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, effective January 1, 2009, the accounts of consolidated overseas subsidiaries 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, 2010, which was ¥81.49 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") (35 domestic and 16 overseas subsidiaries for 2010, 39 domestic and 16 overseas subsidiaries for 2009 and 39 domestic and 11 overseas subsidiaries for 2008). 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 is 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.

In addition, as a result, operating income decreased by ¥1,377 million, and income before income taxes and minority interests decreased by ¥1,416 million for the year ended December 31, 2009. The effects on segment information are disclosed in Note 19.

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 or 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 the "Accounting Standard for Measurement of inventories" (ASBJ statement No. 9, issued on July 5, 2006) and stated respectively them 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 ¥1,559 million, and income before income taxes and minority interests decreased by ¥89 million for the year ended December 31, 2009.

The effects on segment information are disclosed in Note 19.

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

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.

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 ¥5,884 million for the year ended December 31, 2009. The effects of this change in useful lives on segment information are disclosed in Note 19.

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 leases 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.

Effective from the year ended December 31, 2010, the Company and consolidated domestic subsidiaries adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 9, issued on July 31, 2008). The new accounting standard requires domestic companies to use the rate of return on long-term government or gilt-edged bonds as of the end of the fiscal year for calculating the projected benefit obligation of a defined-benefit plan. Previously, domestic companies were allowed to use a discount rate determined by taking into consideration fluctuations in the yield of long-term government or gilt-edged bonds over a certain period. This change had no impact on the consolidated financial statements for the year ended December 31, 2010.

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' meeting 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.

ACCOUNTING STANDARD FOR BUSINESS COMBINATIONS

Effective from the year ended December 31, 2010, the Company adopted "Accounting Standard for Business Combinations" (ASBJ Statement No. 21), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22), "Partial amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7), "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10) issued or revised on December 26, 2008, respectively.

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, 2010, 2009 and 2008 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	**2010**
Cash and time deposits	**¥11,534**	¥19,584	¥12,772	**$141,539**
Less: Time deposits with maturities exceeding three months	**(721)**	(1,502)	(376)	**(8,848)**
Securities	**—**	—	302	**—**
Cash and cash equivalents	**¥10,813**	¥18,082	¥12,698	**$132,691**

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, were 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, 2010, 2009 and 2008 consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	**2010**
Finished goods	**¥23,085**	¥20,493	¥19,491	**$ 283,286**
Work in process	**34,712**	36,406	38,200	**425,967**
Raw materials	**24,941**	26,897	23,957	**306,062**
Supplies	**6,239**	6,046	6,818	**76,562**
Merchandise	**6,382**	7,600	8,574	**78,316**
Total	**¥95,359**	¥97,442	¥97,040	**$1,170,193**

5. Financial Instruments

(1) QUANTITATIVE INFORMATION ON FINANCIAL INSTRUMENTS

(a) Policies for using financial instruments

The Companies raise funds by fund procurement using commercial paper, bond issuances, borrowing from financial institutions and other methods, aiming to balance direct and indirect financing with long-term and short-term financing needs while considering procurement cost and risk diversification under the changing business environment.

The Companies adopt Cash Management System (CMS) utilized between the Company and its consolidated domestic subsidiaries for effective use of resources, aiming to cut down interest-bearing liabilities incurred in the Companies. As a consequence, surplus funds are allocated only to the financial instruments with low risk.

Derivative transactions are undertaken only for the purpose of hedging risks outlined below, as a matter of policy, are not undertaken for speculative purpose.

(b) Details of financial instruments and the related risks

Notes and accounts receivable and long-term loans receivable are exposed to credit risks of the customers. Foreign currency-dominated notes and accounts receivable are also exposed to foreign exchange risk.

Investment securities are shares issued by business partners and held-to-maturity debt securities, and are exposed to market price fluctuation risk. A part of them is foreign currency-dominated investment securities and also exposed to foreign exchange risk.

Notes and accounts payable are mainly settled within one year. Foreign currency-dominated notes and accounts payable are exposed to foreign exchange risk.

Commercial paper, bank loans and bonds issued by the Company are exposed to the liquidity risk that the Company would not be able to make a reimbursement of such debts due to deterioration of financial market. A certain amount of borrowing are undertaken by using floating interest rates and is exposed to interest rates fluctuation risk, however, this risk is hedged through the adoption of interest rate swap. Foreign currency-dominated long-term debts are also exposed to foreign exchange risk.

Derivative transactions entered into by the Companies are forward currency exchange contracts to hedge foreign exchange risk involving foreign currency-dominated payables and receivables; interest rate swap contracts to hedge interest rates fluctuation risk involving borrowing; and commodity swap contracts to hedge price fluctuation risk involving procurement of raw materials in the Company's consolidated overseas subsidiaries.

Refer to Note 8 "Derivative Financial Instruments" for information about the hedging instruments and hedged items, hedging policy and method of evaluating hedging effectiveness concerning the hedge accounting methods adopted by the Companies.

(c) Policies and processes for risk management

(i) Management of credit risk (risk associated with nonfulfillment of contracts by counterparties)

With respect to notes and accounts receivable and long-term loans receivables, in order to control customer's credit risk, each business and sales management division within the Company conducts periodic monitoring of key transaction partners to assess the risk under the internal credit policy. In addition, the Finance Department of the Company regularly monitors status of occurrence and collections of bad debts, and tackles them in collaboration with each Sales Department. Almost he same system of risk management is used at consolidated subsidiaries. Through these processes, the Companies are managing to mitigate the credit risk.

In terms of derivative transactions, the Company deals with selected financial institutions with high credit rating in order to reduce the credit risk.

(ii) Management of market risk (risk associated with fluctuation in foreign currency exchange rate, interest rate, etc,)

For the purpose of managing to mitigate fluctuation risk in foreign currency exchange regarding foreign currency-dominated future cash flows by each currency, the Company establishes foreign currency exchange hedging policy based on the environment and forecast of foreign exchange market and the policy is approved by the finance officer. The Company also conducts interest rate swap contracts to avert interest rates fluctuation risk involving borrowing.

Investment securities are periodically assessed with respect to market value and the financial status of the issuing entities (business partners), and the merits and demerits of holding such securities are continually reviewed, taking into consideration the Company's relationship with respective business partners.

Derivative transactions are undertaken by the Finance Department, based on the system that limits on transactions and amounts. The performance of transactions is periodically reported to the Manager and Executive Officer as they are undertaken in each case. Transaction management at consolidated subsidiaries is undertaken in the same manner.

(iii) Management of liquidity risk associated with procurement (risk of inability to make payments on due date)

The Company and its consolidated domestic subsidiaries have adopted CMS and liquidity risk management at participating companies is therefore undertaken by the Company.

The Company manages the liquidity risk process where its Finance Department formulates and updates cash flow plans based on the reports from consolidated subsidiaries and operational department on a timely basis and through a policy to control liquidity in hand for effective procurement.

(2) FAIR VALUE OF FINANCIAL INSTRUMENTS

Book value, fair value and the difference of the financial assets and liabilities as of December 31, 2010 were as follows.

	Millions of yen		
	2010		
	Book value	Fair value	Difference
(1) Cash and time deposits	¥ 11,534	¥ 11,534	¥ —
(2) Notes and accounts receivable—trade	274,379		
Allowance for doubtful accounts *1	(5,329)		
Notes and accounts receivable—trade—net	269,050	269,050	—
(3) Investment securities			
(i) Investments in unconsolidated subsidiaries and affiliated companies	72,290	117,400	45,110
(ii) Held-to-maturity debt securities	502	510	8
(iii) Available-for-sale securities	65,788	65,788	—
(4) Long-term loans receivable *2	6,990		
Allowance for doubtful accounts *1	(3,023)		
Long-term loans receivable—net	3,967	3,977	10
Assets—total	¥423,131	¥468,259	¥45,128
(1) Bank loans	60,105	60,105	—
(2) Commercial paper	14,000	14,000	—
(3) Notes and accounts payable	155,510	155,510	—
(4) Deposits received	19,609	19,609	—
(5) Long-term debt *3	237,319	240,991	3,672
Liabilities—total	¥486,543	¥490,215	¥ 3,672
Derivative transactions *4	¥ 1,043	¥ 1,043	¥ —

	Thousands of U.S. dollars		
	2010		
	Book value	Fair value	Difference
(1) Cash and time deposits	$ 141,539	$ 141,539	$ —
(2) Notes and accounts receivable—trade	3,367,027		
Allowance for doubtful accounts *1	(65,395)		
Notes and accounts receivable—trade—net	3,301,632	3,301,632	—
(3) Investment securities			
(i) Investments in unconsolidated subsidiaries and affiliated companies	887,103	1,440,668	553,565
(ii) Held-to-maturity debt securities	6,160	6,258	98
(iii) Available-for-sale securities	807,314	807,314	—
(4) Long-term loans receivable *2	85,777		
Allowance for doubtful accounts *1	(37,096)		
Long-term loans receivable—net	48,681	48,804	123
Assets—total	$5,192,429	$5,746,215	$553,786
(1) Bank loans	737,575	737,575	—
(2) Commercial paper	171,800	171,800	—
(3) Notes and accounts payable	1,908,332	1,908,332	—
(4) Deposits received	240,631	240,631	—
(5) Long-term debt *3	2,912,247	2,957,308	45,061
Liabilities—total	$5,970,585	$6,015,646	$ 45,061
Derivative transactions *4	$ 12,799	$ 12,799	$ —

*1 Notes and accounts receivable-trade and Long-term loans receivable are presented on a net individual allowance for doubtful accounts.
*2 Current portion of long-term loans receivable is included in "Long-term loans receivable".
*3 Current portion of long-term debt is included in "Long-term debt".
*4 Net receivables and payables incurred in through derivative transactions are presented on a net basis.

(a) Valuation methodology of fair value of financial instruments, and information on marketable securities and derivatives

Assets

(1) Cash and time deposits and (2) Notes and accounts receivable—trade

Cash and time deposits and Notes and accounts receivable—trade are presented at the book value because they are settled in short-term and their fair value approximates the book value.

(3) Investment securities

Fair value of listed stocks is based on the quoted market price, and fair value of debt securities is based on quoted price the correspondent financial institutions estimated.

(4) Long-term loans receivable

The fair value of long-term loans receivable is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new loans were entered into.

Liabilities

(1) Bank loans, (2) Commercial paper, (3) Notes and accounts payable and (4) Deposits received

Bank loans, Commercial paper, Notes and accounts payable and Deposits received are presented at the book value because they are settled in short-term and their fair value approximates the book value.

(5) Long-term debt

The fair value of long-term debt is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new loans were entered into.

Certain long-term debts with floating rates are tied to interest rate swap transactions and subject to special treatment.

Derivative transactions

Market value offered by correspondent financial institutions is used as fair value. However, as a specially treated interest rate swap is accounted for as an integral part of Long-term loans payable that is subject to be hedged, or the subject of hedging, the fair value of the swap is included in the fair value of Long-term debt.

(b) The book value of financial instruments whose fair value estimation was extremely difficult was as follows.

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Investments in unconsolidated subsidiaries and affiliated companies		
The stocks of unlisted companies	¥89,100	$1,093,386
Available-for-sale securities		
The stocks of unlisted companies	9,314	114,296
Others	516	6,332
Total	¥98,930	$1,214,014

The stocks of unlisted companies and others are not included in investments in unconsolidated subsidiaries, affiliated companies and available-for sale securities in the table above because their market price is not available and their future cash flow cannot be estimated, and, accordingly, it is extremely difficult to estimate their fair value.

(c) Expected repayment of monetary assets and securities with maturity after the fiscal year end were as follows.

Type	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
	Millions of yen				
	2010				
Cash and deposits	¥ 11,534	¥ —	¥—	¥—	¥ 11,534
Notes and accounts receivable—trade	274,379	—	—	—	274,379
Available-for-sale securities:					
Corporate bonds	80	—	—	—	80
Others	—	55	—	—	55
Held-to-maturity debt securities:					
Foreign securities	—	2	—	—	2
Corporate bonds	—	500	—	—	500
Total	¥285,993	¥557	¥—	¥—	¥286,550

Type	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
	Thousands of U.S. dollars				
	2010				
Cash and deposits	$ 141,539	$ —	$—	$—	$ 141,539
Notes and accounts receivable—trade	3,367,026	—	—	—	3,367,026
Available-for-sale securities:					
Corporate bonds	982	—	—	—	982
Others	—	675	—	—	675
Held-to-maturity debt securities:					
Foreign securities	—	24	—	—	24
Corporate bonds	—	6,136	—	—	6,136
Total	$3,509,547	$6,835	$—	$—	$3,516,382

(d) See Note 9 "Bank Loans, Commercial Paper and Long-term Debt" as for the aggregate annual maturities of long-term debt at December 31, 2010.

6. 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, 2010, 2009 and 2008:

Type	Book value	Fair value	Difference
	Millions of yen		
	2010		
Securities with fair values exceeding book values:			
Foreign bonds	¥ 2	¥ 2	¥0
Corporate bonds	500	508	8
	502	510	8
Securities with fair values not exceeding book values:			
	—	—	—
Total	¥502	¥510	¥8

Type	Book value	Fair value	Difference
	Millions of yen		
	2009		
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	Book value	Fair value	Difference
	Millions of yen		
	2008		
Securities with fair values exceeding book values:			
	¥—	¥—	¥—
Securities with fair values not exceeding book values:			
	—	—	—
Total	¥—	¥—	¥—

Type	Thousands of U.S. dollars		
	2010		
	Book value	Fair value	Difference
Securities with fair values exceeding book values:			
Foreign bonds	$ 24	$ 24	$ 0
Corporate bonds	6,136	6,234	98
	6,160	6,258	98
Securities with fair values not exceeding book values:			
	—	—	—
Total	$6,160	$6,258	$98

B. The following tables summarize acquisition costs and book values of available-for-sale securities with available fair value as of December 31, 2010, 2009 and 2008:

Type	Millions of yen		
	2010		
	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs:			
Equity securities	¥18,041	¥27,907	¥ 9,866
Others	48	55	7
	18,089	27,962	9,873
Securities with book values not exceeding acquisition costs:			
Equity securities	45,882	37,761	(8,121)
Others	82	65	(17)
	45,964	37,826	(8,138)
Total	¥64,053	¥65,788	¥ 1,735

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	Thousands of U.S. dollars		
	2010		
	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs:			
Equity securities	$221,389	$342,459	$121,070
Others	589	675	86
	221,978	343,134	121,156
Securities with book values not exceeding acquisition costs:			
Equity securities	563,038	463,382	(99,656)
Others	1,007	798	(209)
	564,045	464,180	(99,865)
Total	$786,023	$807,314	$ 21,291

C. Total sales of available-for-sale securities in the years ended December 31, 2010, 2009 and 2008 amounted to ¥3,256 million ($39,956 thousand), ¥11,608 million and ¥1,175 million, and the related gains amounted to ¥1,739 million ($21,340 thousand), ¥388 million and ¥70 million, and the related losses amounted to ¥1,069 million ($13,118 thousand), ¥119 million and ¥3 million, respectively.

D. The following tables summarize book values of securities with no available fair values as of December 31, 2010, 2009 and 2008:

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	2010
(a) Held-to-maturity debt securities				
Type				
Non-listed foreign debt securities	¥ —	¥ —	¥ 300	$ —
(b) Available-for-sale securities				
Type				
Non-listed equity securities	9,314	10,921	8,457	114,296
Preference shares	—	5,000	10,000	—
Others	516	584	1,482	6,332
(c) Investments in unconsolidated subsidiaries and affiliated companies	¥159,566	¥122,375	¥54,495	$1,958,105

E. Available-for-sale securities with maturities and held-to-maturity debt securities as of December 31, 2010, 2009 and 2008 were as follows:

	Millions of yen				
	2010				
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	¥—	¥ 2	¥—	¥—	¥ 2
Corporate bonds	80	500	—	—	580
Others	—	55	—	—	55
Held-to-maturity debt securities:					
	—	—	—	—	—
Total	¥80	¥557	¥—	¥—	¥637

	Millions of yen				
	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	¥—	¥ 2	¥—	¥—	¥ 2
Corporate bonds	—	580	—	—	580
Others	—	—	53	—	53
Held-to-maturity debt securities:					
	—	—	—	—	—
Total	¥—	¥582	¥53	¥—	¥635

	Millions of yen				
	2008				
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	¥97	¥ 80	¥500	¥—	¥ 677
Others	—	—	50	—	50
Held-to-maturity debt securities:					
Foreign securities	—	300	—	—	300
Total	¥97	¥380	¥550	¥—	¥1,027

	Thousands of U.S. dollars				
	2010				
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	$ —	$ 24	$—	$—	$ 24
Corporate bonds	982	6,136	—	—	7,118
Others	—	675	—	—	675
Held-to-maturity debt securities:					
	—	—	—	—	—
Total	$982	$6,835	$—	$—	$7,817

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 subsidiary.

7. 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 ¥9,399 million ($115,339 thousand), ¥9,342 million and ¥9,075 million for the years ended December 31, 2010, 2009, and 2008 respectively.

8. 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 transactions to which hedge accounting is not applied is as follows:

	Millions of yen			
	2010			
Classification / Type	Notional amount of contract	Notional amount due over one year	Fair market value	Difference
Forward currency exchange contracts				
Long (buy) (U.S. dollar)	**¥8,894**	**—**	**¥7,995**	**¥(899)**
Long (buy) (Euro)	**69**	**—**	**61**	**(8)**
Total	**¥8,963**	**—**	**¥8,056**	**¥(907)**
Commodity swap contracts				
Payable fixed price/Receivable floating price	**¥2,349**	**—**	**¥3,136**	**¥ 787**
Total	**¥2,349**	**—**	**¥3,136**	**¥ 787**

	Millions of yen			
	2009			
Classification / Type	Notional amount of contract	Notional amount due over one year	Fair market value	Difference
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	Difference
Forward currency exchange contracts				
Short (sell) (U.S. dollar)	¥3,216	—	¥3,011	¥205
Total	¥3,216	—	¥3,011	¥205

Classification / Type	Notional amount of contract	Notional amount due over one year	Fair market value	Difference
	Thousands of U.S. dollars			
	2010			
Forward currency exchange contracts				
Long (buy) (U.S. dollar)	$109,142	—	$98,110	$(11,032)
Long (buy) (Euro)	847	—	749	(98)
Total	$109,989	—	$98,859	$(11,130)
Commodity swap contracts				
Payable fixed price/Receivable floating price	$28,826	—	$38,483	$9,657
Total	$28,826	—	$38,483	$9,657

Fair market value information of the derivative transactions to which hedge accounting is applied is as follows:

Classification / Type	Hedged item	Notional amount of contract	Notional amount due over one year	Fair market value
		Millions of yen		
		2010		
Forward currency exchange contracts				
Long (buy) (AU dollar)	Foreign currency transaction	¥25,212	—	¥26,375
Total		¥25,212	—	¥26,375
Interest rate swap contracts				
Payable fixed price/ Receivable floating price	Long-term bank loans	¥52,000	¥52,000	*1
Total		¥52,000	¥52,000	

Classification / Type	Hedged item	Notional amount of contract	Notional amount due over one year	Fair market value
		Thousands of U.S. dollars		
		2010		
Forward currency exchange contracts				
Long (buy) (AU dollar)	Foreign currency transaction	$309,388	—	$323,659
Total		$309,388	—	$323,659
Interest rate swap contracts				
Payable fixed price/ Receivable floating price	Long-term bank loans	$638,115	$638,115	*1
Total		$638,115	$638,115	

*1 The above specially treated interest rate swap is accounted for as an integral part of Long-term loans payable, or the subject of hedging, so that the fair value of the swap is presented by being included in the fair value of Long-term debt.

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

Bank loans at December 31, 2010, 2009 and 2008 were represented by short-term notes or overdrafts, bearing interest at average rates of 1.57% per annum for 2010, 1.11% per annum for 2009 and 1.93% per annum for 2008.

The Company has entered into a yen domestic commercial paper program with a current maximum facility amount of ¥200,000 million ($2,375,579 thousand). There were an outstanding balances of ¥14,000 million ($171,800 thousand), ¥30,000 million and ¥7,000 million at December 31, 2010, 2009 and 2008, respectively.

Long-term debt at December 31, 2010, 2009 and 2008 consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	2010
Domestic debentures:				
0.84% debentures due in 2009	¥ —	¥ —	¥ 20,000	$ —
1.34% debentures due in 2010	—	15,000	15,000	—
1.55% debentures due in 2011	15,000	15,000	15,000	184,072
1.72% debentures due in 2012	10,000	10,000	10,000	122,714
0.63% debentures due in 2012	15,000	15,000	—	184,072
1.88% debentures due in 2014	10,000	10,000	10,000	122,714
0.92% debentures due in 2014	10,000	10,000	—	122,714
0.63% debentures due in 2015	20,000	—	—	245,429
Zero coupon convertible bonds due in 2023	35,145	35,156	35,168	431,280
Zero coupon convertible bonds due in 2028	35,000	35,000	35,000	429,501

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	2010
Long-term loans, principally from banks, insurance companies and agricultural cooperatives:				
Secured loans due through 2013 at interest rates of mainly 1.15% to 6.32%	¥ 4,099	¥ 4,769	¥ 9,507	$ 50,301
Unsecured loans due through 2017 at interest rates of mainly 1.00% to 2.45%	83,075	96,133	68,756	1,019,450
	237,319	246,058	218,431	2,912,247
Amount due within one year	(24,155)	(40,402)	(38,728)	(296,417)
	¥213,164	¥205,656	¥179,703	$2,615,830

Assets, at book value, pledged as collateral for loans totaling ¥4,099 million ($50,301 thousand), ¥4,769 million and ¥9,907 million respectively, at December 31, 2010, 2009 and 2008 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	2010
Land	¥16,057	¥16,733	¥29,888	$197,042
Buildings and structures	6,129	6,563	8,171	75,212
Machinery and equipment	406	535	1,291	4,982
	¥22,592	¥23,831	¥39,350	$277,236

The aggregate annual maturities of long-term debt at December 31, 2010 were as follows:

Years ending December 31,	Millions of yen	Thousands of U.S. dollars
2011	¥ 24,155	$ 296,417
2012	71,328	875,297
2013	15,491	190,097
2014	20,000	245,429
2015	26,000	319,058
2016 and thereafter	80,345	985,949
	¥237,319	$2,912,247

10. Employees' Severance and Retirement Benefits

Employees' severance and retirement benefits included in the liability section of the consolidated balance sheets as of December 31, 2010, 2009 and 2008 consist of the following:

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	2010
Projected benefit obligation	¥ 92,933	¥ 89,691	¥ 87,251	$1,140,412
Less fair value of pension assets	(44,545)	(42,749)	(36,687)	(546,632)
Less fair value of employees' retirement benefit trust	(22,310)	(18,709)	(14,904)	(273,776)
Unrecognized actuarial differences	(15,695)	(15,133)	(18,857)	(192,600)
Unrecognized prior service cost	1,730	2,196	2,640	21,230
Prepaid pension cost	12,626	8,956	4,073	154,939
Employees' severance and retirement benefits	¥ 24,739	¥ 24,252	¥ 23,516	$ 303,583

The discount rates used by the Companies are mainly 2.0% for the years ended December 31, 2010, 2009 and 2008, respectively.

The pension assets of the funded contributory pension plan are 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, 2010, 2009 and 2008 are severance and retirement benefit expenses which comprised of the following:

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	2010
Service costs—benefits earned during the year	¥ 4,691	¥4,485	¥ 4,842	$ 57,565
Interest cost on projected benefit obligation	1,828	1,796	1,696	22,432
Expected return on plan assets	(1,342)	(255)	(2,386)	(16,468)
Amortization of actuarial differences	2,090	2,228	538	25,648
Amortization of prior service cost	(390)	(443)	(452)	(4,786)
Others	493	477	717	6,050
Severance and retirement benefit expenses	¥ 7,370	¥8,288	¥ 4,955	$ 90,441

The rates of expected return on plan assets used by the Companies are mainly 3.0% per annum for 2010, 0.0% per annum for 2009 and 4.0% per annum for 2008. 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.

11. 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, 2010, 2009 and 2008.

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

	2010	2009	2008
Statutory tax rate	40.4%	40.4%	40.4%
Non-deductible expenses	1.9%	1.9%	2.0%
Non-taxable dividend income	(1.9%)	(0.3%)	(0.3%)
Per capita inhabitants' taxes	0.4%	0.4%	0.4%
Valuation allowance	0.2%	5.8%	4.8%
Amortization of goodwill	7.9%	2.4%	1.9%
Equity in net income of unconsolidated subsidiaries and affiliated companies	(4.3%)	(3.9%)	(4.4%)
Undistributed earnings of affiliated companies	—	(2.1%)	1.0%
Temporary differences on investment in affiliated companies	(2.4%)	—	—
Others	2.1%	2.5%	3.8%
Effective tax rate	44.3%	47.1%	49.6%

Significant components of deferred income tax assets and liabilities as of December 31, 2010, 2009 and 2008 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	2010
Deferred income tax assets:				
Allowance for doubtful accounts	¥ 2,943	¥ 2,781	¥ 4,054	$ 36,115
Employees' severance and retirement benefits	14,956	15,939	15,582	183,532
Accrued enterprise taxes	2,267	1,719	1,799	27,819
Loss on factory restructurings	7,716	—	—	94,687
Depreciation	204	258	357	2,503
Loss on impairment of fixed assets	3,825	3,503	1,507	46,938
Loss on devaluation of investment securities	2,810	3,182	5,669	34,483
Loss on securities contributed to employees' retirement benefit trust	1,483	2,037	1,470	18,199
Net operating loss carryforwards	10,993	11,930	10,066	134,900
Unrealized gain on sale of non-current assets eliminated on consolidation	7,206	7,215	7,162	88,428
Accrued expenses	1,791	1,532	1,657	21,978
Temporary differences on investment in affiliated companies	3,770	—	—	46,263
Others	10,690	11,019	7,185	131,182
	70,654	61,115	56,508	867,027
Valuation allowance	(21,087)	(22,496)	(18,280)	(258,768)
Total deferred income tax assets	49,567	38,619	38,228	608,259
Deferred income tax liabilities:				
Reserve deductible for Japanese tax purposes	(1,042)	(1,159)	(1,085)	(12,787)
Unrealized gains on available-for-sale securities	(700)	(2,184)	(1,319)	(8,590)
Land revaluation gain	(5,750)	(5,750)	(5,750)	(70,561)
Undistributed earnings of affiliated companies	(—)	(—)	(1,831)	(—)
Prepaid pension cost	(858)	(1,493)	(1,631)	(10,529)
Others	(976)	(697)	(1,321)	(11,977)
Total deferred income tax liabilities	(9,326)	(11,283)	(12,937)	(114,444)
Net deferred income tax assets	¥ 40,241	¥ 27,336	¥ 25,291	$ 493,815

The net deferred income tax assets as of December 31, 2010 is consisted of deferred income tax assets included in current assets and fixed assets amounting to ¥14,623 million ($179,445 thousand) and ¥30,450 million ($373,666 thousand), respectively, and deferred income tax liabilities included in current liabilities and long-term liabilities amounting to ¥0 million ($0 thousand) and ¥4,831 million ($59,284 thousand), respectively.

The net deferred tax assets as of December 31, 2009 is consisted of deferred income tax assets included in current assets and fixed assets amounting to ¥11,176 million and ¥21,021 million, respectively, and deferred income tax liabilities included in current liabilities and long-term liabilities amounting to ¥0 million and ¥4,861 million, respectively.

The net deferred tax assets as of December 31, 2008 is 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.

12. Net Assets

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 Japanese Commercial Code ("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.

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.

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 Code.

At the annual shareholders' meeting held on March 25, 2011, the shareholders resolved cash dividends amounting to ¥5,817 million ($71,383 thousand). Such appropriations have not been accrued in the consolidated financial statements as of December 31, 2010, and are recognized in the period in which they were resolved.

13. 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 ¥650 million ($7,976 thousand), and notes receivable discounted, in the amount of ¥87 million ($1,068 thousand) as of December 31, 2010.

14. Impairment of Fixed Assets

The Company and its consolidated domestic 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, 2010 consisted of the following:

Use	Location	Type of assets
Asset for rent	Takatsuki (Osaka) and 1 other	Buildings and structures, Land
Others	—	Goodwill

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. A part of the goodwill reported in soft drink business and food business was devaluated to their 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 ¥13,573 million ($166,560 thousand), which consisted of buildings and structures of ¥366 million ($4,491 thousand), Land of ¥1,229 million ($15,082 thousand) and goodwill of ¥11,978 million ($146,987 thousand).

The Company used 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 an interest rates of 4.3% to 7.3%.

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	Yufutsu-gun (Hokkaido)	Buildings and structures, Land
Others	—	Goodwill

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 beverage and their soft drink business was devaluated to their 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, which consisted of buildings and structures of ¥1,632 million, Machinery, equipment and vehicles of ¥1,943 million, Tools, furniture and fixtures of ¥12 million, Land of ¥2,341 million and goodwill of ¥2,390 million.

The Company used 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 an 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

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 shutdown of the business office were devalued to their recoverable amounts, due to substantial decline in the fair market value. The goodwill of soft drink business was devaluated to their 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, which consisted of buildings and structures of ¥315 million and goodwill of ¥1,882 million.

The Company used 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 an interest rates of 4.3% to 7.3%.

15. Prior Year Sales Promotion Expenses

Prior to fiscal year 2008, the Company had accrued sales promotion expenses based on 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 the Company 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 estimate at the end of month form 2008.

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

16. 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, 2010, 2009 and 2008 was as follows:

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	2010
Machinery, furniture and fixtures and others				
Acquisition cost	¥44,758	¥52,804	¥67,714	$549,245
Accumulated depreciation	30,324	29,785	33,881	372,119
Net book value	14,435	23,019	33,833	177,138

Future lease payments as of December 31, 2010, 2009 and 2008, net of interest, under such leases were summarized as follows:

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	2010
Due within one year	¥ 8,401	¥10,371	¥12,564	$103,092
Due after one year	6,844	13,694	22,751	83,986
	¥15,245	¥24,065	¥35,315	$187,078

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, 2010, 2009 and 2008 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	2010
Lease payments	¥11,343	¥13,966	¥16,005	$139,195
Depreciation equivalents	10,479	12,935	14,281	128,592
Amounts representing interest	660	985	1,531	8,099

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.

17. Shareholders' Equity

Changes in number of shares issued and treasury stocks outstanding during the year ended December 31, 2010, 2009 and 2008 are as follows:

Common stock issued

	2010	2009	2008
Balance at beginning of year	**483,585,862**	483,585,862	483,585,862
Decrease due to retirement of treasury stocks	**—**	—	—
Balance at end of year	**483,585,862**	483,585,862	483,585,862

Treasury stock outstanding

	2010	2009	2008
Balance at beginning of year	**18,576,966**	18,762,163	11,124,073
Increase due to purchase of odd stock	**13,827**	22,664	186,391
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	**(300,900)**	(205,200)	(291,900)
Decrease due to stock exchanges	**(69,271)**	—	—
Decrease for other reasons	**(566)**	(2,661)	(16,301)
Balance at end of year	**18,200,056**	18,576,966	18,762,163

18. Stock Option Plans

The following tables summarize contents of stock options as of December 31, 2010, 2009 and 2008.

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 for the year ended December 31, 2010.

Not 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, 2010	—	—	—	—	—	—	—
Stock options granted	—	—	—	—	—	—	—
Forfeitures	—	—	—	—	—	—	—
Conversion to exercisable stock options	—	—	—	—	—	—	—
Stock options outstanding at December 31, 2010	—	—	—	—	—	—	—

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, 2010	18,000	196,600	330,000	133,000	517,900	587,500	620,000
Conversion from not exercisable stock options	—	—	—	—	—	—	—
Stock options exercised	14,000	121,900	78,600	45,000	33,400	7,000	1,000
Forfeitures	4,000	—	—	—	—	—	—
Stock options outstanding at December 31, 2010	—	74,700	251,400	88,000	484,500	580,500	619,000

The following tables summarize price information of stock options as of December 31, 2010.

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	1,748	1,708	1,694	1,709	1,724	1,740	1,740

The following tables summarize volume and movement of stock options for the year ended December 31, 2009.

Not 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 not 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 for the year ended December 31, 2008.

Not 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 not 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, Limited						
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	—

19. 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.

(a) Business segment information for the years ended December 31, 2010, 2009 and 2008 was as follows:

	Millions of yen					
Year ended December 31, 2010	Alcoholic beverages	Soft drinks	Food	Others	Elimination and/or corporate	Consolidated
Sales:						
Outside customers	¥935,850	¥391,566	¥95,440	¥ 66,605	¥ —	¥1,489,461
Intersegment	17,285	2,377	1,787	53,552	(75,001)	—
Total sales	953,135	393,943	97,227	120,157	(75,001)	1,489,461
Operating expenses	868,568	389,021	93,594	118,652	(75,723)	1,394,112
Operating income	¥ 84,567	¥ 4,922	¥ 3,633	¥ 1,505	¥ 722	¥ 95,349
Identifiable assets	¥680,117	¥335,325	¥83,120	¥ 73,092	¥233,704	¥1,405,358
Depreciation	38,636	16,461	2,582	2,029	2	59,710
Loss on impairment of fixed assets	—	931	11,046	1,596	—	13,573
Capital investments	10,537	18,625	6,503	1,073	0	36,738

	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

Year ended December 31, 2008	Alcoholic beverages	Soft drinks	Food and pharmaceuticals	Others	Elimination and/or corporate	Consolidated
	Millions of yen					
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

Year ended December 31, 2010	Alcoholic beverages	Soft drinks	Food	Others	Elimination and/or corporate	Consolidated
	Thousands of U.S. dollars					
Sales:						
Outside customers	$11,484,231	$4,805,080	$1,171,187	$ 817,340	$ —	$18,277,838
Intersegment	212,112	29,169	21,929	657,161	(920,371)	—
Total sales	11,696,343	4,834,249	1,193,116	1,474,501	(920,371)	18,277,838
Operating expenses	10,658,584	4,773,849	1,148,534	1,456,031	(929,230)	17,107,768
Operating income	$ 1,037,759	$ 60,400	$ 44,582	$ 18,470	$ 8,859	$ 1,170,070
Identifiable assets	$ 8,346,018	$4,114,922	$1,020,003	$ 896,944	$2,867,885	$17,245,772
Depreciation	474,119	202,000	31,685	24,899	25	732,728
Loss on impairment of fixed assets	—	11,425	135,550	19,585	—	166,560
Capital investments	129,304	228,556	79,801	13,167	0	450,828

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 soft drinks decreased by ¥1,377 million, 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 pharmaceutical business and others decreased by ¥656 million, ¥730 million, ¥170 million and ¥3 million, 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 regulation, 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, operating income of alcoholic beverages and soft drinks business decreased by ¥5,961 million and ¥24 million, respectively, and operating income of food and pharmaceutical business and others increased by ¥100 million and ¥1 million, respectively for the year ended December 31, 2009.

From the year ended December 31, 2010, “Food and pharmaceutical” segment have been shifted to “Food” segment. This change in business categories had no impact on segment information.

(b) Geographical segment information for the year ended December 31, 2010 was as follows:

Year ended December 31, 2010	Japan	Others	Elimination and/or corporate	Consolidated
	Millions of yen			
Sales:				
Outside customers	¥1,391,871	¥ 97,590	¥ —	¥1,489,461
Intersegment	227	9	(236)	—
Total sales	1,392,098	97,599	(236)	1,489,461
Operating expenses	1,292,754	101,595	(237)	1,394,112
Operating income	¥ 99,344	¥ (3,996)	¥ 1	¥ 95,349
Identifiable assets	¥1,029,117	¥127,135	¥249,106	¥1,405,358

Year ended December 31, 2010	Japan	Others	Elimination and/or corporate	Consolidated
	Thousands of U.S. dollars			
Sales:				
Outside customers	$17,080,267	$1,197,570	$ —	$18,277,838
Intersegment	2,786	110	(2,896)	—
Total sales	17,083,053	1,197,681	(2,896)	18,277,838
Operating expenses	15,863,959	1,246,717	(2,908)	17,107,768
Operating income	$ 1,219,094	$ (49,036)	$ 12	$ 1,170,070
Identifiable assets	$12,628,752	$1,560,130	$3,056,890	$17,245,772

Geographical distances are considered in classification by country or area. However, sales and identifiable assets in each country or area except for Japan are less than 10% of the total amount of consolidated sales and that of consolidated identifiable assets. Therefore, the country or area except for Japan is displayed as “Others.”

Major countries and areas included in “Others” are Australia and China.

Both sales outside Japan and identifiable assets except Japan are less than 10% of the Company’s consolidated sales and that of consolidated identifiable assets for 2009 and 2008. Therefore, geographical segment information is not disclosed for 2009 and 2008.

Sales to foreign customers are less than 10% of the Company’s consolidated net sales for 2010, 2009 and 2008. Therefore, the overseas sales in formation are not disclosed.

20. 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 business, the Asahi 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 those activities, the Asahi 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 Group's growth path.

As for the soft drink business, one of pillars of the Asahi Group's operation, the Asahi 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 Beverages Holding Co. Ltd, the Asahi Group has tried to expand the operating bases in the soft drink business in Asia, and advanced investments for new business as well as promising markets.

By this acquisition, the Asahi Group is to obtain an operating base not only in Asia but also in Oceania. It is the Asahi 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
Acquisition cost of shares	¥59,828
Expenditures for acquiring the common shares	1,406
Acquisition cost	¥61,234

(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
Current assets	¥13,989
Fixed assets	28,111
Total assets	¥42,100
Current liabilities	¥10,556
Long-term liabilities	1,024
Total liabilities	¥11,580

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 RESULT IF THE BUSINESS COMBINATION HAD BEEN COMPLETED AT THE BEGINNING OF THE FISCAL YEAR (JANUARY 1, 2009) (UNAUDITED)

	Millions of yen
Sales	¥13,643
Operating income	553
Income before income taxes and minority interests	670
Net income	342
Net income per share (Yen)	¥ 0.74

Note: The above estimated amounts were the amounts of difference between proforma sales and income calculated as if the business combination had been completed at the beginning of the fiscal year (January 1, 2009) and sales and income per the Company's consolidated statement of income.

Net income per share was calculated by dividing net income by average number of shares during 2009.

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 s ales 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.

21. Related Party Transactions

During the year ended December 31, 2010, the Company and its consolidated subsidiaries had operational transactions with China Food Investment Corp., a 25.9% owned affiliate of the Company.

Summary of significant transactions with China Foods Investment Corp. for the year ended December 31, 2010 was as follow:

	Millions of yen	Thousands of U.S. dollars
Sales of investment in an affiliate	¥43,498	$533,783
Allocation of new shares to shareholder	43,494	533,734

There was no related party transaction for the years ended December 31, 2009 and 2008.

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 ASBJ on October 17, 2006, require certain additional related party disclosures effective for years beginning on or after January 1, 2009.

Condensed financial information of all 40 and 33 equity method affiliates including Tingyi-Asahi Beverages Holding Co. Ltd and its 33 and 28 affiliates for the years ended December 31, 2010 and 2009, respectively, is disclosed as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Total current assets	¥173,693	¥123,933	$2,131,464
Total fixed assets	439,630	242,154	5,394,895
Total current liabilities	192,534	155,496	2,362,670
Total long-term liabilities	38,998	27,326	478,562
Total shareholders' equity	383,246	183,716	4,702,982
Net sales	602,844	265,619	7,397,767
Income before income taxes and minority interests	58,923	27,140	723,070
Net income	44,466	22,374	545,662

22. Subsequent Event

A. 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, 2010, were approved at a general meeting of the shareholders of the Company held on March 25, 2011:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥12.5 per share)	¥5,817	$71,383

B. Damaged due to the Tohoku-Pacific ocean earthquake

Subsequent to December 31, 2010 part of the Company's buildings and properties in Fukushima plant and Ibaraki plant have been damaged due to the Tohoku-Pacific ocean earthquake occurred on March 11, 2011. Additionally, parts of group companies have also suspended their operations.

It is extremely difficult to estimate the impact on any recovery costs and future operation as affected area is so wide that the way of post-disaster construction and damage repair cannot be decided within short time and situation of damage is now being under investigation.