English Translation Originally Issued in Japanese
This is a translation of the original notice in Japanese. In the event of any discrepancy, the original notice in Japanese shall prevail.

Asahi Breweries, Ltd.

(Ticker Code: 2502)

March 4, 2008

Dear Shareholders:

NOTICE OF THE 84th ANNUAL SHAREHOLDERS' MEETING

You are cordially invited to attend the Annual Shareholders' Meeting of Asahi Breweries, Ltd. (the "Company"), which will be held as described below.
Upon attending the Meeting, please submit the enclosed voting form to the place of the Meeting.

If you are unable to attend the Meeting in person, you may exercise your voting rights either via postal mail or via Internet. Please review the attached "Reference Materials for Shareholders' Meeting" on pages 74 to 85 and exercise your voting rights no later than 5:30 p.m., Tuesday, March 25, 2008 (JST).

Voting via Postal Mail

Please indicate your consent/dissent concerning the items shown on the enclosed voting form, and return the form to us by the deadline noted above.

Voting via Internet

After accessing our voting site at <http://www.webdk.net>, enter the voting code and password provided on the enclosed voting form. Following the instructions on your screen, enter your consent/dissent concerning the items to be voted on by the deadline noted above. (This site can also be accessed on the Internet via cellular phone.)
If you exercise your voting rights via the Internet, please review "Reminder to Shareholders Concerning Online Voting" on pages 86 to 87.
**** Please note that the online voting site is only available in the Japanese language.***

Sincerely,

Hitoshi Ogita, President and Representative Director
Asahi Breweries, Ltd.
(Registered Head Office)
7-1, Kyobashi 3-chome, Chuo-ku, Tokyo
(Head Office)
23-1, Azumabashi 1-chome, Sumida-ku, Tokyo

1. DATE AND TIME

March 26 (Wednesday), 2008 at 1:00 p.m. (JST)

2. PLACE

Banquet Room "Tsuru"
The Main Banquet Floor of Hotel New Otani
4-1, Kioi-cho, Chiyoda-ku, Tokyo

3. MATTERS CONSTITUTING THE PURPOSE OF THE MEETING

Items to Be Reported:

Business Report, Consolidated Statutory Report, Non-Consolidated Statutory Report and report of the audit of the consolidated accounts by the Independent Auditor and the Board of Statutory Auditors for the 84^{th} term, from January 1, 2007 to December 31, 2007.

Items to Be Resolved:

Item 1: Appropriation of retained earnings for the 84^{th} term
Item 2: Amendments of the Articles of Incorporation
Item 3: Election of eleven (11) Directors
Item 4: Election of one (1) Statutory Auditor

BUSINESS REPORT

From January 1 to December 31, 2007

1. Overview of Operations of Asahi Breweries Group

(1) Business Progress and Results

The Japanese economy continued its gradual recovery during 2007. Although factors such as the high prices of oil and other raw materials and concerns about an economic slowdown in the United States stemming from the subprime mortgage crisis resulted in weakness in some sectors, capital investment rose backed by improved corporate earnings, and growth in overall consumer spending remained robust.

In the alcoholic beverages industry, while the new genre market for non-malt beer-flavored beverages maintained an expansionary trend as a result of brisk activities in terms of new product introductions in the market for beers and beer-type beverages, diversification of consumer preferences and the ongoing decline in the population were the defining consumer trends. These environmental changes resulted in a year-on-year slight decline in the size of the market for beers and beer-type beverages. A general trend turning from flat to declining with respect to sales volumes was also observed in each of the categories other than beers and beer-type beverages. The low-alcohol beverage segments, for example, stopped their continued growth.

In the soft drinks industry, aggressive efforts by every player to launch new products and promote sales stimulated vigorous market activities. Demand was also spurred by a record-mild winter followed by extremely hot conditions during the peak summer consumption season. The overall industry sales volume grew by an estimated 3% compared with the previous year.

Against this backdrop, the Company and its consolidated subsidiaries and affiliates (collectively, the “Asahi Breweries Group,” or the “Group”) focused on raising corporate brand value through efforts to establish a “new growth path” for the Group, based on its “Third Medium-Term Management Plan” covering the three-year period to the end of fiscal 2009.

These efforts and circumstances resulted in an increase in the Asahi Breweries Group’s net sales of 1.2% year-on-year to ¥1,464,071 million. Operating income declined by 2.0% to ¥86,955 million, recurring income increased by 0.1% to ¥90,217 million, and net income increased by 0.0% to ¥44,797 million.

	Asahi Breweries Group (Consolidated)	Asahi Breweries, Ltd. (Non-consolidated)
Net sales	¥1,464,071 million (up 1.2% year-on-year)	¥1,030,736 million (down 0.0% year-on-year)
Operating income	¥86,955 million (down 2.0% year-on-year)	¥79,933 million (up 1.7% year-on-year)
Recurring income	¥90,217 million (up 0.1% year-on-year)	¥77,372 million (up 1.4% year-on-year)
Net income	¥44,797 million (up 0.0% year-on-year)	¥40,513 million (up 4.1% year-on-year)

The following provides an overview of the Group's operations by business segment.

Alcoholic Beverages Segment

In the domestic alcoholic beverages business, the Company implemented initiatives to focus closely on customer needs within each market segment, based on a "back-to-basics" philosophy of pursuing customer satisfaction through the product offering. The Company implemented energetic product development efforts aimed at proposing new value offerings.

- ***Beers and Beer-type Products Business***

In the beer sector, the Company took the opportunity presented by the 20th anniversary of the launch of its "Asahi Super Dry" flagship brand in March 2007 to focus on raising its brand value further while aggressively promoting sales. Led by steady sales of canned beers from the peak summer season onwards, total annual sales for the brand exceeded 100 million cases*[1] for the 19th consecutive year.

In the *happoshu* (low-malt beer) sector, while working to build the "Honnama" brand, the Company made further progress in developing a product lineup that caters to the varied segments of the *happoshu* market with the launch of "Asahi Style Free," a product intended to establish a new "zero-sugar"*[2] market segment. This new product has been favorably received by customers.

In the new genre sector, the Company updated the quality of "Asahi Gokuuma" and, in October 2007, launched "Asahi Ajiwai," a product based on ingredients derived from barley. Other efforts focused on energizing the market for beverages that use malt as an ingredient.

*[1] A case is a volume corresponding to 20 bottles of 633ml.

*[2] "Zero-sugar" is defined as a sugar content of less than 0.5g per 100ml, based on the Japanese labeling standards for nutritional content.

- Shochu, Low-Alcohol Beverages, Whisky and Other Spirits, and Wine Business

In the *shochu* sector, the Company channeled management resources into the major brands such as “Kanoka”, “Satsuma Tsukasa” and “Daigoro”. It directed particular efforts to boosting the “Kanoka” brand with the national launch of two new brand members, “Honkaku-Mugi-Shochu Kanoka” and “Honkaku-Imo-Shochu Kanoka”.

In the low-alcohol beverages sector, the Company sought to expand sales of attractive products, focusing its efforts primarily on the core brands “Asahi Cocktail Partner” and “Asahi Shunka Shibori”. It also strove to create innovative value and stimulate demand through the introduction of new products such as “Asahi Tomate”, the first product to emerge from the ongoing joint development program with Kagome Co., Ltd.

In the whisky and other spirits sector, the Company sought to develop the market for home consumption of single malt whisky with the launch of “Single Malt Yoichi 500ml”. It also succeeded in reinforcing its market presence with the launch of a renewed version of the core “Black Nikka Clear Blend” brand to widespread acclaim.

In the wine sector, the Company promoted sales of domestically produced wine under the “Sankaboshizai-Mutenka-Yuki Wine” (antioxidant-free organic wine) and “Sankaboshizai-Mutenka Wine Monogatari” brands, the former of which was renewed in 2007. The Company also worked on strengthening its “Sainte Neige” brand. In imported wines, the Company focused on boosting sales by means of a varied product lineup, led by the “Baron Philippe” and “Gancia” labels among other key brands.

- International Alcoholic Beverages Business

The Group’s international business expansion efforts with respect to alcoholic beverages continued to target Asian market. Anticipating future growth in China, the Group invested in upgrading the production capabilities of locally based brewers in which it owns an equity stake. It also achieved steady growth in markets of Europe, the United States, Oceania and Russia.

Net sales recorded in the alcoholic beverages business segment amounted to ¥1,012,255 million, an increase of 0.5% compared with the previous year. This reflected the sluggish nature of the overall Japanese market for beers and beer-type products but with a positive impact of a transfer of part of the Group’s wholesaling operations to outside the Group. Operating income increased 1.4% year-on-year to ¥79,284 million, reflecting successful efforts to improve operating efficiency to counter the impact of soaring raw materials prices.

Soft Drinks Segment

- Domestic Soft Drinks Business

In the domestic soft drinks business, Asahi Soft Drinks Co., Ltd. pursued a growth strategy while implementing further structural reforms and seeking to establish growth in new areas aiming at realizing dramatic growth in this sector.

Efforts focused on investing management resources for further development of the key brands at the heart of the growth strategy, namely, “WONDA,” “Mitsuya Cider” and “Asahi Juroku-Cha”. Efforts were also directed at strengthening and cultivating other existing brands, notably “Asahi Fujisan-no Vanadium Ten-Nen-Sui”. Elsewhere, aggressive product development efforts concentrated on creating new products tailored to diverse consumer preferences.

Structural reforms within this segment targeted further improvements in the earnings structure, notably through an initiative to optimize the Group’s production and logistics systems through enhanced cooperation among its members. This included a move to begin carbonated soft drink production at the Company’s Ibaraki Plant.

Initiatives to establish growth in new areas involved efforts to construct a fresh platform for growth with respect to products and sales channels*[3] by seizing growth opportunities presented by the increasing diversity of customer requirements as well as lifestyle changes. In October 2007, moreover, Asahi Soft Drinks signed a joint venture agreement with Calpis Co., Ltd. to merge its vending machine operations with those of Asahi Soft Drinks. This move served to increase the strength and efficiency of the Group’s vending machine operations, a crucial sales channel for the soft drinks industry. The joint venture Asahi Calpis Beverage Co., Ltd. was established in December 2007 by both parties.

> *[3] Sales channels mean direct and indirect retail sales routes for soft drinks, including supermarkets, discount outlets, convenience stores, vending machines, mail order and sales activities conducted by contracted distributors.

- International Soft Drinks Business

The Group’s international soft drinks business expansion efforts remained focused primarily on China and South Korea. Tingyi-Asahi-Itochu Beverages Holding Co., Ltd. in China continued to perform particularly well with increased productivity and profitability.

The soft drinks business segment achieved net sales of ¥299,663 million, an increase of 5.8% compared with the previous year. Operating income, however, declined by 40.7% year-on-year to ¥4,593 million, mainly due to the impact of soaring raw materials prices and aggressive sales promotion campaigns expenditures.

Foods and Pharmaceuticals Segment

In the foods and pharmaceuticals segment, Asahi Food & Healthcare Co., Ltd. sought to expand operations and reinforce its business base by continuing to implement a basic strategy targeting growth, structural reforms and the maintenance of high levels of product safety.

The mainstay product “Mintia” (breath mints) retained its popularity as the leading brand of this item during 2007. Other sales expansion efforts focused on the mainstay products “Balance Up” (a nutritionally balanced snack bar) and “Slim Up Slim” (a health food for use in calorie-controlled dieting). The Group also sought to develop a new core brand with the introduction in April 2007 of the dietary supplement “Dear-Natura”. Asahi Food & Healthcare notched up other successes in its efforts to launch new products and expand sales in the food product materials business including brewer’s yeast extract and freeze-dried ingredients, and in the direct marketing business. As a result of such efforts, the Group achieved a steady increase in sales in this sector.

Wakodo Co., Ltd. pursued a basic strategy of improving earnings while strengthening its business base to support further growth. Efforts during 2007 focused on expanding the business and reinforcing the base of operations. The subsidiary renewed its mainstay range of baby foods sold under the “Eiyo Marche” brand, as well as “Gyunyuya-san no Kohii” (a coffee-taste powder instant drink). Alongside such efforts to strengthen its brands, Wakodo also strove to promote structural reforms in a bid to secure its profit base by making fixed-cost expenditures including promotional spending more cost-efficient and trimming manufacturing costs.

Net sales in the foods and pharmaceuticals business segment amounted to ¥67,088 million, a gain of 24.7% compared with the previous year. Operating income rose 201.9% year-on-year to ¥1,343 million, boosted by higher sales of mainstay products and increased cost efficiencies.

Other Businesses Segment

As a result of lower sales due to mainly the transfer of part of wholesaling operations to outside the Group, net sales in this segment fell 16.5% as compared with the previous year to ¥85,064 million, while operating income declined 20.7% to ¥1,724 million.

<u>Asahi Breweries Group</u> Breakdown of Net Sales (Consolidated) (Million yen)

Segment	84th Term 2007 (Under review)	83rd Term 2006 (Previous)	Change in Amount	Change in Percentage
Alcoholic Beverages	¥1,012,255	¥1,007,557	¥4,698	0.5%
Soft Drinks	299,663	283,121	16,541	5.8
Foods and Pharmaceuticals	67,088	53,791	13,296	24.7
Other Businesses	85,064	101,914	(16,850)	(16.5)
Total	1,464,071	1,446,385	17,686	1.2

Note: The above figures exclude intra-Group sales.

<u>Asahi Breweries, Ltd.</u> Breakdown of Net Sales (Non-consolidated) (Million yen)

Business Area	84th Term 2007 (Under review)	83rd Term 2006 (Previous)	Change in Amount	Change in Percentage
Beers and Beer-Type Products	¥891,888	¥893,893	¥(2,004)	(0.2)%
(Beer)	705,462	718,169	(12,707)	(1.8)
(*Happoshu*)	124,697	108,561	16,136	14.9
(New Genre)	61,729	67,162	(5,432)	(8.1)
Shochu	54,878	57,177	(2,298)	(4.0)
Low-Alcohol Beverages	35,707	32,741	2,965	9.1
Whisky and Other Spirits	27,326	27,436	(109)	(0.4)
Wine	15,263	15,064	198	1.3
Other Alcoholic Beverages	3,234	2,896	338	11.7
Real Estate and Others	2,437	1,852	584	31.6
Total	1,030,736	1,031,060	(324)	(0.0)

Note: "Other Alcoholic Beverages" above includes beer-tasted soft drinks and soft drinks for on-site sales.

(2) Management Perspectives

Fiscal 2008 marks the second year of the Asahi Breweries Group's "Third Medium-Term Management Plan". The three major issues for the Group's business during the year are "brand cultivation and reinforcement", "reform of the earnings structure" and "investment for dramatic growth".

To achieve "brand cultivation and reinforcement," the Group plans to propose new value offerings tailored to changing consumer lifestyles. In the alcoholic beverages business, the focus will be on making further progress in developing brands and products that continue to enjoy customer support. The Group operations will increasingly emphasize development of new value offerings through reorganization of the R&D organization and greater use of the results achieved through business alliances.

In pursuing "reform of the earnings structure," the Group will review and improve its overall operations including procurement, manufacturing, logistics and marketing on a segment basis and/or on an entire Group basis rather than individual member company basis, and aim to reinforce its earnings structure less vulnerable to changes in the business environment.

To achieve "investment for dramatic growth," the Company will positively seek and review opportunities of business investment and strategic alliances for growth towards establishment of the Group's future vision while each of the individual member companies of the Group shall be responsible to pursue its own growth.

The Domestic Alcoholic Beverages Business

In the alcoholic beverages business, the Company plans to build its brands by strengthening its product development capabilities in a bid to counter the adverse effects of shifting consumer trends and unavoidable hike in manufacturer prices in beers and beer-type beverages arising out of sharp increases in raw materials prices. The Company also aims to reinforce its sales and marketing systems underpinning these initiatives while working to increase its profit margins.

In the beers and beer-type beverages sector, the Company will conduct sales promotion and other marketing campaigns for the "Asahi Super Dry" brand to reap the benefits of the successful work undertaken in 2007 to build the value of the brand in its 20th year on the market. At the same time, the Company plans to step up its efforts to cultivate the home consumption market for premium beers. In the *happoshu* (low-malt beer) sector, the Company plans to focus on developing the "Asahi Style Free" brand and the "Honnama" brand. In the new genre sector, advertising campaigns and sales promotion activities aimed at cultivating the brands will concentrate on expanding sales of "Asahi Ajiwai" and "Clear Asahi", a new product to be launched in March 2008. In the categories of *shochu*, low-alcohol beverages, whisky and other spirits and wine, the Company aims to achieve steady growth in sales by improving proposals that enhance the values of core brands, while at the same time progressing with earnings structure reforms aimed at achieving more stable profits.

Group Operations

In the soft drinks business, the Company is making Asahi Soft Drinks Co., Ltd., a core member company of the Group in this segment, into a wholly owned subsidiary, enabling the Group to pursue a dramatic growth in the soft drinks sector by more efficient shared utilization of management resources in individual member companies and more agile Group management. Asahi Soft Drinks will continue pursuing a growth strategy that focuses on strengthening its core brands, while at the same time implementing further structural reforms including optimization of its production and logistics systems. In addition, Asahi Soft Drinks is to integrate its vending machine operations with those of Calpis Co., Ltd. in a bid to make its vending machine business more competitive by generating synergistic benefits from the said integration.

In the foods and pharmaceuticals business, Asahi Food & Healthcare Co., Ltd., Wakodo Co., Ltd. and Sanwell Co., Ltd., the three core companies of the Group in this segment, are struggling to promote growth in the sales of core products in the specialized areas of each of these companies including confectionery, instant meals, baby foods, health foods and seasonings. The Group aims to strengthen this overall business with possible new investments in this sector in mind.

Development of international operations is based on the future Group vision of securing positions of one of the leading companies in the Asian region enjoying a rapid economic growth. The Group plans to work on strengthening the business base of its existing operations while striving to improve profitability and at the same time with possible new investments and entry into business alliances in the international arena in mind.

Through the "Third Medium-Term Management Plan," the Asahi Breweries Group will endeavor to establish a solid growth path for each business of the Group. At the same time, the Group will seek to boost its overall corporate value through the pursuit of optimal financial and cash flow strategies. The Group prioritizes investment opportunities that will help expand its business base, and will pursue and implement strategic acquisitions and alliances within the "food and healthcare" sector, both in Japan and abroad. No less important than this, the Group intends to follow a flexible cash flow strategy designed to boost shareholder returns through an optimized mixture of dividends and treasury stock purchases and to improve its capital efficiency.

The Company cordially requests shareholders' continuing encouragement and support.

(3) Capital Investment Activities

Consolidated capital expenditures in the year under review totaled ¥44,480 million, a large portion of which represented investments made to upgrade existing facilities and implement energy conservation measures. Other projects are specified below:

Major capital investments and facility upgrades in process during 2007

Segment concerned: Alcoholic beverages and soft drinks operations

Item and expenditure: Manufacturing facility for soft drinks and low-alcohol beverages: ¥11,630 million (at Ibaraki Plant, Asahi Breweries, Ltd.: total projected capital investment of ¥22,500 million, with completion scheduled for May 2009)

(4) Financing Activities

Asahi Breweries, Ltd. procured the necessary fund including that for our capital investment activities described in above (3) by loans from financial institutions and issuance of commercial paper. The Company also launched two unsecured bonds, to meet funding requirements for redemption of corporate bonds matured during the year under review, on June 22, 2007, #28 (¥15 billion, 4-year maturity) and #29 (¥10 billion, 7-year maturity).

(5) Status of Principal Lenders

(As of December 31, 2007)

Lender	Outstanding Balance
	(Million yen)
Sumitomo Mitsui Banking Corporation	20,500
Mizuho Corporate Bank, Ltd.	15,500
The Dai-ichi Mutual Life Insurance Company	10,000
The Sumitomo Trust & Banking Co., Ltd.	10,000
The Norinchukin Bank	10,000
Fukoku Mutual Life Insurance Company	8,500
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,000
Sumitomo Life Insurance Company	6,000
Development Bank of Japan	3,625
Mitsubishi UFJ Trust and Banking Corporation	3,500

(6) Financial and Profit/Loss Indicators

A. Financial and Profit/Loss Indicators of Asahi Breweries Group (Consolidated)

	81st Term 2004	82nd Term 2005	83rd Term 2006	84th Term 2007 (Under review)
Net sales (million yen)	1,444,225	1,430,026	1,446,385	1,464,071
Recurring income (million yen)	95,650	91,459	90,109	90,217
Net income (million yen)	30,595	39,870	44,775	44,797
Earnings per share (yen)	62.52	82.22	94.02	94.94
Total assets (million yen)	1,250,818	1,218,226	1,288,501	1,324,391
Net assets (million yen)	417,827	454,891	509,774	529,782
Net assets per share (yen)	860.66	951.12	1,012.77	1,089.33

Notes:

1. Earnings per share are calculated based on the average total number of shares outstanding during the term. Net assets per share are calculated based on the total number of shares outstanding at term-end. The number of shares outstanding is exclusive of treasury stock.
2. Effective the 83rd term (FY2006), the Asahi Breweries Group adopted Corporate Accounting Standard No. 5 and Corporate Accounting Standard Implementation Guideline No. 8 issued by the Accounting Standards Board of Japan, both of which relate to the balance-sheet presentation of net assets.

B. Financial and Profit/Loss Indicators of Asahi Breweries, Ltd. (Non-Consolidated)

	81st Term 2004	82nd Term 2005	83rd Term 2006	84th Term 2007 (Under review)
Net sales (million yen)	1,116,360	1,054,161	1,031,060	1,030,736
Recurring income (million yen)	88,659	76,905	76,307	77,372
Net income (million yen)	28,196	35,498	38,902	40,513
Earnings per share (yen)	57.80	73.41	81.69	85.84
Total assets (million yen)	1,038,319	981,151	1,014,878	1,070,506
Net assets (million yen)	403,763	433,689	449,270	482,026
Net assets per share (yen)	831.88	907.02	954.48	1,020.24

Notes:

1. Earnings per share are calculated based on the average total number of shares outstanding during the term. Net assets per share are calculated based on the total number of shares outstanding at term-end. The number of shares outstanding is exclusive of treasury stock.
2. Effective the 83rd term (FY2006), Asahi Breweries, Ltd. adopted Corporate Accounting Standard No. 5 and Corporate Accounting Standard Implementation Guideline No. 8 issued by the Accounting Standards Board of Japan, both of which relate to the balance-sheet presentation of net assets.

(7) Principal Subsidiaries

Company Name	Capital (Million yen)	Shareholdings (%)	Main Operations
Asahi Soft Drinks Co., Ltd.	11,081	97.4	Production and sales of soft drinks
Asahi Food & Healthcare Co., Ltd.	3,200	100.0	Production and sales of foods and pharmaceuticals
Wakodo Co., Ltd.	2,918	100.0	Production and sales of foods and pharmaceuticals
The Nikka Whisky Distilling Co., Ltd.	14,989	100.0	Production of alcoholic beverages
Sainte Neige Wine Co., Ltd.	125	100.0	Production of alcoholic beverages
Asahi Beer Real Estate, Ltd.	200	100.0	Management of real estate assets
Asahi Logistics, Ltd.	80	100.0	Cargo transportation
Asahi Food Create, Ltd.	40	100.0	Operation of bars and restaurants
LB Co., Ltd. (Saitama)	487	67.9	Production and sales of soft drinks
LB Co., Ltd (Nagoya)	55	97.0	Production and sales of soft drinks
Beijing Beer Asahi Co., Ltd.	4,744 (374,910 thousand RMB)	47.0	Brewing and sales of beer
Hangzhou Xihu Beer Asahi Co., Ltd.	3,882 (276,000 thousand RMB)	55.0	Brewing and sales of beer
Yantai Beer Asahi Co., Ltd.	3,032 (218,804 thousand RMB)	53.0	Brewing and sales of beer
Haitai Beverage Co., Ltd.	9,460 (100,000 million KRW)	41.0	Production and sales of soft drinks
Asahi Beer U.S.A., Inc.	3,720 (US$32,000 thousand)	99.2	Sales of beer

Notes:

1. The percentage of shareholdings includes indirect shareholdings.
2. The Company's shareholding in Asahi Soft Drinks Co., Ltd. increased from 51.2% to 97.4% following a tender offer conducted during the period from October 26, 2007 to December 6, 2007.
3. Wakodo Co., Ltd. became a wholly owned subsidiary of the Company as of April 1, 2007 following a share exchange.
4. Asahi Food Create, Ltd. merged with Asahi Beer Restaurant Services, Ltd., formerly a subsidiary of the Company, effective as of April 1, 2007.
5. The paid-in capital of Beijing Beer Asahi Co., Ltd. decreased to ¥4,744 million (from ¥11,426 million as of December 31, 2006) following a voluntary reduction in registered capital on January 23, 2007. It did not alter the percentage of shareholding by the Company.

(8) Acquisition or Disposal of Other Company Shares, Equity Stakes and Stock Acquisition Rights

In accordance with a resolution approved at a meeting of the Board of Directors on February 6, 2007, Asahi Breweries, Ltd. concluded a business and capital tie-up agreement with Kagome Co., Ltd. Pursuant to the terms of this agreement, the Company subscribed to 10 million newly issued shares of Kagome common stock through a private placement as the result of which the Company acquired an equity stake of 10.0% in Kagome.

Separately, in accordance with a resolution that was approved at a meeting of the Board of Directors on October 25, 2007, Asahi Breweries, Ltd. conducted a tender offer for common shares in Asahi Soft Drinks, Co., Ltd. aiming to make that company a wholly owned subsidiary of the Company and as the result of which successfully acquired 24,325,297 shares of common stock of Asahi Soft Drinks increasing the Company's equity stake in Asahi Soft Drinks to 97.4%.

(9) Principal Operations

(As of December 31, 2007)

The Group's principal operations and products are as listed below:

Principal Operations	Principal Products
Alcoholic Beverages	*Asahi Super Dry, Asahi Premium Draft Beer Jukusen, Asahi Prime Time, Asahi Honnama Draft, Asahi Honnama Aqua Blue, Asahi Style Free, Asahi Zeitaku Biyori, Asahi Ajiwai, Asahi Gokuuma, Asahi Gubinama, Asahi Shinnama 3* (beers and beer-type beverages) *Kanoka, Satsuma Tsukasa, Daigoro, Ichibanfuda, SAZAN (shochu*) *Asahi Cocktail Partner, Asahi Shunka Shibori, Asahi Tomate* (low-alcohol beverages) *Taketsuru, Black Nikka Clear Blend, Single Malt Yoichi* (whisky) *Sainte Neige, Baron Philippe, Louis Latour, Piper-Heidsieck, Caliterra, Gancia, ALMADEN* (wine)
Soft Drinks	*Mitsuya Cider, Wilkinson, Bireley's, WONDA, Asahi Juroku-Cha, Asahi Wakamusha, FAUCHON, Asahi Ikkyu-Chaba Oolong-Cha, Asahi Fujisan-no Vanadium Ten-Nen-Sui, Asahi Super* H_2O
Foods and Pharmaceuticals	*EBIOS, Dear-Natura, Slim Up Slim, Mintia, Balance Up, Haihai (baby milk), Gungun (baby milk), Eiyo Marche (baby food), Gyunyuya-san no Kohii (coffee), Oshibori Wetty (wet tissues), Siccarol (baby skincare powder)*

(10) Principal Offices and Factories

(As of December 31, 2007)

Asahi Breweries, Ltd.	Registered Head Office	7-1, Kyobashi 3-chome, Chuo-ku, Tokyo
	Head Office	23-1, Azumabashi 1-chome, Sumida-ku, Tokyo
	Regional Sales Offices	Hokkaido Branch (Sapporo), Tohoku Regional Headquarters (Sendai), Tokyo Regional Branch (Chuo-ku, Tokyo), Chubu Regional Headquarters (Nagoya), Hokuriku Regional Headquarters (Kanazawa), Kinkiken Regional Headquarters (Osaka), Nishi-Chugoku Regional Branch (Hiroshima), Shikoku Regional Headquarters (Takamatsu), Kyushu Regional Headquarters (Fukuoka)
	Production Facilities	Hokkaido Brewery (Sapporo), Fukushima Brewery (Motomiya, Fukushima Prefecture), Ibaraki Brewery (Moriya, Ibaraki Prefecture), Kanagawa Brewery (Minami-ashigara, Kanagawa Prefecture), Nagoya Brewery (Nagoya), Suita Brewery (Suita, Osaka Prefecture), Nishinomiya Brewery (Nishinomiya, Hyogo Prefecture), Shikoku Brewery (Saijo, Ehime Prefecture), Hakata Brewery (Fukuoka)
	Laboratories	Development Laboratories for Alcoholic Beverages, Research Laboratories of Brewing Technology, Development Laboratories for Food Product, Research Laboratories for Food Technology, Research Laboratories for Food Safety Chemistry, Research & Development Laboratories for Packaging, Research & Development Laboratories for Sustainable Value Creation, Research Laboratories for Health & Gustatory Science (all in Moriya, Ibaraki Prefecture)
	Overseas Offices	North America Office (U.S.A.), Europe Branch (U.K.) International Headquarters for China (China)

Subsidiaries	Domestic	Asahi Soft Drinks Co., Ltd. Headquarters: Sumida-ku, Tokyo Sales offices: Shutoken Branch Office (Chuo-ku, Tokyo), Kinkiken Branch Office (Osaka), and nine others Production facilities: Kashiwa (Kashiwa, Chiba Prefecture), Mt. Fuji (Fujinomiya, Shizuoka Prefecture), Hokuriku (Nyuzen-machi, Shimoniikawa-gun, Toyama Prefecture), Akashi (Akashi, Hyogo Prefecture)
		Asahi Food & Healthcare Co., Ltd. Headquarters: Sumida-ku, Tokyo
		Wakodo Co., Ltd. Headquarters: Chiyoda-ku, Tokyo
		The Nikka Whisky Distilling Co., Ltd. Headquarters: Minato-ku, Tokyo
		Sainte Neige Wine Co., Ltd. Headquarters: Yamanashi, Yamanashi Prefecture
	Overseas	Beijing Beer Asahi Co., Ltd. (China), Hangzhou Xihu Beer Asahi Co., Ltd. (China), Yantai Beer Asahi Co., Ltd. (China), Haitai Beverage Co., Ltd. (Korea), Asahi Beer U.S.A., Inc. (U.S.A.)

(11) Employees

(As of December 31, 2007)

A. Employees of the Asahi Breweries Group (Consolidated)

Business Segment	Number of Employees
Alcoholic Beverages	7,424 (up 127)
Soft Drinks	4,264 (up 154)
Foods and Pharmaceuticals	973 (up 14)
Other Businesses	2,938 (up 24)
Total	15,599 (up 319)

Note: Figures in parentheses represent increases or decreases from the end of the previous term.

B. Employees of Asahi Breweries, Ltd. (Non-Consolidated)

Full-time Employees	Average Age	Average Years of Service	Average Annual Compensation
3,725 (up 53)	40.5	14.2	¥8,617,898

Notes:

1. Figures in parentheses represent increases or decreases from the end of the previous term.
2. Full-time employees include 216 persons seconded to the Company from other companies.
3. In addition to the employees enumerated above, the Company employs 133 persons on a term contract basis.

(12) Overview of other significant Asahi Breweries Group activities

Research and Development

R&D operations have principally involved the development of new products and technologies to reinforce the Group's existing businesses and to foster new business development. Notable R&D achievements in the year under review are outlined below:

- The development of *happoshu* brand of "Asahi Style Free" employed a production method known as "high-fermentation brewing". This method generates products that have the highest degree of fermentation of any of the beer-type products made by the Company (up to about 30% more than regular *happoshu* of the Company). It involves selecting optimal fermentation conditions to ensure the highest level of yeast activation. As a result, the yeast consumes virtually all the sugars contained in the ingredients, producing a "zero-sugar" *happoshu*.

- The Company's studies on the hop resistance of beer-spoilage lactic acid bacteria, which has been a major issue for the brewing industry for many years, has received praise from many quarters, because the works have contributed significantly to the development of more stable production methods for draft beer. In 2007, the Brewing Society of Japan bestowed the "Young Scientist Award" on one of the Company's engineers in recognition of the value of this important study.
- A major reorganization of the R&D function was carried out in October 2007 with the aim of creating an organization that would enable the R&D Division to make a more definitive and strategic contribution. The move involved strengthening the R&D focus on each of the Group's core businesses, while at the same time promoting horizontal intra-Group project management to facilitate generation of synergistic benefits from sharing of technologies among Group firms. The new organization also aims to stimulate the development of new products and businesses that offer fresh value.

Corporate Social Responsibility ("CSR")

The Asahi Breweries Group regards CSR-related activities as "proactive measures to enhance corporate value." In 2007, the Group formulated a new "Asahi Breweries Group CSR Policy" to promote such activities. In line with this policy, the Group has identified six priority areas for CSR-related activities: "pursuit of quality"; "compliance with laws and ethical norms"; "environmental conservation;" "appropriate information disclosure"; "living in harmony with local communities"; and "educational activities to encourage responsible drinking in moderation". The Group's CSR Committee oversees initiatives in these areas; related activities for 2007 are outlined below.

- Pursuit of quality is a critical responsibility—indeed, a lifeline—for a food and beverages manufacturer. The Company has established the Group Quality Committee to promote the QA function and to facilitate greater sharing of quality-related information. Many of the Group companies participated in the work of this committee during 2007, helping deepen knowledge of quality-related issues throughout the Group.
- As part of its environmental conservation activities, the Group has set a target for reduction of CO_2 emissions for fiscal 2010, the middle year in the five-year period (fiscal 2008–2012) of emissions reduction commitments under the first stage of the Kyoto Protocol. Energy conservation programs are ongoing across the Group. The Group also places importance on activities that help educate the next generation about the environment as part of its environmental conservation activities. In 2007 it sponsored an environmental education program that targets high-school students in the Tohoku region of Japan. The main emphasis of this program is on practical steps that can be taken to tackle environmental issues.
- As part of activities to encourage responsible drinking, the Company published a Japanese translation of "Drinking in Context," a book originally published by the International Center for Alcohol Policies (ICAP). By promoting deeper understanding of the role played by alcohol in society, this publication aims to promote responsible drinking from the viewpoints in Japan as well as different cultures in the world. The Group, as a company group doing alcohol product businesses in carrying out its social responsibility, continuously conducted educational activities in a bid to eradicate drunken driving and prevent minors from drinking alcohol.

2. Overview of the Company

(1) Shares Outstanding

(As of December 31, 2007)

A. Total number of authorized shares 972,305,309

B. Number of shares issued 483,585,862

C. Number of shareholders 115,588

(Increased by 1,745 from the end of the previous term)

D. Major shareholders

	Shareholders' Investment in the Company	
	Number of Shares Held (in hundreds)	Percentage of Shares Held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	288,796	6.0
Japan Trustee Services Bank, Ltd. (Trust Account)	189,688	3.9
Asahi Kasei Corporation	187,853	3.9
The Dai-ichi Mutual Life Insurance Company	179,200	3.7
Fukoku Mutual Life Insurance Company	168,830	3.5
Sumitomo Mitsui Banking Corporation	90,280	1.9
The Sumitomo Trust & Banking Co., Ltd.	81,260	1.7
Sumitomo Life Insurance Company	70,900	1.5
State Street Bank and Trust Company 505103	70,234	1.5
Mizuho Corporate Bank, Ltd.	69,447	1.4
Total	1,396,488	28.9

Note: The Company holds treasury stock numbering 111,240 hundred shares. However, the Company is excluded from the above list of major shareholders.

(2) Status of Share Purchase Warrants, etc.

Share purchase warrants held by Directors and Statutory Auditors of the Company, granted as part of remuneration for execution of their duties

(As of December 31, 2007)

A. Stock option system based on acquisition of treasury stock, adopted by resolution of the Board of Directors at its meeting of March 30, 2000.

- Class and number of shares subject to the warrants:
  Common shares: 21,000 shares
- Payment due upon exercise of the warrants:
  ¥1,115 per share
- Exercise period:
  January 1, 2005 to March 29, 2010
- Conditions for exercise of the warrants:
  The warrants are exercisable even after the resignation of Directors or Statutory Auditors, as the case may be.
  The warrants may be passed on to heirs.
  The warrants shall be extinguished if the holders are dismissed for certain specific reasons.
  Any assignment or pledging of the warrants is prohibited.
- Situation of holding of the share purchase warrants by Directors and Statutory Auditors:

Type of Grantee	Number of Shares Subject to Share Purchase Warrants	Number of Holders
Directors (except Outside Directors)	14,000 shares	6
Outside Directors	4,000	2
Statutory Auditors	3,000	1

B. Stock option system based on acquisition of treasury shares, adopted by resolution of the Board of Directors at its meeting of March 29, 2001.

- Class and number of shares subject to the warrants:
  Common shares: 88,000 shares

- Payment due upon exercise of the warrants:
  ¥1,185 per share

- Exercise period:
  January 1, 2005 to March 28, 2011

- Conditions for exercise of the warrants:
  The warrants are exercisable even after resignation of Directors or Statutory Auditors, as the case may be.
  The warrants may be passed on to heirs.
  The warrants shall be extinguished if the holders are dismissed for certain specific reasons.
  Any assignment or pledging of the warrants is prohibited.

- Situation of holding of the share purchase warrants by Directors and Statutory Auditors:

Type of Grantee	Number of Shares Subject to Share Purchase Warrants	Number of Holders
Directors (except Outside Directors)	56,000 shares	6
Outside Directors	16,000	2
Statutory Auditors	16,000	1

C. Stock option system based on subscription rights, adopted by resolution of the Board of Directors at its meeting of March 28, 2002

- Class and number of shares subject to the subscription rights:
  Common shares: 143,000 shares

- Payment due upon exercise of the subscription rights:
  ¥1,090 per share

- Exercise period:
  January 1, 2005 to March 27, 2012

- Conditions for exercise of the subscription rights:
  The rights are exercisable even after resignation of Directors or Statutory Auditors, as the case may be.
  The rights may be passed on to heirs.
  The rights shall be extinguished if the holders are dismissed for certain specific reasons.
  Any assignment or pledging of the rights is prohibited.

- Situation of holding of share purchase warrants by Directors and Statutory Auditors:

Type of Grantee	Number of Shares Subject to Subscription Rights	Number of Holders
Directors (except Outside Directors)	83,000 shares	7
Outside Directors	20,000	2
Statutory Auditors	40,000	2

D. The First Issue of share purchase warrants adopted by resolution of the Board of Directors at its meeting of March 28, 2003.

- Number of share purchase warrants:
  109
- Class and number of shares subject to the share purchase warrants:
  Common shares: 109,000 shares
- Payment due upon exercise of the share purchase warrants:
  ¥830 per share
- Exercise period:
  March 28, 2005 to March 27, 2013
- Conditions for exercise of the share purchase warrants:
  The rights are exercisable even after the resignation of Directors or Statutory Auditors, as the case may be.
  The warrants may be passed on to heirs.
  The warrants shall be extinguished if the holders are dismissed for certain specific reasons.
  Any assignment or pledging of the warrants is prohibited.
- Situation of holding of the share purchase warrants by Directors and Statutory Auditors:

Type of Grantee	Number of Share Purchase Warrants	Number of Shares Subject to Share Purchase Warrants	Number of Holders
Directors (except Outside Directors)	54	54,000 shares	4
Outside Directors	20	20,000	2
Statutory Auditors	35	35,000	3

E. The Second Issue of share purchase warrants adopted by resolution of the Board of Directors at its meeting of March 30, 2004.

- Number of share purchase warrants:
  1,800
- Class and number of shares subject to the share purchase warrants:
  Common shares: 180,000 shares
- Payment due upon exercise of the share purchase warrants:
  ¥1,205 per share
- Exercise period:
  March 30, 2006 to March 29, 2014
- Conditions for the exercise of the share purchase warrants:
  The warrants are exercisable even after the resignation of Directors or Statutory Auditors, as the case may be.
  The warrants may be passed on to heirs.
  The warrants shall be extinguished if the holders are dismissed for certain specific reasons.
  Any assignment or pledging of the warrants is prohibited.
- Situation of holding of the share purchase warrants by Directors and Statutory Auditors:

Type of Grantee	Number of Share Purchase Warrants	Number of Shares Subject to Share Purchase Warrants	Number of Holders
Directors (except Outside Directors)	1,100	110,000 shares	7
Outside Directors	200	20,000	2
Statutory Auditors	500	50,000	4

F. The Third Issue of share purchase warrants adopted by resolution of the Board of Directors at its meeting of March 30, 2005.

- Number of share purchase warrants:
  1,950
- Class and number of shares subject to the share purchase warrants:
  Common shares: 195,000 shares
- Payment due upon exercise of the share purchase warrants:
  ¥1,374 per share

- Exercise period:
  March 30, 2007 to March 29, 2015
- Conditions for exercise of the share purchase warrants:
  The warrants are exercisable even after the resignation of Directors or Statutory Auditors, as the case may be.
  The warrants may be passed on to heirs.
  Any assignment or transfer of the share purchase warrants is subject to approval of the Board of Directors.
- Situation of holding of the share purchase warrants by Directors and Statutory Auditors:

Type of Grantee	Number of Share Purchase Warrants	Number of Shares Subject to Share Purchase Warrants	Number of Holders
Directors (except Outside Directors)	1,150	115,000 shares	7
Outside Directors	200	20,000	2
Statutory Auditors	600	60,000	5

G. The Fourth Issue of share purchase warrants adopted by resolution of the Board of Directors at its meeting of March 30, 2006.

- Number of share purchase warrants:
  2,250
- Class and number of shares subject to the share purchase warrants:
  Common shares: 225,000 shares
- Payment due upon exercise of the share purchase warrants:
  ¥1,688 per share
- Exercise period:
  March 30, 2008 to March 29, 2016
- Conditions for the exercise of the share purchase warrants:
  The warrants are exercisable even after the resignation of Directors or Statutory Auditors, as the case may be.
  The warrants may be passed on to heirs
  Any assignment or transfer of the share purchase warrants is subject to approval of the Board of Directors.

- Situation of holding of the share purchase warrants by Directors and Statutory Auditors:

Type of Grantee	Number of Share Purchase Warrants	Number of Shares Subject to Share Purchase Warrants	Number of Holders
Directors (except Outside Directors)	1,450	145,000 shares	8
Outside Directors	200	20,000	2
Statutory Auditors	600	60,000	5

(3) Directors and Statutory Auditors of the Company

A. Directors and Statutory Auditors

(As of December 31, 2007)

Name	Position	Areas of responsibility, primary positions, and representation of other companies and organizations
Kouichi Ikeda	Chairman of the Board and Representative Director	Chairman of the Board of Asahi Beer Arts Foundation
Hitoshi Ogita	President and Representative Director	
Masatoshi Takahashi	Senior Managing Director	Senior Managing Executive Officer, Domestic Marketing Headquarters of the Company
Yoshifumi Nishino	Senior Managing Director	Senior Managing Executive Officer, Group Headquarters (Quality Assurance Department) and Research & Development Headquarters of the Company Chairman of the Board of Asahi Breweries Foundation
Masahiko Osawa	Managing Director	Managing Executive Officer, Senior General Manager of International Headquarters of the Company President and Representative Director of AI Beverages Holding Co., Ltd. Representative Director and Chairman of Haitai Beverage Co., Ltd.
Naoki Izumiya	Managing Director	Managing Executive Officer, Senior General Manager of Liquor Sales & Marketing Headquarters and Marketing Headquarters of the Company
Kazuo Motoyama	Managing Director	Managing Executive Officer, Group Headquarters (Corporate Planning Department, Public Relations Department, Logistics Department and IT Strategy & BPM Department) of the Company

Name	Position	Areas of responsibility, primary positions, and representation of other companies and organizations
Akiyoshi Koji	Managing Director	Managing Executive Officer, Group Headquarters (Personnel Department, Finance Department and Institute of Lifestyle & Culture) of the Company
Shin Iwakami	Managing Director	Managing Executive Officer, Group Headquarters (Procurement Department), Senior General Manager of Production Headquarters of the Company
Nobuo Yamaguchi	Outside Director	Chairman of the Board and Representative Director of Asahi Kasei Corporation
Yukio Okamoto	Outside Director	President and CEO of Okamoto Associates, Inc. General Partner of Pacifica Neo Ventures LLC
Sugao Nishikawa	Standing Statutory Auditor	
Yoshihiro Goto	Standing Statutory Auditor	
Takahide Sakurai	Outside Statutory Auditor	Senior Advisor to The Dai-ichi Mutual Life Insurance Company
Naoto Nakamura	Outside Statutory Auditor	Partner and Attorney at Law, Nakamura, Tsunoda & Matsumoto Law Offices
Tadashi Ishizaki	Outside Statutory Auditor	Professor, Faculty of Commerce, Chuo University

Notes:

1. Directors Nobuo Yamaguchi and Yukio Okamoto are outside directors as defined in Item 15, Article 2 of the Corporation Law.
2. Statutory Auditors Takahide Sakurai, Naoto Nakamura and Tadashi Ishizaki are outside statutory auditors as defined in Item 16, Article 2 of the Corporation Law.
3. Statutory Auditors Sugao Nishikawa and Yoshihiro Goto were formerly Directors in charge of finance of the Company and they have considerable expertise in finance and accounting.
4. Statutory Auditor Naoto Nakamura who is an attorney at law is jurisprudent, among others, to corporate legal affairs; he also has considerable expertise in finance and accounting.
5. Statutory Auditor Tadashi Ishizaki has carried out research on accounting for many years as a university professor; he has considerable expertise in finance and accounting.
6. In addition to the foregoing, important concurrent positions held by Directors and Statutory Auditors are as follows.

Directors

Name	Companies and other organizations in which Directors hold concurrent positions	Specific concurrent position
Kouichi Ikeda	New Otani Co., Ltd	Director
Masatoshi Takahashi	ORION BREWERIES, LTD.	Director
Yoshifumi Nishino	Asahi Food & Healthcare Co., Ltd. Wakodo Co., Ltd.	Director Director
Masahiko Osawa	Tingyi-Asahi-Itochu Beverages Holding Co., Ltd.	Director

Name	Companies and other organizations in which Directors hold concurrent positions	Specific concurrent position
Kazuo Motoyama	Asahi Logistics, Ltd. Asahi Soft Drinks Co., Ltd. Asahi Food & Healthcare Co., Ltd. Wakodo Co., Ltd.	Director Statutory Auditor Statutory Auditor Statutory Auditor
Akiyoshi Koji	AI Beverages Holding Co. Ltd. Tingyi-Asahi-Itochu Beverages Holding Co., Ltd. Haitai Beverage Co., Ltd.	Director Director Senior Officer
Shin Iwakami	Asahi Soft Drinks Co., Ltd. The Nikka Whisky Distilling Co., Ltd. Haitai Beverage Co., Ltd.	Director Director Senior Officer
Nobuo Yamaguchi	Nippon Television Network Corp. The Yomiuri Shimbun Holdings	Director Statutory Auditor
Yukio Okamoto	Mitsubishi Materials Corporation Mitsubishi Motors Corporation	Director Statutory Auditor

Statutory Auditors

Name	Companies and other organizations in which Statutory Auditors hold concurrent positions	Specific concurrent position
Sugao Nishikawa	Asahi Soft Drinks Co., Ltd. Asahi Food & Healthcare Co., Ltd. Wakodo Co., Ltd.	Statutory Auditor Statutory Auditor Statutory Auditor
Yoshihiro Goto	The Nikka Whisky Distilling Co., Ltd.	Statutory Auditor
Takahide Sakurai	Imperial Hotel, Ltd. Seven Bank, Ltd. Tokyu Corp. Yokogawa Electric Corp.	Director Director Statutory Auditor Statutory Auditor
Naoto Nakamura	Mitsui & Co., Ltd.	Statutory Auditor

B. Remuneration Paid to Directors and Statutory Auditors

Category	Number of persons remunerated	Total amount of remuneration paid (yen)
Directors [of which Outside Directors]	11 [2]	444,620,000 [26,100,000]
Statutory Auditors [of which Outside Auditors]	5 [3]	86,150,000 [30,030,000]

Notes:

1. Remuneration above includes total bonuses of ¥98,300,000 paid to Directors (including ¥5,400,000 to two Outside Directors) and total bonuses of ¥3,800,000 paid to Statutory Auditors (including ¥1,500,000 to three Outside Auditors).

2. At the 83rd Annual Shareholders' Meeting held on March 27, 2007, a resolution was adopted authorizing a total payment of ¥166,500,000 to the eight Directors (of which ¥34,500,000 was to be paid to the two Outside Directors) and a total payment of ¥48,000,000 to the four Statutory Auditors (of which ¥33,000,000 was to be paid to the three Outside Statutory Auditors) at the time of their respective retirement. The payments mark the termination of the Company's system of retirement bonuses for Directors and Statutory Auditors. From among them, two Directors and one Statutory Auditor will be retiring at the conclusion of the 84th Annual Shareholders' Meeting to be held on March 26, 2008. Accordingly, ¥30,000,000 will be paid to these two Directors (including a total of ¥15,000,000 to one Outside Director) and ¥15,000,000 will be paid to the Statutory Auditor.
3. The total amount of Directors' remuneration is limited to ¥760 million (including ¥50 million for Outside Directors) per year according to the resolution passed at the 83rd Annual Shareholders' Meeting held on March 27, 2007.
4. The total amount of Statutory Auditors' remuneration is limited to ¥120 million (including ¥40 million for Outside Statutory Auditors) per year according to the resolution passed at the 83rd Annual Shareholders' Meeting held on March 27, 2007.

C. Outside Directors and Outside Statutory Auditors

- Concurrent positions held by Outside Directors (as for persons who are involved in execution of operations of other companies or who are outside directors or outside statutory auditors of other companies)

Name	Companies at which concurrent positions are held and positions held
Nobuo Yamaguchi	Chairman of the Board and Representative Director of Asahi Kasei Corporation Outside Director of Nippon Television Network Corp. Outside Statutory Auditor of The Yomiuri Shimbun Holdings
Yukio Okamoto	President and CEO of Okamoto Associates, Inc. General Partner of Pacifica Neo Ventures LLC Outside Director of Mitsubishi Materials Corporation Outside Statutory Auditor of Mitsubishi Motors Corporation

Notes:
1. Director Nobuo Yamaguchi is Chairman of the Board and Representative Director of Asahi Kasei Corporation. Although Asahi Kasei is one of the major shareholders of the Company, it does not have a significant commercial relationship with the Company.
2. Director Yukio Okamoto is President and CEO of Okamoto Associates, Inc., which does not have a significant commercial relationship with the Company. Further, Mr. Okamoto is a General Partner of Pacifica Neo Ventures LLC, which manages Pacifica Fund I, L.P., in which the Company has certain investments.

- Concurrent positions held by Outside Auditors (as for persons who are involved in execution of operations of other companies or who are outside directors or outside statutory auditors of other companies)

Name	Companies at which concurrent positions are held and positions held
Takahide Sakurai	Outside Director of Imperial Hotel, Ltd. Outside Director of Seven Bank, Ltd. Outside Statutory Auditor of Tokyu Corp. Outside Statutory Auditor of Yokogawa Electric Corp.
Naoto Nakamura	Outside Statutory Auditor of Mitsui & Co., Ltd.

- Major activities of Outside Directors and Outside Statutory Auditors

Name	Position	Major activities
Nobuo Yamaguchi	Outside Director	Participated in 6 of the 12 Board of Directors meetings held during the fiscal year under review; when necessary, he made statements mainly from the perspective of his long and successful career in management.
Yukio Okamoto	Outside Director	Participated in 9 of the 12 Board of Directors meetings held during the fiscal year under review; when necessary, he made statements mainly from the perspective of his substantial knowledge and varied experience as an expert in diplomatic and international affairs.
Takahide Sakurai	Outside Statutory Auditor	Participated in 9 of the 12 Board of Directors meetings and in 6 of the 7 Board of Statutory Auditors meetings held during the fiscal year under review; when necessary, he made statements mainly from the perspective of his long and successful career in management.
Naoto Nakamura	Outside Statutory Auditor	Participated in 11 of the 12 Board of Directors meetings and in 5 of the 7 Board of Statutory Auditors meetings held during the fiscal year under review; when necessary, he made statements mainly from his expert perspective as an attorney at law.
Tadashi Ishizaki	Outside Statutory Auditor	Participated in 10 of the 12 Board of Directors meetings and in all the 7 Board of Statutory Auditors meetings held during the fiscal year under review; when necessary, he made statements mainly from his expert perspective as a scholar of accounting.

- Summary of agreements limiting liability

  In accordance with Paragraph 1, Article 423 of the Corporation Law, the Company has entered into an agreement with each of its Outside Directors and Outside Statutory Auditors limiting his liability for damages to either ¥20,000,000 or the minimum amount stipulated by law, whichever is higher.

(4) Independent Auditor

A. Name of the Independent Auditor

AZSA & Co.

B. Remuneration paid to the Independent Auditor for the fiscal year under review

	Amount payable
Remuneration paid for the fiscal year under review	¥78 million
Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Auditor	¥190 million

Notes:

1. In its agreement with the Independent Auditor, the Company makes no distinction between the remuneration that it pays for auditing services governed by the Corporation Law and for auditing services governed by the Financial Instruments and Exchange Law. Consequently, the amount shown above is a sum of these two amounts.
2. All subsidiaries which are subject to statutory audit by an independent auditor have been audited by AZSA & Co.

C. Nature of non-audit professional services provided by the Independent Auditor

The Company also assigns to its Independent Auditor professional duties, including “advice on construction of internal control system in financial reporting,” which are not statutory auditing duties stipulated in Paragraph 1, Article 2 of the Certified Public Accountants Law.

D. Company Policy regarding dismissal of or decision not to reappoint the Independent Auditor

Article 340 of the Corporation Law stipulates that the Board of Statutory Auditors shall be entitled to dismiss the Independent Auditor for reasons stipulated therein. In addition, when it is reasonably recognized that the Independent Auditor is no longer able to execute its duties in an appropriate manner, the Company, with a prior consent of, or a request by, the Board of Statutory Auditors, shall offer to the Shareholders’ Meeting a resolution to dismiss or not to reappoint the Independent Auditor.

3. Systems to Ensure Appropriate Execution of Directors’ Duties in Conformity With Laws and Regulations and the Articles of Incorporation, and Other Systems to Ensure Appropriate Business Operations

The Board of Directors passed the following resolution with respect to the above-mentioned systems:

The Company has adopted the following corporate philosophy: “The Asahi Breweries Group aims to satisfy its customers with the highest levels of quality and integrity, while contributing to the promotion of healthy living and enrichment of the society worldwide.” To make these aims a reality, the Company shall:

- establish, in accordance with the Corporation Law and the Enforcement Regulations of the Corporation Law, the following basic policies (the “Basic Policies”) to improve systems designed to ensure appropriate business operations of the Company and its subsidiaries (the “Group Companies”) (the “Internal Control”);

- recognize that it is the Representative Director(s) who shall assume the ultimate responsibility for the improvement of the Internal Control in accordance with this resolution and demand the Representative Director(s) to cause the Directors and Executive Officers, through the respective departments they are in charge of, to develop and fully enforce individual internal regulations and manuals required based on the Basic Policies; and
- take steps to maintain and enhance the effectiveness of the Internal Control by reviewing the Basic Policies and relevant internal regulations and manuals, etc. in a timely and appropriate manner in accordance with changes in conditions and circumstances.

<System to ensure execution of duties by Directors and employees in conformity with laws and regulations and the Articles of Incorporation of the Company>

A. In accordance with a statement of “fair and transparent corporate ethics” as stipulated in its Corporate Action Guidelines, the Company shall establish the “Regulations on Corporate Ethics for the Asahi Breweries Group” and procure its Directors, Statutory Auditors and employees abide by these regulations.

B. The Company shall establish the “Corporate Ethics Committee for the Asahi Breweries Group,” which will oversee the compliance affairs of the Asahi Breweries Group. One of the committee’s members shall be an outside attorney-at-law.

C. An Executive Officer of the Company in charge of compliance shall have the authority to manage compliance-related risks within the Asahi Breweries Group. The General and Legal Affairs Management Department shall handle day-to-day tasks of implementation of the compliance program.

D. The Company shall assign one person as compliance-promotion personnel in each of the business establishments of the Company and the Group Companies to oversee the promotion of compliance in each business establishment. In conjunction with the Company’s Legal Section and the General Affairs Department at each business establishment of the Group Companies, all compliance-promotion personnel shall endeavor to disseminate legal knowledge and to heighten a general awareness of importance of compliance in each business establishment.

E. The Company shall establish a “Clean Line System” for employees of the Asahi Breweries Group, enabling them to blow the whistle on illicit behavior of others to a specific section of the Company or a designated outside attorney-at-law.

F. The Company shall establish a "Basic Policy on Procurement" addressing mutual cooperation for fair deals and social responsibilities between the Company and suppliers and a "Clean Line System for Suppliers" enabling suppliers to blow a whistle on illicit behavior of employees of the Company to a specific section of the Company. The Company shall inform and spell out these measures to its suppliers in a bid to enable the Company to improve and develop the system of the Internal Control in cooperation with its suppliers.

G. The operational details of the aforementioned agencies and systems shall be spelled out under a separately prepared set of internal regulations entitled "Basic Regulations on Corporate Ethics of the Asahi Breweries Group."

< System to ensure the preservation and management of information related to execution of duties by Directors>

A. Information related to execution of duties by Directors shall be properly preserved and managed in accordance with document-management regulations and other related regulations and manuals.

B. The aforementioned information shall be preserved and managed in a way accessible by Directors and Statutory Auditors for inspection at any time.

C. Control over the clerical tasks related to preservation and management of the foregoing information shall be determined by individual relevant regulations.

<Regulations and other organizational structures to manage risk of loss>

A. The Company shall develop and adopt basic regulations related to risk management and shall affirm such regulations as the highest standards governing risk management within the Asahi Breweries Group. It shall also develop and adopt an operational manual on risk management and disseminate the same among all over the Group.

B. In addition to having the appropriate departments manage risk in their respective areas, the Company shall establish the "Asahi Breweries Group Risk Management Committee" as a vehicle for comprehensive risk management across the entire Asahi Breweries Group. This committee shall periodically analyze and evaluate risks in accordance with the regulations and manuals cited in the previous paragraph and, when necessary, carry out comprehensive reviews of the risk management system. An utmost attention shall be paid to the risk of failing to maintain product quality. As food and drink manufacturers, Asahi Breweries Group strongly recognizes their social responsibility to consumers to ensure the safety of their products.

C. In the event of any major accident, disaster or scandal, the Company shall establish a crisis-response meeting chaired by a Representative Director.

<System to ensure efficient execution of duties by Directors>

A. To ensure efficient performance of duties by Directors, the Board of Directors shall divide duties in a reasonable way to be delegated to different Directors and shall appoint appropriate persons as Executive Officers in charge of different divisions.

B. The Company shall establish standards on authority stipulating rules of delegation of power and for a mutual checks-and-balances mechanism among different divisions.

C. The Company shall ensure effective utilization of the system of the Corporate Strategy Board and the Business Unit Management Board.

D. To maximize operational efficiency, the Company shall utilize indices that provide an objective and rational way of measuring its management and control of operations; and it shall employ a unified system of follow-up and evaluation.

<System to ensure appropriate operations of the corporate group consisting of the Company and its parent (if any) and its subsidiaries>

A. All systems required for the Internal Control, including those for compliance and risk management, shall apply comprehensively across the entire Asahi Breweries Group. As the corporate headquarters of the Group, the Company shall manage and operate the said systems of the Group Companies in accordance with the conditions and circumstances individual companies are facing.

B. The Company's Internal Auditing Division shall conduct audits of the Group Companies.

C. Each of the Group Companies shall be required to provide reports on performance of its operations including risk-related information, to the Statutory Auditors of the Company.

D. Decision-making authority related to business activities of the Group Companies shall be subject to the document entitled "Standards of Authority for Group Companies."

<Securement of employees in the event that Statutory Auditors request staff to assist in their auditing duties>

The Board of the Statutory Auditors shall retain staff from among employees of the Company, for assistance in the day-to-day activities of the Statutory Auditors.

<Independence of employees assigned to assist the Statutory Auditors from the Directors>

A. When a member of the staff of the Board of Statutory Auditors, as stipulated in the previous paragraph, receives an order from a Statutory Auditor in relation to auditing duties, he/she shall not be subject to directives or orders from Directors or other employees regarding that order.

B. Any issuance of orders to, personnel transfers of, merit evaluations of, or reprimands of a member of the staff of the Board of Statutory Auditors shall require the prior concurrence of Statutory Auditors.

<System for Directors' and employees' reporting to Statutory Auditors; system relating to other reporting to Statutory Auditors>

A. Directors and employees shall report regularly to Statutory Auditors on matters related to the Internal Control, and shall report on an as-needed basis when a significant event occurs. When necessary, the Statutory Auditors shall be entitled to request reports from the Directors and employees (including from Directors and employees of the Group Companies).

B. Directors shall ensure that Statutory Auditors have every opportunity to participate in the Board of Directors meetings, the Corporate Strategy Board meetings and the Business Unit Management Board meetings. Directors shall provide details of the agenda items of such meetings beforehand for Statutory Auditors.

C. Statutory Auditors shall at all times have the right to review the minutes of important meetings, documents of approval, etc.

<Other systems ensuring effective auditing by Statutory Auditors>

To ensure the effectiveness of auditing activities, Directors shall ensure opportunities for Statutory Auditors to exchange information and opinions regularly with members of the Internal Auditing Division of the Company and with the Independent Auditor.

4. Basic Policy Regarding Control of the Company in Deciding its Policies on Finance and Business

<Basic policy>

The Company believes that control over decision-making related to its finance and business policies must reside in persons who make it possible for the Company to preserve and enhance corporate value and the common interests of shareholders on a sustained and continuous basis. Such persons must, the Company believes, exert this control on the basis of a proper understanding of various factors including factors that constitute corporate value for the Asahi Breweries Group, beginning with the principles that are its sources: "the creation of attractive products"; "commitment to product quality and craftsmanship"; and "actions that deliver inspiration to customers." They must understand as well how the Group's tangible and intangible management resources contribute to corporate value and how measures that are executed with an eye toward the future also potentially impact such value.

The Asahi Breweries Group has adopted as its management creed "creating customer satisfaction, and contributing to the health of the world's peoples and to the enrichment of society, through outstanding product quality and sincere action". Guided by these ideals, the Group has positioned itself successfully in several core businesses: beer and other alcoholic beverages, soft drinks, and foods and pharmaceuticals.

Based on this management creed, the Group has endeavored to enhance its overall growth and corporate value through actions that reinforce the sources of this growth and value: by anticipating customer needs in "the creation of attractive products"; by collaborating company-wide in its "commitment to product quality and craftsmanship" - as epitomized by the actions of its production, distribution and sales divisions to bring customers the freshest beer possible; and by demonstrating through such products and services "actions that deliver inspiration to customers".

The Board of Directors of the Company (the "Board") is not always in a position to automatically object to a so-called "hostile takeover", which is pursued without approval from the Board provided that such takeover is intended to contribute to the enhancement of the Company's corporate value and the common interests of shareholders of the Company. Also, the Board recognizes that the final decision as to whether to accept a proposal for an acquisition of shares in the Company that would lead to a transfer of control of the Company should be made based on the will of the shareholders as a whole.

It shall be noted, however, that, there are not a few cases of large-scale share purchases that would not contribute to the enhancement of the corporate value and the common interests of shareholders of target companies, including ones that would, in light of their purposes, cause obvious damage to the corporate value and the common interests of shareholders or could effectively coerce shareholders to sell their shares, ones that the purchaser does not provide information and time reasonably necessary for the target company's board of directors and shareholders to review and examine details of the proposed purchase or for the target company's board of directors to make an alternative proposal, and ones where the target company's board of directors would have to conduct negotiation with the purchaser so as to seek more favorable terms than those initially proposed by the purchaser.

In this way, investors contemplating a large-scale purchase of shares in the Company could thus damage the Group's corporate value and the common interests of shareholders if they do not understand the sources of the Group's corporate value and are unable to preserve and enhance these sources over the medium-to-long term.

Accordingly, the Company believes that it is absolutely essential for it to establish a framework that deters large-scale share purchases that undermine the Group's corporate value and the common interests of its shareholders.

<A framework that contributes to the realization of the basic policy>

The Company is implementing the following measures to preserve and enhance its corporate value and the common interests of shareholders. It believes that these measures will contribute to the realization of the basic policy spelled out above.

A. Medium-Term Management Plan of the Asahi Breweries Group

Under its Third Medium-Term Management Plan, which the Company developed and adopted in 2007, the Company has formulated a long-term Group vision in which it defines its thinking with respect to strengthening specific areas of operation and enhancing its corporate value. It declares in the plan that "the Asahi Breweries Group will make 'food and healthcare' its business domain, and that it will aim to become a fast-growing leader in the industry, principally in the Asian region, by continuing to provide customers with joy and inspiration throughout their lifetimes".

To make this long-term vision a reality, the Group will seek first of all to strengthen its competitiveness in "craftsmanship-based manufacturing". With this as a point of departure, the entire Group will endeavor to establish a new growth path and enhance the value of its corporate brands by elevating the value of the Asahi brand and by creating self-sustaining interactions and synergies between the Asahi brand and the Group's diverse array of other brands.

B. Corporate governance

On March 30, 2000, the Company adopted a system of executive officers. Its aim was to separate the decision-making functions of management from the execution of operations. In addition to expediting the execution of operations, it sought to strengthen the oversight function of the Board of Directors. It also selected Outside Directors and made it possible for these Directors to perform a monitoring function by establishing a Nomination Committee and a Compensation Committee under the Board of Directors with Outside Directors as part of its members.

To underscore the responsibilities of management to shareholders, moreover, the Company changed the terms of office of Directors from two years to one year at the 83rd Annual Shareholders' Meeting held on March 27, 2007.

<Framework to prevent persons who are deemed inappropriate in light of the Company's basic policy from taking control of the Company in deciding its policies on finance and business (framework of takeover defense measures)>

With the approval of the shareholders at the 83rd Annual Shareholders' Meeting held on March 27, 2007, the Company adopted a plan against large-scale purchases of the shares in the company (hereinafter, "the Plan").

The Plan, with a view to enhancing the Company's corporate value and the common interests of shareholders, lays down procedures for measures to be taken in the event that the Company becomes a target of a large-scale purchase of shares or a similar move or a proposal thereof (hereinafter collectively, a "Purchase"). Such measures include: (1) requiring a person contemplating a Purchase (a "Purchaser") to provide necessary and sufficient information in advance; (2) securing time necessary for gathering and examining information concerning the Purchase; and (3) presenting an alternative proposal to shareholders of the Company or conducting negotiations with the Purchaser.

The Plan shall be applicable to any of the following two types of Purchases:

A. A purchase of shares in the Company as a result of which the purchaser's shareholding ratio will rise to 20% or more of the total outstanding shares in the Company; or

B. A tender offer for shares in the Company as a result of which the purchaser's shareholding ratio targeted by the tender offer and the holding ratio of its "special affiliates", when combined, will be 20% or more of the total outstanding shares in the Company.

A Purchaser contemplating a Purchase shall be requested to provide in advance of commencement of the Purchase a document containing the information necessary to evaluate the content of the Purchase and a written pledge to observe and follow the procedures set forth in the Plan in conducting the Purchase. Thereafter, the information submitted by the Purchaser will be presented to the Independent Committee whose members shall consist of Outside Directors, Outside Statutory Auditors and/or experts all of whom are independent of management of the Company. The information will be assessed and evaluated by this committee. On its own accord, the Independent Committee will obtain advice from independent third parties (including financial advisers, CPAs, lawyers, consultants and other experts) and, on the basis of such advice, will assess and evaluate the content of the Purchase, evaluate alternative proposals offered by the Company's Board of Directors, negotiate with the Purchaser, and disclose information to shareholders of the Company. If the Independent Committee determines that the information provided by the Purchaser does not meet the criteria for the Required Information (as defined in the Plan), it may, either directly or indirectly, request the Purchaser to submit additional information within an appropriate period of time as designated by the Independent Committee. In this event, the Purchaser shall submit such additional information within the period of time provided.

The Independent Committee will make recommendations to the Board to execute the Plan to allot gratis the Stock Acquisition Rights (as defined in the Plan) to shareholders of the Company if the Independent Committee has determined that the Purchase meets either of the requirements for exercise of the Plan and it is appropriate to so exercise: e.g. in case the Purchaser has not observed and followed the procedures specified in the Plan or in case, as a result of review by the Committee, the Committee concludes the Purchase could cause obvious damage to the Company's corporate value and the common interests of shareholders in the opinion of the Committee. These stock acquisition rights shall entitle their holders to acquire one share of the common stock in the Company by exercising the rights at a price to be determined by the Company's Board of Directors - which shall be set at a level between a minimum of one (1) yen and a maximum of one-half the market value per share of the Company's stock. In addition, these rights shall contain conditions that exclude the Purchaser from exercising the rights and shall also be accompanied by provisions that enable the Company to acquire one (1) stock acquisition right in exchange for one (1) share of the Company's stock from persons other than the Purchaser.

While paying its utmost respect to the recommendation made by the Independent Committee as stated above, the Company's Board of Directors shall, as the organizational body authorized to do so under the Corporation Law, promptly decide whether or not to execute the gratis Allotment of the Stock Acquisition Rights.

The Plan shall be effective from the close of the 83rd Annual Shareholders' Meeting held on March 27, 2007 until the close of the Company's annual shareholders' meeting that concerns the last one of the Company's business years that end within three years from the close of the 83rd Meeting.

Notwithstanding the above, the Company may abrogate the Plan even before the effective period expires upon a decision thereof by the Board. Also, the Board may amend or alter the Plan during its effective period subject to approval by the Independent Committee.

When the Plan is thus abrogated, amended or altered, the Company shall promptly disclose to the public information with regard to the background of such abrogation, amendment or alteration, as the case may be, and, in the case of amendment or alteration, the outline of such amendment or alteration and other necessary matters.

Under the Plan, shareholders of the Company remain directly and specifically unaffected unless and until the gratis Allotment of the Stock Acquisition Rights is executed. On the other hand, if the Plan is set in motion and a gratis Allotment of the Stock Acquisition Rights is executed, the shares held by a shareholder of the Company will be subject to dilution unless he/she carries out the procedures required for the exercise of the Stock Acquisition Rights (note, however, no dilution shall occur in case the Company exercises option of acquisition of the Stock Acquisition Rights for shares in the Company).

<Judgment of the Company's Board of Directors regarding the framework of takeover defense measures described above in <Framework to prevent persons who are deemed inappropriate in light of the Company's basic policy from taking control of the Company in deciding its policies on finance and business (framework of takeover defense measures)>

The following elements having been taken into consideration and incorporated into the design of the Plan, the Board of Directors of the Company believes that the Plan conforms to the basic policy of the Company as described above and meets the corporate value and the common interests of shareholders of the Company and that it is never for the purpose of maintaining the status of Directors and Statutory Auditors of the Company.

A. The Plan fully reflecting the intentions of the shareholders

- The Plan was approved at the 83rd Annual Shareholders' Meeting held on March 27, 2007.
- The effective period of the Plan is limited, running until the close of the Company's annual shareholders' meeting that concerns the last one of the Company's business years that end within three years from the close of the above annual shareholders' meeting.
- The term of office of Directors is one year, allowing the shareholders to have their intentions reflected through elections of Directors every year.

B. Judgments by highly independent outsiders to be respected; information disclosure

A system of the Independent Committee is incorporated in the designing of the Plan, which shall preclude possible arbitrary judgments by the Board of Directors and make substantial judgments objectively for the interest of the shareholders regarding operations of the Plan including execution and abolishment thereof. The members of the Independent Committee are appointed by the Board from among Outside Directors, Outside Statutory Auditors and/or experts who meet the requirements stipulated in the Company's internal rules for the Independent Committee.

Once a Purchase having been commenced, the Independent Committee, in accordance with the aforementioned rules, would make a substantial judgment on whether the Purchase in question would or would not damage the Company's corporate value and the common interests of shareholders. The Board of Directors, paying its utmost respect to the Committee's judgment, would then adopt a resolution under the Corporation Law.

In this way, the Independent Committee would keep a close check and monitoring over any possible arbitrary actions by the Board of Directors and the Company would disclose to the shareholders the main points of judgment made by the Committee. Consequently, the Board believes that the framework is in place to ensure transparency in the operation of the Plan within the scope of contributing to the corporate value and the common interests of shareholders.

C. The establishment of reasonable and objective conditions

The Plan is designed so as not to be set in motion unless reasonable, detailed and objective conditions are met. This ensures a framework to prevent arbitrary actions by the Company’s Board of Directors.

CONSOLIDATED BALANCE SHEETS

As of December 31, 2007

	Million yen
ASSETS	
Current assets:	
Cash and deposits	11,627
Notes and accounts receivable	278,238
Securities	52
Inventories	90,436
Deferred tax assets	6,930
Other current assets	30,502
Allowance for doubtful accounts	(6,576)
Total current assets	**411,211**
Fixed assets:	
Tangible fixed assets:	
Buildings and structures	205,995
Machinery, equipment and vehicles	184,888
Tools, furniture and fixtures	47,626
Land	180,760
Construction in progress	3,447
Total tangible fixed assets	**622,718**
Intangible fixed assets:	
Goodwill	65,325
Other intangible fixed assets	15,696
Total intangible fixed assets	**81,022**
Investments and other assets:	
Investment securities	158,037
Long-term loans receivable	5,759
Long-term prepaid expenses	11,319
Deferred tax assets	18,983
Other investments	22,492
Allowance for doubtful accounts	(7,154)
Total investments and other assets	**209,438**
Total fixed assets	**913,179**
Total assets	**1,324,391**

CONSOLIDATED BALANCE SHEETS

As of December 31, 2007

	Million yen
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current liabilities:	
Notes and trade accounts payable	100,720
Short-term borrowings	140,980
Bonds due within one year	10,000
Alcohol tax payable	134,358
Consumption taxes payable	8,352
Income taxes payable	14,003
Other accounts payable	57,196
Accrued expenses	48,025
Deposits received	25,662
Commercial paper	52,000
Other current liabilities	5,496
Total current liabilities	**596,796**
Long-term liabilities:	
Bonds	70,000
Long-term borrowings	59,477
Allowance for employees' severance and retirement benefits	23,819
Allowance for retirement benefits for directors and statutory auditors	449
Deferred tax liabilities	5,018
Other long-term liabilities	39,048
Total long-term liabilities	**197,813**
Total liabilities	**794,609**

As of December 31, 2007

	Million yen
NET ASSETS	
Shareholders' equity:	
Common stock	182,531
Capital surplus	151,259
Retained earnings	178,079
Treasury stock	(14,674)
Total shareholders' equity	**497,195**
Valuation and translation adjustments:	
Valuation difference on available-for-sale securities	13,037
Deferred gains or losses on hedges	(43)
Foreign currency translation adjustments	4,477
Total valuation and translation adjustments	**17,471**
Minority interests	**15,115**
Total net assets	**529,782**
Total liabilities and net assets	**1,324,391**

CONSOLIDATED STATEMENTS OF INCOME

For the year ended December 31, 2007

	Million yen
Net sales	**1,464,071**
Cost of sales	**961,181**
Gross profit	**502,890**
Selling, general and administrative expenses	**415,934**
Operating income	**86,955**
Non-operating income:	
Interest income	678
Dividend income	1,369
Equity in net income of unconsolidated subsidiaries and affiliated companies	9,010
Other non-operating income	2,659
	13,718
Non-operating expenses:	
Interest expenses	5,020
Loss on sale and disposal of inventories	3,400
Other non-operating expenses	2,035
	10,457
Recurring profit	**90,217**
Extraordinary gains:	
Gain on sale of fixed assets	1,248
Gain on sale of investment securities	102
Gain on reverse of allowance for doubtful accounts	1,081
	2,432
Extraordinary losses:	
Loss on sale and disposal of fixed assets	6,689
Retirement benefits for directors and statutory auditors	137
Loss on sale of investment securities	804
Loss on devaluation of investment securities	343
Impairment loss on fixed assets	1,387
Loss on adjustment of estimated consumption of gift coupons	1,545
	10,908
Income before income taxes	**81,741**
Income taxes:	
Current	31,227
Deferred	5,543
	36,770
Minority interests in net gain (loss) of unconsolidated subsidiaries	173
Net income	**44,797**

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended December 31, 2007 (Million yen)

Millions of yen	Shareholders' equity: Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Dec. 31, 2006	182,531	150,504	142,329	(16,946)	458,418
Changes during the term					
Dividends			(9,428)		(9,428)
Net income (loss)			44,797		44,797
Acquisition of treasury stock				(230)	(230)
Disposal of treasury stock		755		2,502	3,257
Increase in retained earnings due to increase in number of consolidated subsidiaries			231		231
Increase in retained earnings due to decrease in number of consolidated subsidiaries			148		148
Other changes in non-shareholders' equity items during the term (net)					
Total changes during the term		755	35,749	2,272	38,777
Balance as of Dec. 31, 2007	182,531	151,259	178,079	(14,674)	497,195

Millions of yen	Valuation and translation adjustments: Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance as of Dec. 31, 2006	14,563	(28)	3,753	18,289	33,067	509,774
Changes during the term						
Dividends						(9,428)
Net income (loss)						44,797
Acquisition of treasury stock						(230)
Disposal of treasury stock						3,257
Increase in retained earnings due to increase in number of consolidated subsidiaries						231
Increase in retained earnings due to decrease in number of consolidated subsidiaries						148
Other changes in non-shareholders' equity items during the term (net)	(1,526)	(15)	723	(818)	(17,951)	(18,769)
Total changes during the term	(1,526)	(15)	723	(818)	(17,951)	20,007
Balance as of Dec. 31, 2007	13,037	(43)	4,477	17,471	15,115	529,782

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis for Preparation of Consolidated Financial Statements

(1) Items in the scope of the consolidation

A. Number of consolidated subsidiaries: 51

Principal consolidated subsidiaries

Please see Item 1 of the "Business Report" {"Overview of Operations of Asahi Breweries Group, section (7) "Principal Subsidiaries"}, for a summary of the current status of important subsidiaries.

During the fiscal year under review, the Company added the newly established Asahi Calpis Beverage Co., Ltd. to its list of consolidated subsidiaries. It also added N. S. Cargo, Ltd. and Zhejiang Xihu Beer Asahi Co., Ltd. because of their increased materiality in the Group.

On the other hand, the Company eliminated the following companies from the list of its consolidated subsidiaries: Asahi Beer Restaurant Service, Ltd., which was merged into another consolidated subsidiary; Asahi Internet Service Co., Ltd., which was merged into the Company; and Yoshikawa Shuhan Corporation because the Company had sold all the stake in that company to a third party company. Also eliminated from consolidation were the following: Asahi Beer International Finance B.V., for which the Company completed liquidation procedures; and Asahi Beer Europe Ltd., following the completion of the company's final distribution of liquidation dividends.

B. Principal unconsolidated subsidiaries:

Sumidagawa Brewing Co., Ltd.

Rationale for exclusion from the scope of consolidation:

The unconsolidated subsidiaries are all small in terms of total assets, sales, net profit or loss, and retained earnings (amount corresponding to equity ownership); they have no material impact as a whole on the consolidated financial statements and are thus excluded from the scope of consolidation.

(2) Items concerning application of the equity method

A. Number of companies subject to application of the equity method: 29

Unconsolidated subsidiary subject to application of the equity method: 1

Asahi Beer Engineering Co., Ltd.

Affiliates subject to application of the equity method: 28

These include Asahi Business Solutions Corp., Qingdao Tsingtao Beer & Asahi Beverage Co., Ltd., Tingyi-Asahi-Itochu Beverages Holding Co., Ltd. and its 25 affiliated companies.

The newly incorporated three (3) companies affiliated with Tingyi-Asahi-Itochu Beverages Holding Co., Ltd. were accounted for under the equity method effective from the fiscal year under review.

B. Principal unconsolidated subsidiaries and affiliates not subject to application of the equity method

Unconsolidated subsidiaries:	Sumidagawa Brewing Co., Ltd.
Affiliates:	Asahi Business Produce Co., Ltd.

Rationale for not applying the equity method to the unconsolidated subsidiaries and affiliates:

The companies in question have extremely slight impact on net profit or loss and retained earnings (amount corresponding to the Company's equity ownership); they have no material impact as a whole on the consolidated financial statements and thus the equity method was not applied.

(3) Accounting period of the consolidated subsidiaries

The accounting period of Asahi Beer U.S.A., Inc., is October 1 to September 30 and is different from that of the Company. Thus, a provisional fiscal year ending at December 31 (calculated by a reasonable procedure in accordance with legitimate accounting methods) was used for Asahi Beer U.S.A., Inc. for consolidation purposes. All other consolidated subsidiaries have the same accounting period as the Company.

(4) Significant accounting policies

A. Policies and methods of valuation for important assets

1) Valuation basis and method for securities:

Held-to-maturity debt securities

Held-to-maturity debt securities are stated at the amortized cost.

Other securities

Securities with market value

Carried at the average market value for the month immediately preceding the consolidated balance sheet date. (Related valuation differences are directly charged or credited to net assets, and the cost of securities sold is computed by the moving-average method.)

Securities without market value

Stated at cost based on the moving-average method.

2) Valuation basis and method for derivatives:

Market price method

3) Valuation basis and method for inventories:

Merchandise, finished goods and semi-finished goods are stated at cost determined mainly by the weighted-average method.

Raw materials and supplies are stated at cost determined mainly by the moving-average method.

B. Depreciation methods for major assets:

Tangible fixed assets:

1) Production facilities of the Company
Assets acquired on or before March 31, 2007: the former straight-line method
Assets acquired on or after April 1, 2007: the straight-line method

2) Other tangible fixed assets of the Company
Assets acquired on or before March 31, 2007: the former declining-balance method
Assets acquired on or after April 1, 2007: the declining-balance method

3) Consolidated subsidiaries
Assets acquired on or before March 31, 2007: mainly the former declining-balance method
Assets acquired on or after April 1, 2007: mainly the declining-balance method

Buildings (excluding of fixtures), acquired on or after April 1, 1998
Assets acquired on or before March 31, 2007: mainly the former straight-line method
Assets acquired on or after April 1, 2007: mainly the straight-line method

The estimated useful life of fixed assets are based on the same standards as mainly specified in the Corporation Tax Law.

Intangible fixed assets:

Intangible fixed assets are amortized using the straight-line method. The estimated useful lives of the assets are based mainly on the same standards as specified in the Corporation Tax Law.

Software for internal use is amortized by the straight-line method, however, over a useful life of five years.

C. Accounting criteria for major allowances:

Allowance for doubtful accounts:

The allowance for doubtful accounts consists of the individually estimated uncollectible amounts with respect to certain identified doubtful receivables and an amount calculated using the rate of actual collection losses with respect to the other receivables.

Allowance for employees' severance and retirement benefits:

The Company and its consolidated subsidiaries make provisions in the necessary amount of allowance for employees' severance and retirement benefits deemed to have accrued during the term, based on each company's projected benefit obligations and the pension fund balance at term-end. Actuarial gain or loss is amortized, beginning in the year following the year in which the gain or loss is recognized, by the straight-line method for a given number of years (generally 10 years) within the employees' average remaining years of service.

Prior service costs are amortized by the straight-line method within the average remaining years of service of employees (generally 10 years) from the time they arise.

Allowance for retirement benefits for directors and statutory auditors:

Some of the consolidated subsidiaries calculate the required amount, based on internal regulations, in preparation for payment of retirement benefits to directors and statutory auditors as of the end of the fiscal year under review.

At the Company and several of its consolidated subsidiaries' annual shareholders' meetings held in March 2007, the proposal of one-time payments marking the termination of their systems of retirement bonuses for directors and statutory auditors (under which payments would be made at the time of each person's retirement) was approved. Accordingly, the Company and the consolidated subsidiaries in question reversed the entire amount of their allowances for retirement benefits for directors and statutory auditors, and recognized unpaid balances of these newly authorized payments in the "Other long-term liabilities" section of the balance sheets.

D. Other significant items associated with the preparation of consolidated financial statements

1) Methods of major lease transactions

Finance leases other than those in which ownership of the leased property is deemed to be transferred to the lessee are accounted for in the manner followed in operating lease transactions.

2) Accounting for hedging

a. Accounting for hedging

The Company defers gains or losses on its hedges.

For foreign currency swaps, the Company allocates differences in the values of hedging instruments when such hedges meet all requirements for such allocations. For interest rate swaps, the Company applies exceptional treatment when the swap in question meets the conditions for application of such exceptional treatment.

b. Hedging instruments and risks hedged:

Hedging instruments:	Foreign exchange contracts, forward foreign exchange currency swaps and interest rate swaps
Risks hedged:	Transactions in foreign currencies and interest on borrowings

c. Hedging policy:

Derivative transactions are used to avoid risks associated with fluctuations in foreign exchange markets and in interest rates and to reduce the costs of financing. It is the Company's policy not to engage in speculative transactions that deviate from real demand or in highly leveraged transactions.

d. Method of evaluating the effectiveness of hedging:

The Company assesses the effectiveness of its hedges by comparing changes in the market values of the hedged items and of the hedging instruments over the entire period of the hedge. When the Company allocates differences in the values of hedging instruments or when it accounts for the value of swaps under special exceptions, these determinations allow it to forgo evaluation of the effectiveness of hedges in these cases.

3) Consumption tax and similar taxes

Consumption tax and similar taxes are excluded from the statements of income, except in the case of non-deductible consumption tax related to fixed assets that are charged when incurred.

(5) Evaluation of consolidated subsidiaries' assets and liabilities

A kind of fair market value method evaluating all assets and liabilities of consolidated subsidiaries by fair market value as at the date of acquisition thereof is used.

(6) Goodwill

Goodwill is amortized by the straight-line method over a five- to twenty-year period.

(Changes in accounting treatment)

(1) Change in the method of converting revenues and expenses of overseas subsidiaries

Previously, revenues and expenses of overseas subsidiaries were converted on the basis of the exchange rates in effect on the day of the consolidated closing of accounts. In the fiscal year under review, however, the Company began using average exchange rates for the period as its basis of conversion.

This change was made because of the increasing materiality of the results of overseas subsidiaries and because of the possibility that the actual conditions of the companies in question might be incorrectly presented due to fluctuations in exchange rates on the day of closing. The Company believes that conversion using less volatile average exchange rates will result in reporting that more closely reflects actual conditions.

As a result of this change, net sales were ¥1,713 million higher than would have been the case had the previous method been used. At the same time, however, this change resulted in operating income that was ¥84 million lower and in recurring profit and income before income taxes that were ¥188 million and ¥236 million lower, respectively.

(2) Accounting related to items no longer recognized as liabilities

Previously, based on provisions of the Corporation Tax Law, the Company recognized as revenue certain reversals of its deposits for beer gift coupons issued and distributed by the Company. In the fiscal year under review, however, the Company began to recognize as "deposits received" the amount of gift coupons that it estimates will be redeemed in the future. This was done in accordance with a new auditing standard released by the Japanese Institute of Certified Public Accountants entitled "Audit Treatment for Reserves of Special Taxation Measures Law, Allowances or Reserves of Special Law and Allowances for Retirement Benefits to Officers (The Audit and Assurance Implementation Committee Report No. 42, April 13, 2007).

As a result of this change, the Company adjusted its "deposits received" account and recognized a loss of ¥1,545 million from "Loss on adjustment of estimated consumption of gift coupons." Net income before income taxes consequently declined by this same amount.

(3) Change in depreciation method for tangible fixed assets

The Company has changed its depreciation methods for assets acquired on or after April 1, 2007 in accordance with fiscal 2007 amendments of the 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.

(4) Accounting standards related to business combinations

In the fiscal year under review, the Company began applying the "Accounting Standard for Business Combinations" (Business Accounting Council, October 31, 2003) and the "Accounting Standard for Business Divestitures" {Accounting Standards Board of Japan (ASBJ), December 27, 2005, ASBJ Statement No. 7}. It also began applying "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ, December 27, 2005; latest revision, December 22, 2006, ASBJ Implementation Guidance No. 10).

The impact of this change on earnings was insignificant.

2. Notes to the Consolidated Balance Sheets

(1) Pledged assets and secured liabilities

The following assets have been provided as security for short-term borrowings of ¥1,971 million and long-term borrowings of ¥10,497 million:

Deposits:	¥100 million
Buildings and structures:	¥9,044 million
Machinery, equipment and vehicles:	¥2,899 million
Land:	¥27,162 million
Total	¥39,207 million

(2) Accumulated depreciation of tangible fixed assets: ¥607,341 million

(3) Contingent liabilities

Guarantees: ¥3,932 million

(4) Matured notes at term-end

The balance sheet date for the term fell on a bank holiday, and trade notes with maturity on the balance sheet date were cleared on the clearing houses next business day. Current assets and current liabilities thus respectively include trade notes receivable and trade notes payable with maturity on the balance sheet date as follows:

Notes receivable:	¥436 million
Notes payable:	¥461 million

3. Notes to the Consolidated Statements of Income

Impairment losses on fixed assets

In the fiscal year under review, the Group (the Company and its consolidated subsidiaries) recognized impairment losses in the following asset groups:

Use of Asset	Location of Asset	Type of Asset
Operating assets (assets for food business)	Sakura, Tochigi Prefecture	Buildings and structures
Others	—	Goodwill

The Group divides their respective assets, in principle, according to individual breweries, plants and other business establishments and determines their groupings based on complementary relations of cash flows among the various assets. At the same time, however, the Company and its Group companies count each of the individual leased assets and idle assets as a stand-alone asset group. Headquarters buildings and employee welfare facilities of the Company and its Group companies are categorized as common-use assets, as they do not generate cash flows on their own.

The impairment losses on the above operating assets concerned follow a decision to divest these assets during the year under review. The goodwill that had been recognized in the food and pharmaceutical business in relation to the assets concerned was also subject to impairment. The Company determined that the profits that had been projected in the business plan it considered at the time of the acquisition were unattainable. Thus, it reduced the value of the assets by the difference between the recoverable amount and the book value, and recognized this reduction as an impairment loss (¥98 million for buildings and structures and ¥1,289 million for goodwill).

The Company estimated the recoverable amount by considering both the net sales value and the utility value of the assets. The net sales value was based on the sales agreement for the assets concerned, while the utility value was calculated by projected future cash flow discounted by 4.3%.

4. Notes to the Consolidated Statements of Changes in Net Assets

(1) Total shares issued and outstanding as of the end of the fiscal year under review

Common shares

As of the end of the fiscal year (Dec. 31, 2007):	483,585,862 sharers

(2) Dividends from retained earnings distributed during the fiscal year under review

A. It was resolved at the Annual Shareholders' Meeting of March 27, 2007 as follows:

Item related to dividends on common stock

Total amount of dividends:	¥4,942 million
Dividend per share:	¥10.50
Record date:	December 31, 2006
Effective date:	March 28, 2007

B. It was resolved at the Board of Directors Meeting of August 2, 2007 as follows:

Item related to interim dividends on common stock

Total amount of interim dividends:	¥4,485 million
Interim dividend per share:	¥9.50
Record date:	June 30, 2007
Effective date:	September 4, 2007

(3) Dividends from retained earnings to be distributed after the final day of the fiscal year under review

The following item has been placed on the agenda for approval at the Annual Shareholders' Meeting scheduled for March 26, 2008.

Item related to dividends on common stock

Source of dividends:	Retained earnings
Total amount of dividends:	¥4,488 million
Dividend per share:	¥9.50
Record date:	December 31, 2007
Effective date:	March 27, 2008

(4) Number of shares subject to share purchase warrants upon exercise thereof (as of December 31, 2007)

The First Issue of share purchase warrants (issued March 28, 2003)

Number of share purchase warrants:	260
Class and number of shares subject to the share purchase warrants:	260,000 common shares
Amount to be paid in per share upon exercise of the share purchase warrants:	¥830
Exercise period:	March 28, 2005 to March 27, 2013

The Second Issue of share purchase warrants (issued March 30, 2004)

Number of share purchase warrants:	5,670
Class and number of shares subject to the share purchase warrants:	567,000 common shares
Amount to be paid in per share upon exercise of the share purchase warrants:	¥1,205
Exercise period:	March 30, 2006 to March 29, 2014

The Third Issue of share purchase warrants (issued March 30, 2005)

Number of share purchase warrants:	6,000
Class and number of shares subject to the share purchase warrants:	600,000 common shares
Amount to be paid in per share upon exercise of the share purchase warrants:	¥1,374
Exercise period:	March 30, 2007 to March 29, 2015

5. Per share information

(1) Net assets per share: ¥1,089.33

(2) Net income per share: ¥94.94

6. Other notes

Figures in amounts of less than one million yen are omitted.

Reference: CONSOLIDATED STATEMENTS OF CASH FLOWS (Summary)

For the year ended December 31, 2007

	Million yen
Cash flows from operating activities:	
Income before income taxes	81,741
Depreciation	45,250
Decrease in allowance for employees' severance and retirement benefits	(3,908)
Decrease in allowance for doubtful accounts	(3,480)
Increase in trade receivables	(2,049)
Decrease in inventories	1,343
Decrease in trade payables	(2,716)
Increase in alcohol tax payable	1,833
Other cash flows from operating activities	(3,199)
Subtotal	**114,814**
Interest and dividend income received	6,478
Interest expenses paid	(5,200)
Income taxes paid	(46,519)
Net cash provided by operating activities	**69,573**
Cash flows from investing activities:	
Proceeds from sale of securities	5,120
Purchase of fixed assets	(41,404)
Purchase of investment securities	(28,648)
Purchase of investments in subsidiaries	(52,090)
Other cash flows from investing activities	(804)
Net cash used in investing activities	**(117,828)**
Cash flows from financing activities:	
Increase in financial liabilities	44,541
Purchase of treasury stock	(230)
Cash dividends paid	(9,428)
Other cash flows from financing activities	1,243
Net cash provided by financing activities	**36,126**
Effect of exchange rate change on cash and cash equivalents	**(182)**
Net decrease in cash and cash equivalents	**(12,311)**
Cash and cash equivalents at beginning of year	**23,778**
Increase in cash and cash equivalents due to change in scope of consolidation	**274**
Cash and cash equivalents at end of year	**11,741**

NON-CONSOLIDATED BALANCE SHEETS

As of December 31, 2007	
	Million yen
ASSETS	
Current assets:	
Cash and deposits	2,525
Notes receivable	3,593
Accounts receivable	200,668
Merchandise and finished goods	11,098
Semi-finished goods	9,583
Raw materials	10,890
Supplies	4,494
Short-term loans receivable	13,508
Prepaid expenses	8,307
Deferred tax assets	4,136
Other current assets	4,104
Allowance for doubtful accounts	(4,649)
Total current assets	**268,262**
Fixed assets:	
Tangible fixed assets:	
Buildings	140,077
Structures	20,103
Machinery and equipment	148,251
Vehicles	39
Tools, furniture and fixtures	44,244
Land	130,025
Construction in progress	2,969
	485,711
Intangible fixed assets:	
Rights to use of facilities	697
Software	8,370
Other intangible fixed assets	13
	9,080
Investments and other assets:	
Investment securities	100,778
Shares in affiliates	170,802
Capital invested in affiliates	4,891
Long-term loans receivable	11,385
Deferred tax assets	5,094
Other investments	22,273
Allowance for doubtful accounts	(7,773)
	307,451
Total fixed assets	**802,244**
Total assets	**1,070,506**

NON-CONSOLIDATED BALANCE SHEETS

As of December 31, 2007

	Million yen
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current liabilities:	
Notes payable	105
Trade accounts payable	52,416
Short-term borrowings	106,000
Bonds due within one year	10,000
Other accounts payable	17,472
Alcohol taxes payable	125,041
Consumption and similar taxes payable	6,851
Income taxes payable	11,126
Accrued expenses	36,654
Deposits received	34,932
Commercial paper	52,000
Allowance for employees' bonuses	1,726
Allowance for directors' and statutory auditors' bonuses	99
Other current liabilities	106
Total current liabilities	**454,534**
Long-term liabilities:	
Bonds	70,000
Long-term borrowings	26,625
Long-term deposits received	33,389
Allowance for employees' severance and retirement benefits	3,259
Other long-term liabilities	670
Total long-term liabilities	**133,945**
Total liabilities	**588,479**
NET ASSETS	
Shareholders' equity:	
Common stock	**182,531**
Capital surplus	**160,277**
Capital reserve	130,292
Other capital surplus	29,984
Retained earnings	**140,775**
Other retained earnings	140,775
Reserve for reduction in entry of fixed assets	1,289
General reserve	95,000
Retained earnings carried forward	44,486
Treasury stock	**(14,674)**
Total shareholders' equity	**468,909**
Valuation and translation adjustments:	
Valuation difference on available-for-sale securities	**13,180**
Deferred gains or losses on hedges	**(64)**
Total valuation and translation adjustments	**13,116**
Total net assets	**482,026**
Total liabilities and net assets	**1,070,506**

NON-CONSOLIDATED STATEMENTS OF INCOME

For the year ended December 31, 2007

	Million yen
Net sales	**1,030,736**
Cost of sales	**729,597**
Gross profit	**301,138**
Selling, general and administrative expenses	**221,204**
Operating income	**79,933**
Non-operating income:	
Interest and dividend income	2,361
Other non-operating income	1,097
	3,458
Non-operating expenses:	
Interest expenses	2,905
Loss on sale and disposal of inventories	1,056
Other non-operating expenses	2,059
	6,020
Recurring profit	**77,372**
Extraordinary gains:	
Gain on sale of fixed assets	50
Gain on sale of investment securities	0
Gain on liquidation of affiliates	1,441
Gain on extinguishment of tie-in shares	29
Reversal of allowance for doubtful accounts	999
	2,520
Extraordinary losses:	
Loss on sale and disposal of fixed assets	5,446
Loss on sale of investment securities	0
Loss on devaluation of investment securities	230
Loss on sale of investment in affiliates	618
Loss on devaluation of investment in affiliates	1,958
Loss on devaluation of equity participation in affiliates	314
Loss on adjustment of estimated consumption of gift coupons	1,545
	10,113
Income before income taxes	**69,779**
Income taxes:	
Current	25,243
Deferred	4,022
	29,265
Net income	**40,513**

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended December 31, 2007 (Million yen)

Millions of yen	Shareholders' equity									
		Capital surplus			Retained earnings					
					Other retained earnings					
	Common stock	Capital reserve	Other capital surplus	Total capital surplus	Reserve for reduction in entry of fixed assets	General reserve	Retained earnings carried forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance as of Dec. 31, 2006	182,531	130,292	29,221	159,513	1,431	65,000	43,260	109,691	(16,946)	434,790
Changes during the term										
Dividends							(9,430)	(9,430)		(9,430)
Net income (loss)							40,513	40,513		40,513
Acquisition of treasury stock									(191)	(191)
Disposal of treasury stock			763	763					2,463	3,227
Reversal of reserve for reduction in entry of fixed assets					(142)		142	–		–
Increase (decrease) in general reserve						30,000	(30,000)	–		–
Other changes in non-shareholders' equity items during the term (net)										
Total changes during the term			763	763	(142)	30,000	1,225	31,083	2,272	34,119
Balance as of Dec. 31, 2007	182,531	130,292	29,984	160,277	1,289	95,000	44,486	140,775	(14,674)	468,909

Millions of yen	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of Dec. 31, 2006	14,508	(28)	14,480	449,270
Changes during the term				
Dividends				(9,430)
Net income (loss)				40,513
Acquisition of treasury stock				(191)
Disposal of treasury stock				3,227
Reversal of reserve for reduction in entry of fixed assets				–
Increase (decrease) in general reserve				–
Other changes in non-shareholders' equity items during the term (net)	(1,327)	(35)	(1,363)	(1,363)
Total changes during the term	(1,327)	(35)	(1,363)	32,756
Balance as of Dec. 31, 2007	13,180	(64)	13,116	482,026

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

(1) Valuation basis and method for securities

Investment in subsidiaries and affiliates:

Stated at cost based on the moving-average method.

Other securities with market value

Carried at the average market value for the month immediately preceding the balance sheet date (valuation differences are all debited or credited directly to the net assets section, with the cost of securities sold computed by the moving-average method).

Securities without market value

Stated at cost based on the moving-average method.

(2) Valuation basis and method for derivatives

Market price method

(3) Valuation basis and method for inventories:

Merchandise, finished goods and semi-finished goods are stated at cost based on the weighted-average method. Raw materials and supplies are stated at cost based on the moving-average method.

(4) Depreciation methods for fixed assets:

Tangible fixed assets:

A. Production facilities:

Assets acquired on or before March 31, 2007: the former straight-line method
Assets acquired on or after April 1, 2007: the straight-line method

B. Other tangible assets

Assets acquired on or before March 31, 2007: the former declining-balance method
Assets acquired on or after April 1, 2007: the declining-balance method

Buildings (excluding of fixtures) acquired on or after April 1, 1998:

Assets acquired on or before March 31, 2007: the former straight-line method
Assets acquired on or after April 1, 2007: the straight-line method

The estimated useful life of the fixed assets are based on the same standards as specified in the Corporation Tax Law.

Intangible fixed assets:

Intangible fixed assets are amortized using the straight-line method. The estimated useful lives of the assets are based on the standards specified in the Corporation Tax Law. Software for internal use is amortized by the straight-line method, however, over a useful life of five years.

(5) Accounting criteria for allowances:

Allowance for doubtful accounts:

The allowance for doubtful accounts consists of the individually estimated uncollectible amounts with respect to certain identified doubtful receivables and an amount calculated using the rate of actual collection losses with respect to the other receivables.

Allowance for employees' severance and retirement benefits:

The Company makes provisions in the necessary amount of allowance for employees' severance and retirement benefits deemed to have accrued during the term, based on the Company's projected benefit obligations and the pension fund balance as of the end of the fiscal year under review. Actuarial gain or loss is amortized, beginning in the year following the year in which the gain or loss is recognized, by the straight-line method for a given number of years (10 years) within the employees' average remaining years of service.

Prior service costs are amortized by the straight-line method over 10 years within the average remaining years of service of employees from the time they arise.

Allowance for employees' bonuses:

An allowance for employees' bonuses is provided at the estimated amount applicable to the fiscal year under review.

Allowance for directors' and statutory auditors' bonuses:

An allowance for directors' and statutory auditors' bonuses is provided at the estimated amount applicable to the fiscal year under review.

(6) Lease contracts:

Finance leases other than those in which ownership of the leased property is deemed to be transferred to the lessee are accounted for in the manner followed in operating lease transactions.

(7) Accounting for hedging

A. Accounting for hedging

The Company defers gains or losses on its hedges. For interest rate swaps, it applies exceptional treatment when the swap in question meets the conditions for application of such exceptional treatment.

B. Hedging instruments and risks hedged:

Hedging instruments:	Interest rate swaps
Risks hedged:	Interest on borrowings

C. Hedging policy:

Derivative transactions are used to avoid risks associated with fluctuations in foreign exchange markets and in interest rates and to reduce the costs of financing. It is the Company's policy not to engage in speculative transactions that deviate from real demand or in highly leveraged transactions.

D. Method of evaluating the effectiveness of hedging:

The Company assesses the effectiveness of its hedges by comparing changes in the market values of the hedged items and of the hedging instruments over the entire period of the hedge. When the Company allocates differences in the values of hedging instruments or when it accounts for the value of swaps under special exceptions, these determinations allow it to forgo evaluation of the effectiveness of hedges in these cases.

(8) Consumption tax and similar taxes:

Consumption tax and similar taxes are excluded from the statements of income, except in the case of non-deductible consumption tax related to fixed assets that are charged when incurred.

(Changes in accounting treatment)

(1) Accounting related to items no longer recognized as liabilities

Previously, based on provisions of the Corporation Tax Law, the Company recognized as revenue certain reversals of its deposits for beer gift coupons issued and distributed by the Company. In the fiscal year under review, however, the Company began to recognize as "deposits received" the amount of gift coupons that it estimates will be redeemed in the future. This was done in accordance with a new auditing standard released by the Japanese Institute of Certified Public Accountants entitled "Audit Treatment for Reserves of Special Taxation Measures Law, Allowances or Reserves of Special Law, and Allowances for Retirement Benefits to Officers (The Audit and Assurance Implementation Committee Report No. 42, April 13, 2007).

As a result of this change, the Company adjusted its "deposits received" account and recognized a loss of ¥1,545 million from "Loss on adjustments of estimated consumption of gift coupons." Income before income taxes consequently declined by this same amount.

(2) Change in depreciation method for tangible fixed assets

The Company has changed its depreciation methods for assets acquired after April 1, 2007 in accordance with fiscal 2007 amendments of the Corporation Tax Law–the Law to Amend Part of the Income Tax Law (March 30, 2007, Law No. 6) and with the Cabinet Order to

Amend Part of the Corporation Tax Law (Cabinet Order No. 83, March 30, 2007). The impact of this change on earnings was insignificant.

(3)Accounting standards related to business combinations

In the fiscal year under review, the Company began applying the "Accounting Standard for Business Combinations" (Business Accounting Council, October 31, 2003) and the "Accounting Standard for Business Divestitures" {Accounting Standards Board of Japan (ASBJ), December 27, 2005, ASBJ Statement No. 7}. It also began applying "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ, December 27, 2005; latest revision, December 22, 2006, ASBJ Implementation Guidance No. 10).
This change has only an insignificant impact on earnings.

2. Notes to the Non-Consolidated Balance Sheets

(1) Pledged assets and secured liabilities

The following assets have been provided as collateral for ¥3,625 million in long-term borrowings:

Land:	¥13,332 million

(2) Accumulated depreciation on tangible fixed assets:	¥474,693 million

(3) Contingent liabilities

A. Guarantees, etc., against bank borrowings

Guarantees:	¥25,813 million
Comfort letters, etc.:	¥1,866 million

B. Guarantees, etc., against derivatives

Guarantees:

Contract amount, etc.:	¥2,000 million
Unrealized gains (losses):	¥(1) million

(4) Matured notes at term-end

The balance sheet date for the term fell on a bank holiday, and trade notes with maturity on the balance sheet date were cleared on the clearing houses next business day. Current assets and current liabilities thus respectively include trade notes receivable and trade notes payable with maturity on the balance sheet date as follows:

Notes receivable:	¥45 million
Notes payable:	none

(5) Monetary claims and obligations with affiliates

Short-term monetary claims on affiliates:	¥19,945 million
Long-term monetary claims on affiliates:	¥6,560 million
Short-term monetary obligations to affiliates:	¥29,952 million

3. Notes to the Non-Consolidated Statements of Income

Transactions with affiliates:

Net sales:	¥37,829 million
Purchases:	¥85,580 million
Selling, general and administrative expenses:	¥34,636 million
Transactions other than operating transactions:	¥705 million

4. Notes related to the Non-Consolidated Statement of Changes in Net Assets

Treasury stock

Type of stock	Balance as of the end of the fiscal year (Dec. 31, 2006)	Increase	Decrease	Balance as of the end of the fiscal year under review (Dec. 31, 2007)
Common shares	12,888,400	108,527	1,872,854	11,124,073

(Reasons for change)

The increase in shares was the result of the following:

Increase resulting from purchases of shares of less than one voting unit from shareholders of such shares responding to their request: 57,027 shares

Increase resulting from purchases of shares in response to request of shareholders in accordance with the provisions of Paragraph 1, Article 797 of the Corporation Law: 51,500 shares

The decrease in shares was the result of the following:

Decrease resulting from sales of shares of less than one voting unit to shareholders of shares of less than one voting unit to make their fractional shares a voting unit responding to their demand: 2,585 shares

Decrease resulting from exercise of stock options: 316,000 shares

Decrease resulting from a share exchange: 1,554,269 shares

5. Tax Effect Accounting

(1) Deferred tax assets and liabilities

Deferred tax assets

Allowance for doubtful accounts, in excess of tax-deductible amount:	¥4,490 million
Allowance for employees' bonuses, non-tax deductible:	¥672 million
Allowance for employees' severance and retirement benefits, in excess of tax-deductible amount:	¥7,899 million
Loss on devaluation of investment in affiliates, non-tax deductible:	¥6,305 million
Loss on devaluation of land, non-tax deductible:	¥11 million
Depreciation, in excess of tax-deductible amount:	¥318 million
Loss on establishment of retirement benefit trust, non-tax deductible:	¥1,470 million
Loss on devaluation of investment securities, non-tax deductible:	¥4,365 million
Loss on devaluation of capital contributions for affiliates, non-tax deductible:	¥3,002 million
Amortization of deferred charges, in excess of tax-deductible amount:	¥117 million
Losses from the liquidation of affiliates:	¥1,082 million
Disapproval of unpaid enterprise taxes:	¥927 million
Impairment loss on fixed assets:	¥1,294 million
Estimated cost of removal of fixed assets, non-tax deductible:	¥282 million
Loss on adjustment of estimated consumption of gift coupons, non-tax deductible:	¥515 million
Others:	¥2,272 million
Subtotal deferred tax assets:	¥35,028 million
Valuation allowance:	¥(15,653) million
Total deferred tax assets:	¥19,375 million

Deferred tax liabilities

Reserve for reduction in entry of fixed assets:	¥(873) million
Valuation difference on available-for-sale securities:	¥(8,930) million
Prepaid pension expenses:	¥(340) million
Total deferred tax liabilities:	¥(10,144) million
Net deferred tax assets:	¥9,231 million

(2) Effective tax rates before and after application of tax effect accounting

Statutory effective tax rates:	40.4%
Adjustment	
Permanent difference (non-deductible), including entertainment expenses:	1.8%
Valuation allowance:	1.1%
Permanent difference (non-taxable), including dividend income:	(0.4)%
Tax credit:	(0.8)%
Others:	(0.1)%
Effective tax rates after application of tax effect accounting:	41.9%

6. Notes related to leased fixed assets

(1) As of the end of the fiscal year under review

Amount equivalent to acquisition costs: ¥34,014 million

(2) As of the end of the fiscal year under review

Amount equivalent to accumulated depreciation: ¥17,309 million

(3) As of the end of the fiscal year under review

Amount equivalent to prepaid lease rents: ¥17,081 million

7. Transactions with related parties

Subsidiaries

Attribute	Name of company	Voting interest	Relationship		Transactions	Amount of transactions (Million yen)	Account	Balance at end of year
			Interlocking of directors	Relationship in business				
Subsidiary	AI Beverages Holding Co., Ltd.	80% direct ownership	2 directors	Debt guarantee	Debt guarantee for bank loans (Note 1) Debt guarantee for swap transactions (Note 2)	17,248 2,000	–	–

Notes: Condition of transactions and decision policy of condition of transactions
1. The Company guarantees the subsidiary's bank loans.
2. The Company guarantees the subsidiary's debts arising from swap transaction contracts. Amounts of transactions concerning swap transactions described above are notional principal.

8. Per share information

(1) Net assets per share: ¥1,020.24

(2) Net income per share: ¥85.84

9. Other notes

Figures in amounts of less than one million yen are omitted.

INDEPENDENT AUDITOR'S REPORT

January 31, 2008

To: The Board of Directors
Asahi Breweries, Ltd.

AZSA & Co.

Hikoyuki Miwa (Seal)
Designated and Engagement Partner
Certified Public Accountant

Tatsunaga Fumikura (Seal)
Designated and Engagement Partner
Certified Public Accountant

Yasuyuki Nagasaki (Seal)
Designated and Engagement Partner
Certified Public Accountant

In accordance with the provisions of Paragraph 4, Article 444 of the Corporation Law, we have audited the consolidated financial statements of Asahi Breweries, Ltd. (the "Company") for the fiscal year from January 1, 2007 to December 31, 2007. These statements consist of the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets, and notes on significant accounting policies used in consolidation. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit conducted as Independent Auditor.

We conducted our audit in accordance with generally accepted auditing standards in Japan. Those auditing standards require that we obtain reasonable assurance that the consolidated 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, and assessing the accounting principles used, the methods of application thereof, and estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the foregoing consolidated financial statements present fairly, in all material aspects, the financial position and results of operations of the Company and its consolidated subsidiaries for the period covered by the aforesaid financial statements in conformity with generally accepted accounting principles in Japan.

Our firm and engagement partners have no interests in the Company requiring disclosure pursuant to the relevant provisions of the Certified Public Accountants Law of Japan.

REPORT OF THE BOARD OF STATUTORY AUDITORS CONCERNING THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Statutory Auditors has prepared the following report on the consolidated financial statements (consisting of the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets, and notes on significant accounting policies used in consolidation) for the 84th fiscal year, the period from January 1, 2007 to December 31, 2007. This report was prepared on the basis of audit reports prepared by individual Statutory Auditors and represents a unanimous opinion of all the Statutory Auditors after due discussions and consultations among them.

1. Methods used in audits by the individual Statutory Auditors and by the Board of Statutory Auditors; content of audits

The Board of Statutory Auditors established auditing policies and auditing plans for the fiscal year under review and received reports from each of the Statutory Auditors on the execution of his auditing activities and the results thereof. In addition, it received reports on the business performance from the Directors et al. and from the Independent Auditor, and, when necessary, requested explanations regarding such reports.

In accordance with the auditing policies and auditing plans established by the Board of Statutory Auditors for the period under review, each of the Statutory Auditors received reports from the Directors, employees and others regarding the consolidated financial statements, and, when necessary, requested explanations regarding these reports. The Statutory Auditors also monitored and examined whether the Independent Auditor maintains its independence and carries out audits in an appropriate manner. The Statutory Auditors received reports from the Independent Auditor on the execution of duties and, when necessary, requested explanations regarding those reports. They also received notification from the Independent Auditor that it had taken steps to improve the “system for ensuring appropriate execution of its duties” (as enumerated in Article 159 of the Company Accounting Regulation Ordinance) in compliance with the “Quality Control Standards Relating to Auditing” (adopted by the Business Accounting Deliberation Council on October 28, 2005), and, when necessary, requested explanations and consequently confirmed that the system under which the Independent Auditor operates is appropriate. Based on the foregoing methods, the Statutory Auditors reviewed the consolidated financial statements for the fiscal year under review.

2. Result of the Audit

In our opinion, the auditing methods used by AZSA & Co., the Independent Auditor, and the results of its audit are appropriate.

February 1, 2008

Board of Statutory Auditors
Asahi Breweries, Ltd.

Sugao Nishikawa (Seal)
Standing Statutory Auditor

Yoshihiro Goto (Seal)
Standing Statutory Auditor

Takahide Sakurai (Seal)
Outside Statutory Auditor

Naoto Nakamura (Seal)
Outside Statutory Auditor

Tadashi Ishizaki (Seal)
Outside Statutory Auditor

INDEPENDENT AUDITOR'S REPORT

January 31, 2008

To: The Board of Directors
Asahi Breweries, Ltd.

AZSA & Co.

Hikoyuki Miwa (Seal)
Designated and Engagement Partner
Certified Public Accountant

Tatsunaga Fumikura (Seal)
Designated and Engagement Partner
Certified Public Accountant

Yasuyuki Nagasaki (Seal)
Designated and Engagement Partner
Certified Public Accountant

In accordance with the provisions of Item 1, Paragraph 2, Article 436 of the Corporation Law, we have audited the financial statements of Asahi Breweries, Ltd. (the "Company") for its 84th fiscal year, the period from January 1, 2007 to December 31, 2007. These statements consist of the non-consolidated balance sheets, the non-consolidated statements of income, the non-consolidated statements of changes in net assets, notes on significant accounting policies, and supporting schedules thereto. These financial statements and supporting schedules thereto are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and supporting schedules thereto based on our audit conducted as Independent Auditor.

We conducted our audit in accordance with generally accepted auditing standards in Japan. Those auditing standards require that we obtain reasonable assurance that the financial statements and supporting schedules thereto are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the accounting principles used, the methods of application thereof, and estimates made by management, as well as evaluating the overall presentation of the financial statements and supporting schedules thereto. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the foregoing financial statements and supporting schedules thereto present fairly, in all material aspects, the financial position and results of operations of the Company for the period covered by the aforesaid financial statements and supporting schedules thereto in conformity with generally accepted accounting principles in Japan.

Our firm and our engagement partners have no interests in the Company requiring disclosure pursuant to the relevant provisions of the Certified Public Accountants Law of Japan.

REPORT OF THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors has prepared the following report concerning the execution of duties by the Directors for the 84th fiscal year, the period from January 1, 2007 to December 31, 2007. The report was prepared on the basis of audit reports prepared by individual Statutory Auditors and represents a unanimous opinion of all the Statutory Auditors after due discussions and consultations among them.

1. Methods used in audits by the individual Statutory Auditors and by the Board of Statutory Auditors; content of audits

The Board of Statutory Auditors established auditing policies and auditing plans for the fiscal year under review and received reports from each of the Statutory Auditors on the execution of his auditing activities and the results thereof. In addition, it received reports on the business performance from the Directors et al. and from the Independent Auditor, and, when necessary, requested explanations regarding such reports.

In accordance with the auditing standards for Statutory Auditors set by the Board of Statutory Auditors, each of the Statutory Auditors communicated with the Directors, the internal auditing division, and employees of the Company and endeavored to gather information and create an improved environment for auditing, in accordance with the auditing policies and auditing plans established for the year under review. The Statutory Auditors also attended Board of Directors' Meetings and other important meetings, received reports from the Directors and the internal auditing division of the Company on its business performance, and, when necessary, requested explanations regarding those reports. The Statutory Auditors also inspected documents related to important decisions and examined the operations and assets of the Company's head offices and major operational establishments. The Statutory Auditors also monitored and examined the systems established to ensure that the execution of duties by the Directors were in compliance with laws and regulations and with the Company's Articles of Incorporation, and monitored and examined the systems established pursuant to Paragraphs 1 and 3, Article 100 of the Enforcement Regulations of the Corporation Law to ensure that the Company's operations were conducted appropriately (internal control systems). As required under Items 1 and 2 of Article 127 of the Enforcement Regulations of the Corporation Law, the Company stated in the Business Report its basic policy concerning company control and the various measures to be implemented to preserve and enhance corporate value. The Statutory Auditors evaluated the content of these statements, taking into consideration discussions held at Board of Directors' Meetings and at other senior management meetings. With respect to subsidiaries, the Statutory Auditors took steps to facilitate communications with the directors and statutory auditors of subsidiaries and, when necessary, received reports from subsidiaries on the status of their businesses. Using the foregoing methods, the Statutory Auditors reviewed the Business Report and the supporting schedules thereto for the fiscal year under review. In addition, the Statutory Auditors monitored and examined whether the Independent Auditor maintains its independence and carries out audits in an appropriate manner. The Statutory Auditors received reports from the Independent Auditor on the execution of its duties and, when necessary, requested explanations regarding those reports. The Statutory Auditors also received notification from the Independent Auditor that it had taken steps to improve the "system for ensuring appropriate execution of its duties" (as enumerated in Article 159 of the Company Accounting Regulation Ordinance) in compliance with the "Quality Control Standards Relating to Auditing" (adopted by the Business Accounting Deliberation Council on October 28, 2005). When necessary, the Statutory Auditors requested explanations of these reports and notifications and consequently confirmed that the system under which the Independent Auditor operates is appropriate. Based on the foregoing methods, the Statutory Auditors reviewed the non-consolidated financial statements for the fiscal year under review (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in net assets, and notes on significant accounting policies) and supporting schedules thereto.

2. Results of the Audit

(1) Results of audit of the Business Report

- In our opinion, the Business Report and the supporting schedules thereto present the situation of the Company fairly, in compliance with the provisions of applicable laws and regulations and the Articles of Incorporation.
- In our opinion, there are no wrongful acts or material violations of applicable laws and regulations or the Articles of Incorporation in the execution of their duties by the Directors.
- In our opinion, the content of the resolution by the Board of Directors regarding internal control systems is appropriate, and, furthermore, execution of the internal control systems by the Directors has been appropriate.
- In our opinion, the Company's basic policy regarding persons who exercise control over decision-making with respect to the Company's finances and business policies is appropriate. In our opinion, furthermore, the measures the Company is taking under Item 2, Article 127 of the Enforcement Regulations of the Corporation Law are in accord with this basic policy. Finally, in our opinion, these measures do not harm the common interests of the Company's shareholders and do not have as their aim maintaining the status of the Company's Directors.

(2) Results of the audit of financial statements and the supporting schedules thereto

In our opinion, the auditing methods used by AZSA & Co., the Independent Auditor, and the results of its audit are appropriate.

February 1, 2008

Board of Statutory Auditors
Asahi Breweries, Ltd.

Sugao Nishikawa (Seal)
Standing Statutory Auditor

Yoshihiro Goto (Seal)
Standing Statutory Auditor

Takahide Sakurai (Seal)
Outside Statutory Auditor

Naoto Nakamura (Seal)
Outside Statutory Auditor

Tadashi Ishizaki (Seal)
Outside Statutory Auditor

REFERENCE MATERIALS FOR SHAREHOLDERS' MEETING

Agenda Items and Reference Materials

Item 1: Appropriation of retained earnings for the 84th term

The Company proposes the appropriation of retained earnings in the following manner:

1. Year-end dividends

The Company considers the return of profits to shareholders to be an important management policy. While endeavoring to enhance its profitability and to strengthen its financial standing, the Company's fundamental aim is to reward shareholders appropriately in light of its business performance. Its policy with respect to dividends is essentially to maintain the continuity and stability of payouts, while at the same time targeting to increase the payout ratio up to 20 percent or higher on a consolidated basis. In accordance with this policy, and taking into consideration a variety of factors, including the consolidated financial standing and business performance during the fiscal year under review of the Company, the Company proposes distribution of the following dividend:

(1) Type of dividend asset
Cash

(2) Allocation of dividend assets to shareholders and total amount of allocation

¥9.50 yen per share of common stock
Total amount of payout: ¥4,488,386,996
Since the Company previously paid out ¥9.50 per share as an interim-period dividend, the total dividend for the fiscal year under review will amount to ¥19 per share.

(3) Effective date of dividend payment
March 27, 2008

2. Appropriation of other retained earnings

(1) Retained-earnings accounts showing an increase, and the amount of such increases
General reserves: ¥30,000,000,000

(2) Retained-earnings accounts showing a decrease, and the amount of such decreases
Retained earnings carried forward: ¥30,000,000,000

Item 2: Amendments of the Articles of Incorporation

We propose to amend the Articles of Incorporation of the Company as follows:

1. Reason for amendments

(1) As on September 1, 2008, the Company will relocate the place of its registered head office from Chuo-ku, Tokyo, to Sumida-ku, Tokyo, because of reconstruction of the office building where the current registered head office of the Company is located (Article 3 of the present Articles of Incorporation).

(2) To promote agile and efficient decision-making in response to various changes in the business environment, the Company would like to establish a provision that enables the Board of Directors to adopt resolutions in writing without holding a meeting, provided that there is unanimous agreement among all the Directors on the matter to be resolved and that there are no objections from the Statutory Auditors (proposed amendment to Article 23).

In this connection, a renumbering of the articles necessitated by the establishment of this new article shall also be made as a part of this amendment.

2. Details of amendments

The proposed amendments are as follows:

(Amended portions are indicated by underlining.)

Current	Amended
Chapter I: GENERAL PROVISIONS	Chapter I: GENERAL PROVISIONS
Article 3 (Location of Registered Head Office) The Company shall have its registered head office in Chuo-ku, Tokyo.	Article 3 (Location of Registered Head Office) The Company shall have its registered head office in Sumida-ku, Tokyo.
Chapter IV: DIRECTORS AND BOARD OF DIRECTORS	Chapter IV: DIRECTORS AND BOARD OF DIRECTORS
(Inserted)	Article 23 (Omission of resolution by the Board of Directors) When the requirements of Article 370 of the Corporation Law are met, the Company shall deem that a resolution with respect to the subject matter has been adopted by the Board of Directors.
Article 23 - Article 25 (Text omitted)	Article 24 - Article 26 (Text unchanged)
Chapter V: STATUTORY AUDITORS AND BOARD OF STATUTORY AUDITORS	Chapter V: STATUTORY AUDITORS AND BOARD OF STATUTORY AUDITORS
Article 26- Article 33 (Text omitted)	Article 27 - Article 34 (Text unchanged)
Chapter VI: INDEPENDENT AUDITOR	Chapter VI: INDEPENDENT AUDITOR
Article 34 - Article 36 (Text omitted)	Article 35 - Article 37 (Text unchanged)
Chapter VII: ACCOUNTS	Chapter VII: ACCOUNTS
Article 37 - Article 39 (Text omitted)	Article 38 - Article 40 (Text unchanged)
(Inserted)	Supplementary provision The amendment in Article 3 shall be effective as of September 1, 2008. This supplementary provision will be deleted after the date it comes into force.

Item 3: Election of eleven (11) Directors

At the close of this Annual Shareholders' Meeting, the term of office of all the Directors will expire. We would therefore like shareholders to elect eleven (11) Directors.

The candidates for the Directors are as follows:

Candidate Number	Name (date of birth)	Career summary, positions in the Company, areas of responsibility, and representation of other companies and other organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
1	Kouichi Ikeda (April 21, 1940)	Apr. 1963 Entered Asahi Breweries, Ltd. Mar. 1996 Director; General Manager of Kyushu, Chugoku and Shikoku Regional Headquarters Mar. 1997 Managing Director, Senior Deputy General Manager of Sales Division and Senior General Manager of Kyushu and Chugoku Regional Headquarters Sep. 1997 Managing Director, Senior Deputy General Manager of Sales Division, and Senior General Manager of Shutoken Regional Headquarters and Kanshin-etsu Regional Headquarters Sep. 1998 Managing Director, Senior Deputy General Manager of Sales Division, Senior General Manager of Shutoken Regional Headquarters Mar. 1999 Senior Managing Director, Senior Deputy General Manager of Sales Division, Senior General Manager of Shutoken Regional Headquarters Mar. 2000 Senior Managing Executive Officer, Senior Deputy General Manager of Sales Division, Senior General Manager of Shutoken Regional Headquarters Oct. 2000 Senior Managing Executive Officer, Senior General Manager of Liquor Sales & Marketing Headquarters Mar. 2001 Senior Managing Director Jan. 2002 President and Representative Director Mar. 2006 Chairman of the Board and Representative Director (to the present) < Representation of other companies and other organizations > Chairman of the Board of Asahi Beer Arts Foundation	22,200	See Note 1

Candidate Number	Name (date of birth)	Career summary, positions in the Company, areas of responsibility, and representation of other companies and other organizations		Number of shares in the Company owned by the candidate	Special interests in the Company
2	Hitoshi Ogita (January 1, 1942)	Apr. 1965	Entered Asahi Breweries, Ltd.	31,000	---
		Mar. 1997	Director, General Manager of Fukuoka Branch		
		Sep. 1997	Director, Senior General Manager of Kyushu Regional Headquarters		
		Mar. 2000	Managing Executive Officer, Senior General Manager of Kyushu Regional Headquarters		
		Oct. 2000	Managing Executive Officer, Senior General Manager of Kanshin-etsu Regional Headquarters		
		Mar. 2002	Senior Managing Executive Officer, Senior General Manager of Kanshin-etsu Regional Headquarters		
		Sep. 2002	Executive Officer; Vice President of Asahi Soft Drinks Co., Ltd.		
		Mar. 2003	President and Representative Director of Asahi Soft Drinks Co., Ltd.		
		Mar. 2006	President and Representative Director of Asahi Breweries, Ltd. (to the present)		
3	Masatoshi Takahashi (October 24, 1946)	Apr. 1969	Entered Asahi Breweries, Ltd.	26,502	---
		Mar. 2000	Executive Officer, Senior General Manager of Chubu Regional Headquarters		
		Sep. 2001	Executive Officer, Senior General Manager of Liquor Sales & Marketing Headquarters		
		Mar. 2002	Managing Executive Officer, Senior General Manager of Liquor Sales & Marketing Headquarters		
		Sep. 2003	Managing Executive Officer, Senior General Manager of Kinkiken Regional Headquarters		
		Mar. 2005	Senior Managing Executive Officer, Senior General Manager of Kinkiken Regional Headquarters		
		Mar. 2006	Senior Managing Director, Senior Managing Executive Officer (to the present)		

Candidate Number	Name (date of birth)	Career summary, positions in the Company, areas of responsibility, and representation of other companies and other organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
4	Masahiko Osawa (January 28, 1946)	Apr. 1968 Entered Asahi Breweries, Ltd. Mar. 2000 Executive Officer, Senior General Manager of Logistics Department Sep. 2001 President of Asahi Beer (Shanghai) Product Services Co., Ltd. Sep. 2002 Managing Executive Officer, Chief Representative of China Representative Office Jan. 2005 Managing Executive Officer, Senior General Manager of China Business Headquarters, Chief Representative of China Representative Office Oct. 2005 Managing Executive Officer, Senior General Manager of China Headquarters, Chief Representative of China Representative Office Mar. 2007 Managing Director, Managing Executive Officer Sep. 2007 Managing Director, Managing Executive Officer, Senior General Manager of International Headquarters (to the present) < Representation of other companies and other organizations > President and Representative Director of AI Beverages Holding Co., Ltd. Representative Director and Chairman of Haitai Beverage Co., Ltd.	31,652	See Note 1

Candidate Number	Name (date of birth)	Career summary, positions in the Company, areas of responsibility, and representation of other companies and other organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
5	Naoki Izumiya (August 9, 1948)	Apr. 1972 Entered Asahi Breweries, Ltd. Mar. 2000 Executive Officer, Senior General Manager of Group Management Strategy Division Oct. 2000 Executive Officer, Senior General Manager of Strategy Planning Headquarters Sep. 2001 Executive Officer, Deputy General Manager of Shutoken Regional Headquarters and General Manager of Tokyo Branch Mar. 2003 Director Mar. 2004 Managing Director Mar. 2006 Managing Director, Managing Executive Officer, Senior General Manager of Liquor Sales & Marketing Headquarters (to the present)	19,400	---
6	Kazuo Motoyama (March 14, 1950)	Apr. 1972 Entered Asahi Breweries, Ltd. Mar. 2000 Executive Officer, Senior General Manager of Quality Development Headquarters and Senior General Manager of Logistics Department Sep. 2001 Executive Officer, Senior General Manager of SCM Headquarters Sep. 2002 Executive Officer Sep. 2003 Executive Officer, Senior General Manager of Strategy Planning Headquarters Oct. 2005 Executive Officer Mar. 2006 Director, Executive Officer Mar. 2007 Managing Director, Managing Executive Officer (to the present)	10,200	---

Candidate Number	Name (date of birth)	Career summary, positions in the Company, areas of responsibility, and representation of other companies and other organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
7	Akiyoshi Koji (November 8, 1951)	Apr. 1975 Entered Asahi Breweries, Ltd. Sep. 2001 Executive Officer in charge of Management Strategy, Personnel Strategy and Business Planning Promotion Mar. 2002 Executive Officer in charge of Management Planning, Personnel Strategy, Business Planning, Promoting and Public Relations Sep. 2002 Executive Officer in charge of Beverage Business of Asahi Breweries, Ltd. Mar. 2003 Managing Director and Senior General Manager of Planning Division, Asahi Soft Drinks Co., Ltd. Mar. 2006 Senior Managing Director and Senior General Manager of Planning Division, Asahi Soft Drinks Co., Ltd. Mar. 2007 Managing Director, Managing Executive Officer of Asahi Breweries, Ltd. (to the present)	7,100	---
8	Shin Iwakami (May 18, 1949)	Apr. 1972 Entered Asahi Breweries, Ltd. Mar. 2004 Executive Officer and Senior General Manager, Production Operations Headquarters Oct. 2005 Executive Officer and Senior General Manager, Production Headquarters Mar. 2007 Managing Director, Managing Executive Officer, Senior General Manager of Production Headquarters (to the present) < Representation of other companies and organizations> Chairman of the Board of Asahi Breweries Foundation	11,400	See Note 1

(New candidates are marked with (*))

Candidate Number	Name (date of birth)	Career summary, positions in the Company, areas of responsibility, and representation of other companies and other organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
9	Nobuo Yamaguchi (December 23, 1924)	Apr. 1952 Entered Asahi Chemical Industry Co., Ltd. Jun. 1976 Director Nov. 1978 Managing Director Jun. 1981 Executive Vice President and Representative Director Mar. 1982 Director of Asahi Breweries, Ltd. (to the present) Apr. 1992 Chairman of the Board and Representative Director of Asahi Chemical Industry Co., Ltd. (now Asahi Kasei Corporation) (to the present) < Representation of other companies and organizations> Chairman of the Board and Representative Director of Asahi Kasei Corporation	11,000	---
10	Noriyuki Karasawa * (October 20, 1951)	Apr. 1974 Joined Asahi Breweries, Ltd. Mar. 2002 Senior Officer, General Manager of Technology Department Sep. 2002 Senior Officer, President and Representative Director of Asahi Beer Engineering, Ltd. Oct. 2005 Senior Officer, Senior Deputy General Manager of Production Headquarters and General Manager of Technology Department Mar. 2006 Executive Officer, Senior Deputy General Manager of Production Headquarters and General Manager of Technology Department (to present)	8,200	---

(New candidates are marked with (*))

Candidate Number	Name (date of birth)	Career summary, positions in the Company, areas of responsibility, and representation of other companies and other organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
11	Mariko Bando * (August 17, 1946)	Jul. 1969 Joined staff of Prime Minister's Office Oct. 1985 Councillor, Cabinet Secretariat Jul. 1994 Director, Gender Equality Office, Prime Minister's Office Apr. 1995 Vice-Governor, Saitama Prefecture Jun. 1998 Consul General, Brisbane, Australia Jan. 2001 Director General, Gender Equity Bureau, Cabinet Office Oct. 2003 Director, Showa Women's University (to the present) Apr. 2004 Director, The Institute of Women's Culture, Showa Women's University (to the present) Apr. 2007 President, Showa Women's University (to the present)	---	---

Notes:

1. Candidates' special interests in the Company:
   (1) The Company has made donations to the Asahi Beer Arts Foundation, the Board of Directors of which Kouichi Ikeda is Chairman. The Company also receives rent from the foundation for the facilities of the Asahi Beer Oyamazaki Villa Museum, which is operated by the foundation.
   (2) The Company has a stake in AI Beverages Holding Co., Ltd., for which Masahiko Osawa is serving as President and Representative Director. The Company guarantees the bank loans of that company.
   (3) The Company has made donations to the Asahi Breweries Foundation, the Board of Directors of which Shin Iwakami is Chairman.
2. Nobuo Yamaguchi and Mariko Bando are both candidates for Outside Directors as defined in Item 15, Article 2 of the Corporation Law.
3. The following are items required to be noted about candidates for Outside Directors.
   (1) Reasons for recommending them as candidates for Outside Directors
      A. Nobuo Yamaguchi would bring a wealth of company management experience and insight into a broad range of issues to the management of the Company. We thus recommend his election to the Board as an Outside Director.
      B. In addition to her diverse experience in public administration, Mariko Bando has a wide range of knowledge as an educator. To provide the Company with the benefit of this experience and knowledge, we recommend her election to the board as an Outside Director.

      Although Mariko Bando has not been involved in company management, other than as an outside director, the Board has concluded that she will be able to perform her duties as Outside Director of the Company based on her appointments and successes in the prominent positions noted above.

(2) In case of the candidates' service over the past five years as outside directors or outside statutory auditors of other companies, records of inappropriate actions by these companies during the candidates' terms of office therein, steps taken by the candidates to prevent such inappropriate actions, or responses taken by the candidates to deal with such actions after their occurrence

A. Nobuo Yamaguchi has been concurrently serving as an outside statutory auditor of The Yomiuri Shimbun Holdings, which since the 1950s owned shares in a number of television station companies through third-party accounts. This was in violation of regulations (ordinances of the Ministry of Internal Affairs and Communications) limiting the holdings of such shares, which were adopted for the purpose of eliminating an excessive concentration of ownership in the mass media. The violation was discovered in November 2004 and rectified in March 2005. Nobuo Yamaguchi was not involved in any of the actions leading to this violation. With respect to actions taken by the candidate since the issue was uncovered, Nobuo Yamaguchi offered proposals designed to prevent the reoccurrence of such violations to the board, based on internal and external investigative reports.

B. Asahi Mutual Life Insurance Co., where Mariko Bando also serves as outside director, was ordered by the Financial Services Agency on February 1, 2007 to review its payments of insurance claims and benefits for possible irregularities. In response, Asahi Mutual Life reviewed its record of payments of insurance claims and benefits for a five-year period (from fiscal 2001 to fiscal 2005). In April 2007, Asahi Mutual Life ascertained that in a certain number of cases it had paid out insufficient amounts. Although Mariko Bando was not involved in the cases in question, she has fulfilled her responsibilities by speaking out in favor of measures to prevent the reoccurrence of such problems. As of September 2007, Asahi Mutual Life had completed its analysis of the amount of additional payments it will be required to make.

(3) Number of years of service as Outside Director

At the close of this Annual Shareholders' Meeting, Nobuo Yamaguchi will have served as an Outside Director for 26 years.

(4) Regarding agreements limiting the liability of Outside Directors

To enable him to contribute fully in his role as Outside Director, the Company has entered into an agreement with Nobuo Yamaguchi that limits his liability for damages. Under the terms of this agreement, Mr. Yamaguchi's liability is limited to ¥20 million or to the minimum limited amount stipulated by the provisions of Paragraph 1, Article 423 of the Corporation Law, whichever is higher. If this agenda item is approved as submitted, the agreement with Mr. Yamaguchi will be continued, and the Company will also enter into a similar agreement with Mariko Bando that limits her liability in the same manner.

Item 4: Election of one (1) Statutory Auditor

At the close of this Annual Shareholders' Meeting, the term of office will expire for Statutory Auditor Sugao Nishikawa.

We would therefore like shareholders to elect one (1) Statutory Auditor.

The candidate is introduced below.

For the avoidance of doubt, the Company has obtained the prior concurrence of the Board of Statutory Auditors for the submission of this proposal.

(A new candidate is marked with (*))

Name (date of birth)	Career summary, positions in the Company, areas of responsibility, and representation of other companies and organizations		Number of shares in the Company owned by the candidate	Special interests in the Company
Yoshifumi Nishino* (March 4, 1947)	Apr. 1969	Entered Asahi Breweries, Ltd.	16,366	---
	Sep. 2001	Executive Officer, Senior General Manager of Production Headquarters		
	Mar. 2003	Managing Executive Officer, Senior General Manager of Production Headquarters		
	Mar. 2004	Managing Director		
	Mar. 2006	Managing Director, Managing Executive Officer		
	Mar. 2007	Senior Managing Director, Senior Managing Executive Officer (to the present)		

Reminder to Shareholders Concerning Online Voting

**** The online voting site and Help Desk information are available only in Japanese.***

Dear Shareholder,
Please check the points listed below when exercising your voting rights via the Internet.

1. Online voting is available only by accessing the website noted below. This site is also available through the Internet via cellular phone.

   Online voting site: http://www.webdk.net

   * If your cellular phone is equipped with a barcode reader, you may use the two-dimensional code at right in order to access the online voting site. For more detailed information on that procedure, please refer to your phone's user manual.

2. When voting online, enter the voting code and password indicated on the enclosed voting form. Then indicate your consent/dissent concerning for each item by following the instructions displayed on the screen.

3. Online votes will be accepted until the day immediately prior to the date of the Annual Shareholders' Meeting (deadline for online voting: 5:30 p.m., March 25, 2008, JST). However, voting in advance will be highly appreciated for our convenience in vote counting.

4. In the event that a vote is exercised in duplicate via online and via the enclosed voting form, only the online vote shall be counted.

5. In the event that more than one online vote is exercised (including votes via PC and via cellular phone), only the most recent vote shall be counted.

6. Any costs related to connecting to a shareholder's Internet provider, as well as communication charges (including telephone charges) for accessing the online voting site, shall be borne by the shareholder.

7. Shareholders who wish to receive notices of shareholders' meetings by e-mail beginning with the next meeting may so register on the online voting site.

System Requirements for Online Voting

The following system environments are required for accessing the online voting site.

(1) Internet access

(2) When voting via PC, Microsoft® Internet Explorer version 5.5 SP2 or newer, or Netscape® version 6.2 or newer browser software and compatible hardware.

(3) When voting via cellular phone, a 128-bit SSL communication (encrypted communication) compatible model. (For security purposes, only 128-bit SSL communication compatible cellular phones can access to the online voting system. Other models are not compatible with this system.)

(Microsoft is a registered trademark of Microsoft Corporation in the United States and other countries. Netscape is a registered trademark of Netscape Communications Corporation in the United States and other countries.)

Inquiries for Online Voting

Please contact the following Help Desk for inquiries about online voting.

Agent for Shareholder Registry Management:
The Sumitomo Trust & Banking Co., Ltd.
Stock Transfer Agency Department (Help Desk)
Phone (toll-free within Japan): 0120-186-417 (24 hours/day)

Requesting change-of-address forms should call 0120-175-417 (toll-free phone within Japan, 24 hours/day). For other inquiries, please contact: The Sumitomo Trust & Banking Co., Ltd., Stock Transfer Agency Department at 0120-176-417 (toll-free phone within Japan, 9:00 a.m. to 5:00 p.m.).