310**	**—**	**62,376**

	Millions of yen					
Year ended December 31, 2008	Alcoholic beverages	Soft drinks	Food and pharmaceuticals	Others	Elimination and/or corporate	Consolidated
Sales:						
Outside customers	¥ 995,703	¥316,737	¥79,203	¥ 71,105	¥ —	¥1,462,748
Intersegment	21,484	3,412	1,460	53,725	(80,081)	—
Total sales	1,017,187	320,149	80,663	124,830	(80,081)	1,462,748
Operating expenses	926,425	319,533	78,719	123,824	(80,273)	1,368,228
Operating income	¥ 90,762	¥ 616	¥ 1,944	¥ 1,006	¥ 192	¥ 94,520
Identifiable assets	¥ 780,079	¥227,887	¥91,350	¥ 76,407	¥123,336	¥1,299,059
Depreciation	35,586	7,570	2,301	1,894	2	47,353
Loss on impairment of fixed assets	—	2,176	—	21	—	2,197
Capital investments	16,842	16,379	2,127	787	—	36,135

	Millions of yen					
Year ended December 31, 2007	Alcoholic beverages	Soft drinks	Food and pharmaceuticals	Others	Elimination and/or corporate	Consolidated
Sales:						
Outside customers	¥1,012,256	¥299,663	¥67,089	¥ 85,064	¥ —	¥1,464,072
Intersegment	30,825	3,320	1,877	55,379	(91,401)	—
Total sales	1,043,081	302,983	68,966	140,443	(91,401)	1,464,072
Operating expenses	963,796	298,390	67,622	138,719	(91,411)	1,377,116
Operating income	¥ 79,285	¥ 4,593	¥ 1,344	¥ 1,724	¥ 10	¥ 86,956
Identifiable assets	¥ 809,484	¥218,930	¥80,470	¥ 84,989	¥130,519	¥1,324,392
Depreciation	34,264	7,322	1,976	1,686	2	45,250
Loss on impairment of fixed assets	—	—	1,388	—	—	1,388
Capital investments	25,559	16,942	1,319	661	—	44,481

	Thousands of U.S. dollars					
Year ended December 31, 2009	Alcoholic beverages	Soft drinks	Food and pharmaceuticals	Others	Elimination and/or corporate	Consolidated
Sales:						
Outside customers	**$10,403,431**	**$3,856,265**	**$1,003,257**	**$ 724,767**	**$ —**	**$15,987,720**
Intersegment	**227,676**	**27,926**	**18,936**	**568,176**	**(842,714)**	**—**
Total sales	**10,631,107**	**3,884,191**	**1,022,193**	**1,292,943**	**(842,714)**	**15,987,720**
Operating expenses	**9,774,658**	**3,876,645**	**992,389**	**1,283,290**	**(838,035)**	**15,088,947**
Operating income	**$ 856,449**	**$ 7,546**	**$ 29,804**	**$ 9,653**	**$ (4,679)**	**$ 898,773**
Identifiable assets	**$ 8,011,216**	**$3,635,722**	**$ 978,241**	**$ 860,869**	**$2,080,217**	**$15,566,265**
Depreciation	**441,607**	**142,942**	**27,144**	**22,074**	**22**	**633,789**
Loss on impairment of fixed assets	**44,636**	**8,263**	**—**	**37,416**	**—**	**90,315**
Capital investments	**172,899**	**443,008**	**47,133**	**14,224**	**—**	**677,264**

Corporate assets in the elimination and/or corporate column in 2009, 2008 and 2007 amounted to ¥208,955 million ($2,268,784 thousand), ¥138,625 million and ¥145,176 million, which are mainly the financial assets of the Company and subsidiaries related to Group finance.

As discussed in Note 2 "Property, plant and equipment," the allowable depreciation limits of the assets acquired before March 31, 2007 were depreciated evenly over 5 years from the following year when they would be depreciated up to the allowable limit for depreciation. As a consequence, operating income of alcoholic beverages, soft drinks, food and pharmaceuticals and others decreased by ¥1,901 million, ¥29 million, ¥48 million and ¥0 million, respectively for the year ended December 31, 2008.

Pursuant to ASBJ Practical Issues Task Force (PITF) No. 18 issued on May 17, 2006, described in Note 2 "Consolidation," the Company, effective January 1, 2009, adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements." As a result of this change, operating income of the soft drinks business decreased by ¥1,377 million ($14,951 thousand), for the year ended December 31, 2009.

Pursuant to ASBJ Statement No. 9 issued on July 5, 2006, described in Note 2 "Inventories," the Company and its consolidated domestic subsidiaries adopted "Accounting Standard for Measurement of Inventories." As a consequence, operating income of alcoholic beverages, soft drinks, food and pharmaceuticals and others decreased by ¥656 million ($7,123 thousand), ¥730 million ($7,926 thousand), ¥170 million ($1,846 thousand) and ¥3 million ($33 thousand), respectively for the year ended December 31, 2009.

As discussed in Note 2 "Property, plant and equipment," in accordance with the revised Japanese Corporate Tax Law and its regulations, the Company and its consolidated domestic subsidiaries have changed the useful lives for tangible fixed assets in the year ended December 31, 2009. As a consequence, the operating income of the alcoholic beverages and soft drinks businesses decreased by ¥5,961 million ($64,723 thousand) and ¥24 million ($261 thousand), respectively, and operating income of food and pharmaceutical business and others increased by ¥100 million ($1,086 thousand) and ¥1 million ($11 thousand), respectively for the year ended December 31, 2009.

Sales outside Japan and sales to foreign customers are less than 10% of the Company's consolidated net sales for 2009, 2008 and 2007. Therefore, geographical segment information and the overseas sales information are not disclosed.

19. Business Combinations

Transactions applied to purchase method during the year ended December 31, 2009

(1) OUTLINE OF THE TRANSACTIONS

(a) Name and business of acquired company

SCHWEPPES HOLDINGS PTY LTD

Production and sales of soft drinks

(b) Outline and purpose of the transaction

In the food and health businesses, the Asahi Breweries Group is to strengthen the operating domain mainly in Asia, and to promote the formulation of the value chain to realize further secure, safe, and high-quality goods with attractive and innovative ideas. In the quest to realize these activities, the Asahi Breweries Group is pursuing the growth of its existing subsidiaries and the synergy between its existing subsidiaries and new operating bases by further investments and aiming to establish the Asahi Breweries Group's growth path.

As for the soft drinks business, one of the pillars of the Asahi Breweries Group's operations, the Asahi Breweries Group is aiming to expand the operating base mainly through Asahi Soft Drinks Co., Ltd. in the Japanese domestic market as well as strengthen management bases of Haitai Beverage Co., Ltd. With a significant growth in sales of Tingyi-Asahi-Itochu Beverages Holding Co. Ltd., the Asahi Breweries Group has tried to expand the operating bases in the soft drinks business in Asia, and advanced investments for new businesses as well as promising markets.

By this acquisition, the Asahi Breweries Group is to obtain an operating base not only in Asia but also in Oceania. It is the Asahi Breweries Group's policy to strengthen its overseas operating bases and accelerate its further growth by realizing group synergies.

(c) Effective date of business combination

April 3, 2009

(d) Legal form of business combination

Share acquisition by cash

(e) Name of the company after business combinations

SCHWEPPES HOLDING PTY LTD

(f) Share of voting rights acquired

100%

(2) PERIOD OF OPERATION OF ACQUIRED COMPANY INCLUDED IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS

From April 1, 2009 to December 31, 2009

(3) ACQUISITION COST OF ACQUIRED COMPANY AND ITS BREAKDOWN

	Millions of yen	Thousands of U.S. dollars
Acquisition cost of shares	¥59,828	$649,598
Expenditures for acquiring the common shares	1,406	15,266
Acquisition cost—Net	¥61,234	$664,864

(4) GOODWILL, REASON FOR RECOGNIZING GOODWILL, AMORTIZATION METHOD AND AMORTIZATION TERM

(a) Amount of goodwill

¥31,855 million

(b) Reason for recognizing goodwill

Rationally estimated future excess earning power being expected based on the future business operation.

(c) Method and term to amortize goodwill

Straight-line method over 20 years

(5) ASSETS AND LIABILITIES OF THE ACQUIRED COMPANY AS OF THE DATE OF THE BUSINESS COMBINATION

	Millions of yen	Thousands of U.S. dollars
Current assets	¥13,989	$151,889
Fixed assets	28,111	305,223
Total assets	¥42,100	$457,112
Current liabilities	¥10,556	$114,615
Long-term liabilities	1,024	11,118
Total liabilities	¥11,580	$125,733

Note: Amount of goodwill as mentioned in (4), (a) is not included in the above amount of assets and liabilities.

(6) ESTIMATED IMPACT ON CONSOLIDATED FINANCIAL RESULTS IF THE BUSINESS COMBINATION HAD BEEN COMPLETED AT THE BEGINNING OF THE FISCAL YEAR (JANUARY 1, 2009) (UNAUDITED)

	Millions of yen	Thousands of U.S. dollars
Sales	¥13,643	$148,132
Operating income	553	6,004
Income before income taxes and minority interests	670	7,275
Net income	342	3,713
Net income per share (yen and U.S. dollars, respectively)	¥ 0.74	$ 0.01

Note: The above estimated amounts were the amounts of the difference between pro forma sales and income calculated as if the business combination had been completed at the beginning of the fiscal year and sales and income per the Company's consolidated financial statements.

Net income per share was calculated by dividing net income by average number of shares during this fiscal year.

Transactions under common control during the year ended December 31, 2008

(1) OUTLINE OF THE TRANSACTIONS

(a) Name and business of combined entity

Divided company: Asahi Soft Drinks Co., Ltd. ("ASD"), Production and sales of soft drinks

Successor company: Asahi Beverage Service Co., Ltd. ("ABS"), Vending machine sales of soft drinks. (On April 1, 2008, the company name was changed from Asahi Beverage Service Co., Ltd. to Asahi Calpis Beverage Co., Ltd. ("ACB"))

Merging company: Asahi Calpis Beverage Co., Ltd. ("ACB")

Merged company: Asahi Calpis Beverage Co., Ltd. ("ACB") and others ("CBs"), Vending machine sales of soft drinks. (On April 1, 2008, the company name was changed from Asahi Beverage Service Co., Ltd. to Asahi Calpis Beverage Co., Ltd. ("ACB"))

(b) Form of business combination

Transactions under common control (Divestiture of vending machine operation business of ASD and merger with vending machine operating companies.)

(c) Name of the entity after the reorganization

Asahi Soft Drinks Co., Ltd.

Asahi Calpis Beverage Co., Ltd.

(d) Outline and purpose of the transaction

ASD, a consolidated subsidiary of the Company, and, Calpis Co., Ltd. (CALPIS) integrated the vending machine operation business of both companies. The integration aimed at strengthening the relationship of both companies which have entered into a mutual operation contract of the vending machine business since 2001, and becoming more competitive in the vending machine operation business. ACB, which is engaged in the vending machine operation business, was established as a joint venture between ASD and CALPIS in December 2007. ACB acquired all shares of ABS, a subsidiary of ASD and several subsidiaries of CALPIS including CBs, in January 2008. ASD divided and transferred the vending machine business to ABS in April 2008. ACB merged with several subsidiaries of ACB and completed integration of their vending machine operation business in October 2008.

(2) ACCOUNTING METHOD

These transactions were accounted for as a business combination among entities under common control.

Transactions under common control during the year ended December 31, 2007

(1) OUTLINE OF THE TRANSACTIONS

(a) Name and business of combined entity

Wakodo Co., Ltd. ("Wakodo"), Food and pharmaceutical business:

Manufacture and sale of powdered milk, baby food, food for automatic merchandising, household foods, powdered milk for business use, medicinal supplies, quasi drugs, cosmetics, sanitary goods and miscellaneous goods

(b) Form of business combination

Transaction under common control (making Wakodo a wholly-owned subsidiary by exchange of shares)

(c) Name of the entity after the reorganization

Wakodo Co., Ltd.

(d) Outline and purpose of the transaction

The Company acquired 5,403,631 shares of Wakodo through a tender offer from April 25, 2006 until May 15, 2006. As a result, the Company held 90.97% of Wakodo's outstanding shares (92.49% of its voting rights). This conflicted with the delisting standard of the Tokyo Stock Exchange on December 31, 2006 and the shares were delisted at the end of April 2007.

Under this circumstance, the Company and Wakodo agreed to make Wakodo a wholly-owned subsidiary of the Company through an acquisition of all the remaining outstanding shares of Wakodo owned by its minority shareholders in exchange for the Company's shares. The reasons for this exchange of shares are as follows:

- Redeeming capital invested by Wakodo's shareholders
- Gaining profits from the effects of synergies in the future by keeping ownership of the Company's stocks
- Achieving speedy and efficient Asahi Breweries Group management by making Wakodo a wholly-owned subsidiary of the Company

(2) ACCOUNTING METHOD

As such share exchange was a transaction with minority shareholders of the transactions under common control, the whole amount of minority interests have been reversed by making the wholly-owned subsidiary. The difference between the amount of additional investment and the decrease in minority interests was accounted for as goodwill.

(3) ADDITIONAL ACQUISITION OF SHARES OF THE SUBSIDIARY

(a) Acquisition cost

	Millions of yen
Common shares	¥2,917
Expenditures for acquiring the common shares	83
Acquisition cost	¥3,000

(b) Share exchange ratio, its basis for determination, number of shares delivered and its values

(i) Type of shares and share exchange ratio

Common shares

Asahi Breweries, Ltd. 1: Wakodo Co., Ltd. 2.9

(ii) Basis for determination of share exchange ratio

The Company and Wakodo requested Morgan Stanley Securities, Ltd. (“Morgan Stanley”) and Daiwa Securities SMBC Co., Ltd. (“Daiwa SMBC”) to calculate the share exchange ratio as an independent third party. The Company and Wakodo comprehensively decided the share exchange ratio, based on the analysis and opinion presented by Morgan Stanley and Daiwa SMBC after careful consideration and discussion.

(iii) Number of shares delivered and values

1,554,269 shares

¥2,917 million

(to consolidated subsidiaries: 192,354 shares ¥361 million)

(c) Goodwill, reason for recognizing goodwill, amortization method and amortization term

(i) Amount of goodwill

¥863 million

(ii) Reason for recognizing goodwill

The Company and Wakodo determined the share exchange ratio considering the market price. As a result, the amount of additional investment exceeded the amount of decrease in minority interests by this additional investment.

(iii) Method and term to amortize goodwill

Straight-line method over 20 years

20. Related Party Transactions

ASBJ Statement No. 11, “Accounting Standard for Related Party Disclosures” and ASBJ Guidance No. 13, “Guidance on Accounting Standard for Related Party Disclosures” issued by the Accounting Standards Boards of Japan on October 17, 2006, require certain additional related party disclosures effective for years beginning on or after January 1, 2009. Pursuant to the new accounting standards, condensed financial information of all 33 equity method affiliates including Tingyi-Asahi-Itochu Beverages Holding Co. Ltd. and its 28 affiliates is disclosed for the year ended December 31, 2009 as follows:

	Millions of yen	Thousands of U.S. dollars
Total current assets	¥123,933	$1,345,635
Total fixed assets	242,154	2,629,251
Total current liabilities	155,496	1,688,339
Total long-term liabilities	27,326	296,699
Total shareholders’ equity	183,716	1,994,745
Net sales	265,619	2,884,028
Income before income taxes and minority interests	27,140	294,680
Net income	22,374	242,932

21. Subsequent Event

Appropriations of retained earnings

The following appropriations of retained earnings, which have not been reflected in the accompanying consolidated financial statements for the year ended December 31, 2009, were approved at a general meeting of the shareholders of the Company held on March 26, 2010:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥11.0 per share)	¥5,115	$55,537

Independent Auditors' Report

To the Board of Directors of
Asahi Breweries, Ltd.

We have audited the accompanying consolidated balance sheets of ASAHI BREWERIES, LTD. (a Japanese corporation) and consolidated subsidiaries as of December 31, 2009, 2008 and 2007, and the related consolidated statements of income, changes in net assets and cash flows for each of the three years in the period ended December 31, 2009, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ASAHI BREWERIES, LTD. and consolidated subsidiaries as of December 31, 2009, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
March 26, 2010