English Translation of Original 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 GROUP HOLDINGS, LTD.

(Securities Code: 2502)

March 5, 2012

Dear Shareholders:

NOTICE OF THE 88th ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the Annual General Meeting of Shareholders of Asahi Group Holdings, Ltd. (the "Company"), which will be held as described below.
If you can attend the meeting, please submit the enclosed voting form directly at the meeting.

If you are unable to attend the meeting in person, you may exercise your voting rights via either postal mail or Internet. Please review the attached "REFERENCE MATERIALS FOR GENERAL MEETING OF SHAREHOLDERS," and exercise your voting rights no later than 5:30 p.m., March 26 (Monday), 2012 (JST) by following the "GUIDE TO EXERCISING VOTING RIGHTS" on page 3.

1. DATE AND TIME

March 27 (Tuesday), 2012, at 1:00 p.m. (JST)

2. PLACE

Banquet Room "Tsuru"
Main Banquet Floor of Hotel New Otani
4-1, Kioi-cho, Chiyoda-ku, Tokyo
(Please note that if Banquet Room "Tsuru" becomes full, you will be guided to another venue.)

3. PURPOSES

Items to Be Reported:

Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements and reports of the audit results of the consolidated financial statements by the Independent Auditor and the Board of Auditors for the 88th term, from January 1, 2011 to December 31, 2011.

Items to Be Resolved:

Item 1: Appropriation of surplus
Item 2: Election of eleven (11) Directors
Item 3: Election of one (1) Corporate Auditor

Sincerely,

Naoki Izumiya, President and Representative Director
ASAHI GROUP HOLDINGS, LTD.
23-1, Azumabashi 1-chome, Sumida-ku, Tokyo

*Please see the additional notes on the following page.

On the day of the Meeting, please submit the voting form at the reception desk. Please also bring this Notice with you, to help us preserve resources.
You are advised to arrive at the venue early, as the reception desk is expected to become extremely crowded immediately before the commencement of the Meeting. (The reception desk will open at 11:30 a.m.)
Please note that anyone other than a shareholder who is entitled to exercise voting rights (e.g., non-shareholding proxy, person accompanying the shareholder) will not be allowed inside the venue.

Corrections to Reference Materials for General Meeting of Shareholders, Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements, if any, will be posted on the Company's website (http://www.asahigroup-holdings.com/).

Guide to Exercising Voting Rights

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

Please exercise your *voting right*, which is the right to participate in the Company's management.

A voting right at the General Meeting of Shareholders is an important right that entitles shareholders to participate in the Company's management.
Please exercise your voting right by referring to the following three methods.

Attending the General Meeting of Shareholders in person
Please submit the voting form at the reception desk at the venue.

Voting via Postal Mail
Please indicate your consent/dissent concerning the items shown on the voting form, and send back the form so that it will arrive no later than 5:30 p.m., March 26 (Monday), 2012 (JST).

Voting via Internet
(1) Accessing the voting site
Online voting is available only by accessing the website noted below. This site may be accessed from a computer or a 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 cellular phone's user manual.

(2) Entering your "voting code" and "password"
Enter the voting code and password indicated on the voting form. Then indicate your consent/dissent concerning each item by following the instructions displayed on the screen.

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.
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 noted below. Please note that the site cannot be accessed via cellular phone. Thank you for your understanding.

E-mail address registration site: http://www.webdk.net/mail

Deadline for Exercising Voting Rights via the Internet
No later than 5:30 p.m., March 26 (Monday), 2012 (JST)
(Day before the General Meeting of Shareholders)

Q. What happens if I exercise my voting right not only via postal mail but also via the Internet?
A. If you exercise your voting right in duplicate (i.e., voting online as well as voting by using the voting form), only the online vote will be counted.

Q. I can exercise my voting right online more than once. Will all my voting attempts be considered valid?
A. If you exercise your voting right online more than once or in duplicate (voting via PC and voting via cellular phone), only the most recent vote will be counted.

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 6.0 or newer as 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 the online voting system. Other models are not compatible with this system. Please also note that while voting via smartphones and other cellular phones with full browser functionality is supported in principle, we cannot guarantee compatibility with all available models.)

(Microsoft is a registered trademark of Microsoft 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 (9:00 a.m. to 9:00 p.m.)

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

REFERENCE MATERIALS FOR GENERAL MEETING OF SHAREHOLDERS

Agenda Items and Reference Information

Item 1: Appropriation of surplus

The Company proposes the appropriation of surplus in the following manner:

1. Year-end dividends

As Asahi Group's holding company, the Company places priority on returning profit to shareholders and adheres to a basic policy of implementing returns to shareholders with the business performance taken into account while seeking enhanced profitability and stronger financial conditions of the Group. The Company continues to strive to ensure sustainable and stable dividend payments while fulfilling the benchmark of 20% in the consolidated payout ratio. Based on this policy and taking into consideration a variety of factors, including the Company's consolidated financial condition and achievement for the fiscal year under review, the Company proposes a year-end dividend of ¥13.50 per share, as follows:

(1) Type of dividend asset

Cash

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

¥13.50 per share of common stock

Total amount of payout: ¥6,286,084,137

Since the Company previously paid out ¥11.50 per share as an interim-period dividend, the total dividend for the fiscal year under review will amount to ¥25.0 per share, which is a dividend increase of ¥2.0.

(3) Effective date of dividend payment

March 28, 2012

2. Other appropriation of surplus

The Company proposes that surplus be invested and otherwise used to enhance its corporate value, and be appropriated as follows in order to strengthen the management base for aggressive business development going forward.

(1) Surplus account showing an increase, and the amount of such increase

General reserves:	¥10,000,000,000

(2) Surplus account showing a decrease, and the amount of such decrease

Retained earnings carried forward:	¥10,000,000,000

Item 2: Election of eleven (11) Directors

At the conclusion of this Annual General Meeting of Shareholders, the terms of office of all the Directors will expire. The Company therefore asks the shareholders to elect eleven (11) Directors.

The candidates for the position of Director are as follows. Among these, the candidates for position for Outside Director meet the requirements for independent directors/auditors as defined by the Tokyo Stock Exchange and the Osaka Securities Exchange.

Candidate number	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
1	 Hitoshi Ogita (January 1, 1942)	Apr. 1965 Entered the Company Mar. 1997 Director, General Manager of Fukuoka Branch Sep. 1997 Director, Senior General Manager of Kyushu Regional Headquarters Mar. 2000 Managing Corporate Officer, Senior General Manager of Kyushu Regional Headquarters Oct. 2000 Managing Corporate Officer, Senior General Manager of Kanshin-etsu Regional Headquarters Mar. 2002 Senior Managing Corporate Officer, Senior General Manager of Kanshin-etsu Regional Headquarters Sep. 2002 Corporate 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 the Company Mar. 2010 Chairman of the Board and Representative Director (to the present) <Important concurrent positions> Outside Director of Imperial Hotel, Ltd.	48,000	Reappointment

Candidate number	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
2	 Naoki Izumiya (August 9, 1948)	Apr. 1972 Entered the Company Mar. 2000 Corporate Officer, Senior General Manager of Group Management Strategy Headquarters Oct. 2000 Corporate Officer, Senior General Manager of Strategy Planning Headquarters Sep. 2001 Corporate Officer, Deputy General Manager of Shutoken Regional Headquarters, General Manager of Tokyo Branch Mar. 2003 Director Mar. 2004 Managing Director Mar. 2006 Managing Director, Managing Corporate Officer, Senior General Manager of Liquor Sales & Marketing Headquarters Mar. 2009 Senior Managing Director, Senior Managing Corporate Officer Mar. 2010 President and Representative Director (to the present)	42,300	Reappointment

Candidate number	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
3	 Kazuo Motoyama (March 14, 1950)	Apr. 1972 Entered the Company Mar. 2000 Corporate Officer, Senior General Manager of Quality Development Headquarters Sep. 2001 Corporate Officer, Senior General Manager of SCM Headquarters Sep. 2002 Corporate Officer Sep. 2003 Corporate Officer, Senior General Manager of Strategy Planning Headquarters Oct. 2005 Corporate Officer Mar. 2006 Director, Corporate Officer Mar. 2007 Managing Director, Managing Corporate Officer Mar. 2009 Senior Managing Director, Senior Managing Corporate Officer Mar. 2010 Executive Vice President and Representative Director (to the present) <Important concurrent positions> Director of Asahi Soft Drinks Co., Ltd. Director of LB Co., Ltd. President and Representative Director of Asahi Professional Management Co., Ltd.	40,000	Reappointment

Candidate number	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
4	 Katsuyuki Kawatsura (October 1, 1950)	Apr. 1975 Entered the Company Mar. 2005 Corporate Officer, Senior General Manager of Product & Technology Development Headquarters Oct. 2007 Corporate Officer, Senior General Manager of Research & Development Headquarters for Alcoholic Beverages Jul. 2008 Corporate Officer, Senior General Manager of Research & Development Headquarters Mar. 2009 Managing Corporate Officer, Senior General Manager of Research & Development Headquarters Mar. 2010 Managing Director, Managing Corporate Officer, Senior General Manager of Research & Development Headquarters Mar. 2011 Managing Director, Managing Corporate Officer, Senior General Manager of Research & Development Headquarters, Senior General Manager of Production Headquarters Jul. 2011 Managing Director, Managing Corporate Officer (to the present)	10,100	Reappointment

Candidate number	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
5	 Toshihiko Nagao (July 21, 1954)	Apr. 1978 Entered the Company Mar. 2006 Corporate Officer, Senior Deputy General Manager of Liquor Sales & Marketing Headquarters, General Manager of Sales Department Sep. 2006 Corporate Officer, Senior Deputy General Manager of Liquor Sales & Marketing Headquarters, General Manager of Beer Category Department Sep. 2008 Corporate Officer, Senior General Manager of Sales Headquarters Mar. 2009 Director, Corporate Officer, Senior General Manager of Liquor Sales & Marketing Headquarters Mar. 2011 Managing Director, Managing Corporate Officer, Senior General Manager of Liquor Sales & Marketing Headquarters Jul. 2011 Managing Director, Managing Corporate Officer (to the present) <Important concurrent positions> Director of Asahi Food & Healthcare Co., Ltd. Director of Wakodo Co., Ltd. Director of Amano Jitsugyo Co., Ltd. Director of Asahi Professional Management Co., Ltd.	11,300	Reappointment
6	 Toshio Kodato (September 20, 1954)	Apr. 1978 Entered the Company Mar. 2008 Corporate Officer, Senior General Manager of Shikoku Regional Headquarters Sep. 2009 Corporate Officer, Senior Deputy General Manager of International Headquarters Mar. 2010 Director, Corporate Officer, Senior General Manager of International Headquarters Jul. 2011 Director, Corporate Officer (to the present)	6,900	Reappointment

Candidate number	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
7	 Akiyoshi Koji (November 8, 1951)	Apr. 1975 Entered the Company Sep. 2001 Corporate Officer Mar. 2003 Managing Director, Senior General Manager, Planning Division of Asahi Soft Drinks Co., Ltd. Mar. 2006 Senior Managing Director, Senior General Manager, Planning Division of Asahi Soft Drinks Co., Ltd. Mar. 2007 Managing Director, Managing Corporate Officer of the Company Jul. 2011 Director (to the present) <Important concurrent positions> President and Representative Director of Asahi Breweries, Ltd.	13,200	Reappointment

Candidate number	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
8	 Mariko Bando (August 17, 1946)	Jul. 1969 Joined staff of Prime Minister's Office Oct. 1985 Councilor of Cabinet Secretariat Jul. 1989 Director of Consumer Statistics Division, Statistics Bureau, Management and Coordination Agency Apr. 1995 Vice-Governor of Saitama Prefecture Jun. 1998 Consul General of Brisbane, Australia Jan. 2001 Director General of Gender Equity Bureau, Cabinet Office Oct. 2003 Director of Showa Women's University (to the present) Apr. 2007 President of Showa Women's University (to the present) Mar. 2008 Director of the Company (to the present) <Important concurrent positions> President of Showa Women's University Director of Showa Women's University Director of The Institute of Women's Culture, Showa Women's University Chairman of the Board of Rural Women Empowerment and Life Improvement Association Outside Director of Asahi Mutual Life Insurance Company <Remarks> Number of years of service as Director: 4 years (at the conclusion of this Annual General Meeting of Shareholders) Attendance at Board of Directors meetings: Attended all 12 meetings held	—	Candidate for Outside Director Reappointment

<Notes on Candidate for Outside Director>

- Reasons for recommending Mariko Bando as a candidate for Outside Director

Mariko Bando has a wide range of knowledge as an educator in addition to her diverse experience in public administration. To provide the Company with the benefit of this experience and knowledge, the Company recommends 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 or an outside auditor, the Board has concluded that she will be able to perform her duties as an Outside Director of the Company based on the reasons noted above.

- In cases in which the candidate has served during the past five years as an outside director or an outside corporate auditor of other companies, records of inappropriate actions by these companies during the candidate's terms of office therein, steps taken by the candidate to prevent such inappropriate actions, or responses taken by the candidate to deal with such actions after their occurrence.

  Asahi Mutual Life Insurance Company, where Mariko Bando also serves as an outside director, received a business improvement order from the Financial Services Agency (FSA) on July 3, 2008 regarding its inadequate management of payments of insurance claims, etc., based on Paragraph 1, Article 132 of the Insurance Business Act. This followed an overall review of its payments of insurance claims and benefits during a five-year period (from fiscal 2001 to fiscal 2005), through which it was revealed that there had been failures in adequate payments of insurance claims. (Of note, FSA retracted said business improvement order against Asahi Mutual Life Insurance Company effective December 16, 2011, as adequate improvement measures were deemed to have been taken.) Although Ms. Bando was not involved in the case in question, she has fulfilled her responsibilities by speaking out in favor of measures to prevent a recurrence of similar problems.

Candidate number	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
9	 Naoki Tanaka (September 1, 1945)	Jan. 1971 Senior Fellow of Kokumin Keizai Research Institute Apr. 1997 President of the 21st Century Public Policy Institute Apr. 2007 President of Center for International Public Policy Studies (to the present) Mar. 2009 Director of the Company (to the present) <Important concurrent positions> President of Center for International Public Policy Studies Chairman of Postal Services Privatization Committee <Remarks> Number of years of service as Director: 3 years (at the conclusion of this Annual General Meeting of Shareholders) Attendance at Board of Directors meetings: Attended all 12 meetings held	—	Candidate for Outside Director Reappointment

<Notes on Candidate for Outside Director>

- Reasons for recommending Naoki Tanaka as a candidate for Outside Director

Naoki Tanaka has a great deal of experience as a member of government councils and broad knowledge as a specialist deeply versed in economic policy. The Company thus recommends his election to the Board as an Outside Director to provide the benefit of this experience and knowledge to the management of the Company.

Candidate number	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
10	 Ichiro Ito (July 6, 1942)	Apr. 1966 Entered Asahi Chemical Industry Co., Ltd. (present Asahi Kasei Corporation) Jun. 2001 Director Feb. 2003 Managing Director Jun. 2003 Director, Primary Executive Officer Apr. 2006 Director, Vice President Executive Officer Apr. 2010 Representative Director, Chairman (to the present) Mar. 2011 Director of the Company (to the present) <Important concurrent positions> Representative Director, Chairman of Asahi Kasei Corporation <Remarks> Number of years of service as Director: 1 year (at the conclusion of this Annual General Meeting of Shareholders) Attendance at Board of Directors meetings*: Attended 9 out of 10 meetings held * Since being appointed on March 25, 2011	1,000	Candidate for Outside Director Reappointment

<Notes on Candidate for Outside Director>

- Reasons for recommending Ichiro Ito as a candidate for Outside Director

Ichiro Ito would bring a wealth of company management experience and insight into a broad range of issues to the management of the Company. The Company thus recommends his election to the Board as an Outside Director.

Candidate number	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
11	 Shiro Ikeda (November 25, 1956)	Apr. 1980 Entered the Company Apr. 2007 Senior Officer, Senior Deputy General Manager of Marketing Headquarters, General Manager of Product Development Department I Mar. 2009 Corporate Officer, Senior General Manager of Marketing Headquarters, General Manager of Product Development Department I Sep. 2010 Corporate Officer, Senior General Manager of Marketing Headquarters Jul. 2011 Director, Corporate Officer, Senior General Manager of Marketing Headquarters of Asahi Breweries, Ltd. (to the present) <Important concurrent positions> Director, Corporate Officer of Asahi Breweries, Ltd.	4,600	New candidate

Notes:

1. None of the candidates for Directors has any special interest in the Company.
2. Regarding agreements limiting the liability of Outside Directors

To enable him/her to contribute fully in his/her role as an Outside Director, the Company has entered into agreements with Mariko Bando, Naoki Tanaka and Ichiro Ito that limit his/her liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act. Under the terms of these agreements, their respective liabilities are limited to ¥20 million or to the minimum limited amount stipulated by applicable laws and regulations, whichever is higher. If this agenda item is approved as submitted, the current agreements will be extended.

Item 3: Election of one (1) Corporate Auditor

At the conclusion of this Annual General Meeting of Shareholders, the term of office of Yoshifumi Nishino, Corporate Auditor, will expire. The Company therefore asks the shareholders to elect one (1) Corporate Auditor.

The candidate for the position of Corporate Auditor is as follows.

This proposal is submitted with the prior consent of the Board of Auditors.

Name (Date of birth)	Career summary, positions, and significant concurrent positions held by the candidate		Number of shares in the Company owned by the candidate	Notes to Appointment
 Yoshihiro Tonozuka (June 5, 1951)	Apr. 1975	Entered the Company	4,100	New candidate
	Oct. 2005	President and Representative Director of LB Co., Ltd. (Tokyo)		
	Mar. 2010	Director and Corporate Officer of the Company		
		(to the present)		

Note:
The candidate for Corporate Auditor has no special interest in the Company.

BUSINESS REPORT

From January 1, 2011 to December 31, 2011

1. Overview of Operations of the Asahi Group

(1) Business Progress and Results

During the fiscal year under review, the global economy showed weakness in recovery due to the escalation of Europe's sovereign debt problem and the low growth of the US economy, despite solid performance of the Asian economy driven by China. The situation in the Japanese economy remained tough due to the impact of the slowdown of overseas economies, the persistently strong yen, and other such factors, even though improvements had been observed in the second half of the year as a result of reconstruction demand following the Great East Japan Earthquake.

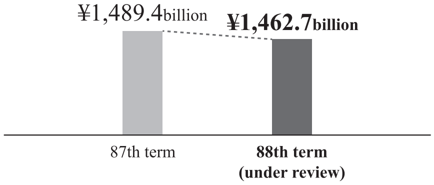
Against this backdrop, the Asahi Group engaged in group-wide global management aimed at further enhancing its corporate value in 2011, the second year of "Medium-Term Management Plan 2012". The Company also strengthened business platforms through clarification of the roles and responsibilities, and sought specialization of each business segment, by its transition to a pure holding company structure effective July 1, and achieved dramatic growth through aggressive allocation of resources to emerging areas both at home and overseas.

As a result, the Asahi Group posted net sales of ¥1,462,736 million, a year-on-year decrease of 1.8%. Operating income increased by 12.4% year-on-year to ¥107,190 million, and recurring profit rose by 9.7% to ¥110,909 million. Net income totaled ¥55,093 million, an increase of 3.8% compared with the previous year.

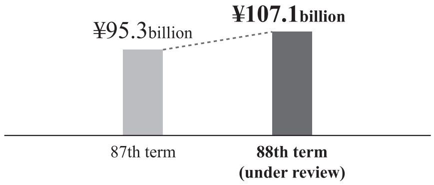
The following provides an overview of the Group's operations by business segment for the term under review.

■ Business performance of Asahi Group

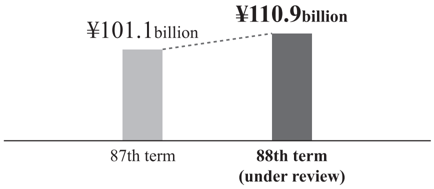
Net sales ¥1,462,736 million
(Down 1.8% year-on-year)



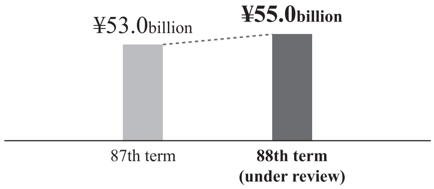
Operating income ¥107,190 million
(Up 12.4% year-on-year)



Recurring profit ¥110,909 million
(Up 9.7% year-on-year)



Net income ¥55,093 million
(Up 3.8% year-on-year)



Overview by Business Segment for 88th Term

■ Asahi Group Breakdown of Net Sales

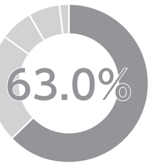
Million yen, except percentages

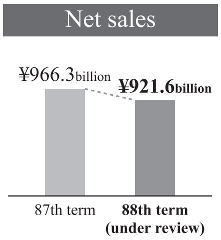
Segment	87th term 2010	88th term 2011 (under review)	Change in amount	Change in percentage
Alcoholic Beverages	¥966,330	¥921,657	¥ (44,673)	(4.6)%
Soft Drinks	306,718	324,782	18,063	5.9
Foods	95,440	98,033	2,593	2.7
International Operations	97,673	94,219	(3,454)	(3.5)
Other Businesses	23,297	24,043	746	3.2
Total	¥1,489,460	¥1,462,736	¥ (26,724)	(1.8)%

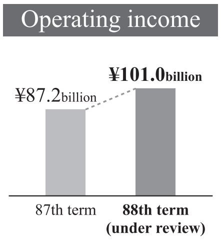
Note: The above figures exclude intra-Group sales.

Alcoholic Beverages Segment

Share of sales by segment







Main products: Beer, happoshu (low-malt beer), new genre (malt-type), shochu, low-alcohol beverages, whisky and other spirits, wine, etc.

In its alcoholic beverages business, Asahi Breweries, Ltd. made efforts to expand overall demand as a means of enhancing the value of existing brands and offering original value in this market through building customer trust and affinity. It also pursued reforms to build a solid earnings base immune to the effects of changes in the market environment, by minimizing fixed costs and reducing raw materials costs.

- Beers and Beer-type Products Business

In the beer sector, Asahi Breweries, Ltd. worked to bolster the strength of its “Asahi Super Dry” brand by taking aggressive marketing measures. Its efforts included deploying “Asahi Super Dry Extra Cold” to be consumed at subzero temperatures – that is, between -2°C and 0°C – by such means as expanding bases for sending information and developing and introducing dispensers with small footprints, and continuing to execute its environmental protection initiative (the “Refreshingly Sustainable” project) under which it donates a portion of its proceeds from sales to regional organizations throughout the country that are dedicated to preserving Japan’s natural and cultural assets.

In the happoshu sector, Asahi Breweries made such efforts as boosting the quality of “Asahi Style Free,” its ground-breaking “zero-carbohydrate” product, amid a shrinking market, which resulted in better performance than in the previous year.

In the new-genre sector, Asahi Breweries directed its efforts in flagship brand “Clear Asahi” including engaging in consumer campaigns tied with advertisements, as a result of which sales volume rose for the fourth consecutive year since its release. In July, it released the zero-carbohydrate “Asahi Blue Label”, and endeavored to establish it as a leading product together with “Asahi Off” in the growing “new genre (malt-type)” segment.

Among “Asahi” brand products overseas, the South Korean variety ranked No. 1 in market sales volume of imported beer, thanks to aggressive sales promotion activities, while in Malaysia, a licensing agreement was concluded for “Asahi Super Dry” with Carlsberg Brewery Malaysia Berhad in November, boosting the presence of Asahi Breweries especially in the Asia and Oceania region.

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

In the shochu sector, Asahi Breweries, Ltd. worked to improve the brand value of the “Kanoka” brand that had been renewed in August, and engaged in sales promotion activities aggressively for products for on-site sales, focusing on “Honkaku Imo-Jochu Satsuma Koku-Murasaki”, which uses a rare variety called “Akemurasaki”.

In the low-alcohol beverages sector, Asahi Breweries made brand cultivation efforts for “Asahi Slat”, “Asahi Cocktail Partner”, and “Asahi Sparx”. In addition to these, it endeavored to generate demand among a wide range of consumers, such as releasing a new variety of “Asahi Chu-hi Kajitsu-no-Shunkan” with a full-strength tangerine flavor.

In the whisky and other spirits sector, sales of the core brand “Black Nikka Clear” continued to expand for the fifth consecutive year, thanks to renewal efforts and consumer campaigns. In April, “Nikka Taketsuru 21-Year Pure Malt” won accolades at the “World Whiskies Awards (WWA) 2011”* as *the world’s best blended malt whisky*. This was the third straight year that the whisky won this prize, and the fourth time overall.

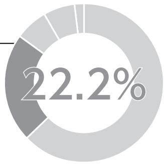
In the wine sector, efforts made by Asahi Breweries for domestic wine included releasing “Rela” (which highlights its easy-to-drink taste and the convenience of PET bottles) in May, and increasing the penetration of the “Sainte Neige” brand. In imported wines, efforts were made to expand sales by taking advantage of the diverse product lineup, such as “Louis Latour”, and “Vina Albali” released in August.

In a reflection of the decrease in the sales volume of beer and beer-type beverages owing to the impact of the Great East Japan Earthquake, net sales recorded in the alcoholic beverages business segment decreased by 4.6% year-on-year to ¥921,657 million. However, operating income rose by 15.8% year-on-year to ¥101,025 million, primarily due to efforts to minimize fixed costs, especially advertising and sales promotion expenses.

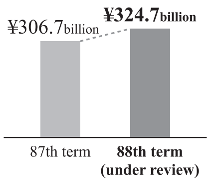
* The WWA is an international competition exclusively for whiskies and sponsored by the specialized UK publication *Whisky Magazine*.

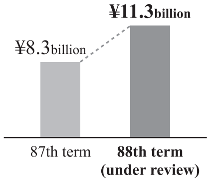
Soft Drinks Segment

Share of sales by segment



Net sales	Operating income





Main products: Carbonated drinks, coffee, tea, mineral water, fruit drinks, sport drinks, etc.

In the soft drinks business, Asahi Soft Drinks Co., Ltd. pursued a growth strategy and structural reforms as key strategies to realize dramatic growth in this sector.

With the merchandise strategy at the heart of the growth strategy, efforts have focused on channeling marketing resources in order to continuously strengthen and develop key brands such as “MITSUYA”, “WONDA”, and “Asahi Juroku-Cha”. Meanwhile, Asahi Soft Drinks also directed its efforts at invigorating “Bireley’s”, “Wilkinson” and other long-selling brands, and enhanced the production and distribution systems of “Rokko no Oishii Mizu” to meet increased demand of mineral water following the Great East Japan Earthquake.

Restructuring efforts in this segment targeted quality improvements and further earnings structure reforms. Its efforts included reduction of raw materials costs, and improvements in production and logistics efficiency were sought by switching to in-house manufacturing of PET bottles and reducing the weight of the bottles.

LB Co., Ltd. absorbed and merged with LB Co., Ltd. (Nagoya) in January, with the aim of establishing growth and earnings structures by building a growth strategy through the development of sales and transaction channels and by consolidating overlapping functions of back-office divisions.

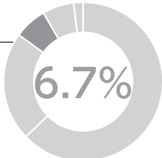
In the mainstay tea category of chilled soft-drink operations, efforts to establish the solid status of tea among convenience stores resulted in a steady expansion of market share.

In a reflection of the significant increase in sales volume at Asahi Soft Drinks Co., Ltd., the soft drinks business segment posted net sales of ¥324,782 million, a gain of

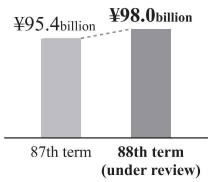
5.9% compared with the previous year. Operating income increased by 36.7% from the previous year to ¥11,389 million, due to the increase in sales volume and the reduction in costs, some of which was attributable to the higher ratio of PET bottles manufactured in-house.

Foods Segment

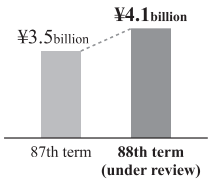
Share of sales by segment



Net sales



Operating income



Main products: Confectionery, nutritional snacks, supplements, quasi-drugs, powdered baby milk, baby foods, freeze-fried miso soup, etc.

In the foods segment, Asahi Food & Healthcare Co., Ltd. worked to lay the groundwork for further growth by expanding sales and establishing safe and reassuring brands.

Asahi Food & Healthcare engaged in aggressive advertising expansion and sales promotion initiatives for such mainstay brands as “MINTIA” breath mints, nutritional snacks “BALANCEUP” and “Ippon Manzoku Bar”, yeast-derived quasi-drug “EBIOS” tablets, “Dear-Natura” dietary supplements and “Slim Up Slim” dietary aids. It also tapped domestic and overseas markets for seasonings including high-value-added yeast extracts.

In line with its management policy of taking on the challenge to attain further growth, Wakodo Co., Ltd. pursued a strategy of reinforcing and expanding its operating base.

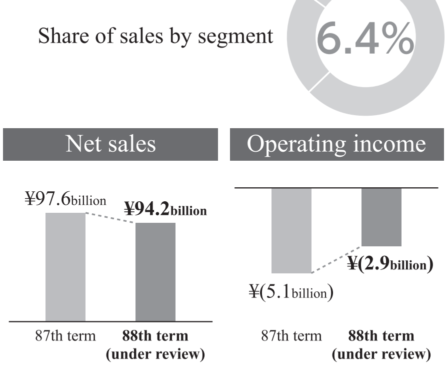
Sales of the “Goo-Goo Kitchen” baby food line, etc. were brisk, driven by the deployment of products with “infant-safe quality” that meet customers’ requirements for safe and reassuring products. In the original equipment manufacturing (OEM) of household powdered drinks, sales dramatically increased as a result of gaining new customers.

In other segment developments, Amano Jitsugyo Co., Ltd. focused on business expansion and increasing its profitability with the aim of dominating the Japanese market for freeze-dried foods.

In distribution sales operations, there was an increase in mass retailers carrying mainstay freeze-dried miso soup products, “Nyumen”, “Chiisame Donburi”, etc., while in mail-order sales operations, the number of subscribers steadily increased due to the effects of aggressive advertising.

In a reflection of Group companies’ efforts to enhance their mainstay product brands, net sales in the foods segment amounted to ¥98,033 million, a gain of 2.7% compared with the previous year. Operating income increased by 15.7% from the year before to ¥4,157 million, thanks to the reduced burden of goodwill amortization, which offset the huge impact of the Great East Japan Earthquake on production and logistics systems.

International Operations Segment



Main products: Beer, carbonated drinks, sports drinks, mineral water, fruit drinks, etc,

In the international operations segment, existing businesses were reorganized to improve profitability, while efforts were made to execute growth strategies such as aggressively investing in new businesses focusing on Asia and Oceania.

In the China business segment, efforts to boost profitability were made, such as reorganizing the alcoholic beverages business in China by transferring the entire equity interest in Hangzhou Xihu Beer Asahi Co., Ltd. and Zhejiang Xihu Beer Asahi Co., Ltd. held by the Company to China Resources Snow Breweries (China) Investment Limited, in addition to increasing the production of Tsingtao-brand products under contract, based on enhancements to the strategic partnership with Tsingtao Brewery Co., Ltd.

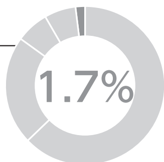
In the Oceania business segment, Schweppes Australia Pty Limited bolstered the strength of its brands by concentrating its marketing resources on flagship brands, improved production and procurement efficiency and made other such efforts to enhance its earnings structure. Efforts were also made to establish a robust business structure in the region, including adding Australian beverage company P&N Beverages Australia Pty. Limited (current Asahi Beverages Australia Pty Ltd) and Australia/New Zealand-based alcoholic beverages company Independent Liquor Group to the list of subsidiaries, as well as enhancing the holding company function of Asahi Holdings (Australia) Pty Ltd, a subsidiary overseeing the Oceania region.

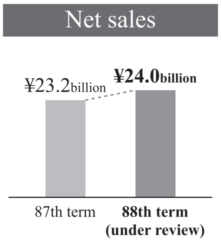
In the Southeast Asian business segment, efforts were made to build an operating base in Southeast Asia where growth is expected to continue into the future on the back of population growth and economic progress, including acquiring Malaysia's second largest soft drinks company Permanis Sdn. Bhd. in November.

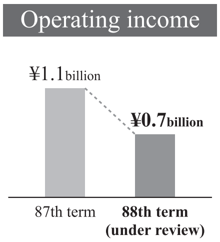
In a reflection of sales of Haitai Beverage Company, Limited of South Korea being excluded from the scope of consolidation as a result of being sold in January, which offset the sales contribution from newly consolidated subsidiaries, net sales generated by international operations amounted to ¥94,219 million, a decline of 3.5% compared with the previous year. Operating loss improved by ¥2,225 million over the previous year to a loss of ¥2,912 million, owing to such factors as improved profitability of the alcoholic beverages business in China and the sale of Haitai Beverage Company, Limited.

Other Businesses Segment

Share of sales by segment







Main services: Cargo transportation, insurance agency, etc.

In the other businesses segment, net sales increased by 3.2% year-on-year to ¥24,043 million, thanks to the expansion of cargo transportation and insurance agency businesses. However, operating income decreased by 33.7% year-on-year to ¥759 million, due to the increase in cargo transportation costs associated with the disruption of infrastructure as a result of the impact of the Great East Japan Earthquake.

(2) Financial and Profit/Loss Indicators

	85th term 2008	86th term 2009	87th term 2010	88th term 2011 (under review)
Net sales (million yen)	1,462,747	1,472,468	1,489,460	1,462,736
Operating income (million yen)	94,520	82,777	95,349	107,190
Recurring profit (million yen)	96,474	90,546	101,142	110,909
Net income (million yen)	45,014	47,644	53,080	55,093
Earnings per share (yen)	96.31	102.49	114.10	118.36
Total assets (million yen)	1,299,058	1,433,652	1,405,358	1,529,907
Net assets (million yen)	534,627	577,702	612,670	643,798
Net assets per share (yen)	1,122.13	1,233.25	1,315.51	1,378.19

Note: 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.

(3) Capital Investment Activities

Consolidated capital expenditures in the year under review totaled ¥40,225 million, the segment breakdown of which is as follows. A large portion of the capital expenditures represented investments made to upgrade existing facilities and implement energy conservation measures. In addition to these, Akashi Plant of Asahi Soft Drinks Co., Ltd. carried out new construction and expansion work, etc. for the manufacturing facility for soft drinks in the amount of ¥4.8 billion.

Business segment	Amount of capital expenditure (Million yen)
Alcoholic Beverages	11,157
Soft Drinks	17,773
Foods	6,090
International Operations	4,380
Other Businesses	90
Company-wide (common)	734
Total	40,225

(4) Financing Activities

The Company financed the capital investments detailed in item (3) above and other capital requirements through loans from financial institutions and the issuance of commercial paper. On October 21, 2011, furthermore, the Company issued its 1st series of unsecured bonds (5-year, ¥30 billion bond issue) and 2nd series of unsecured bonds (7-year, ¥20 billion bond issue) to pay back short-term borrowings received as funds for acquiring stocks of Asahi Holdings (Australia) Pty Ltd and Asahi Group Holdings Southeast Asia Pte. Ltd.

Funds required for Asahi Group companies' businesses are primarily sourced by the Company.

(5) Status of Principal Lenders

(As of December 31, 2011)

Lender	Outstanding balance (Million yen)
Sumitomo Mitsui Banking Corporation	36,003
Mizuho Corporate Bank, Ltd.	18,771
The Sumitomo Trust & Banking Co., Ltd.	14,640
The Norinchukin Bank	11,400
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,151

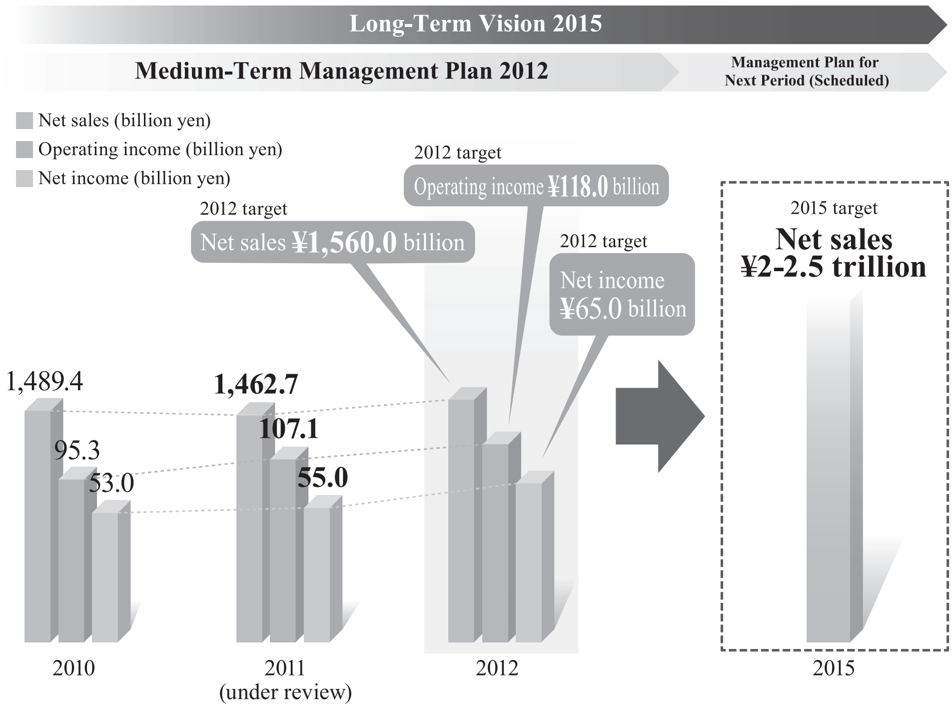
(6) Management Perspectives

Long-Term Vision 2015

Striving for transforming the bounty of nature into the “Kando” (joy and satisfaction) of food while becoming a trusted company with global quality

● The Group aims to increase sales to ¥2 - 2.5 trillion and join the ranks of the top ten global food companies by size.

● The Group aims to increase its EBITDA margin to 12% or more.



Asahi Group Holdings, Ltd. will strive to enhance its domestic business platforms as a springboard for fulfilling its “Long-Term Vision 2015”, including improving the profitability of its businesses and enhancing its strengths in craftsmanship based on safe and reassuring products in 2012, the final year of the “Medium-Term Management Plan 2012”. The Company will also continue working on building a business portfolio that can achieve sustained growth by acquiring international platforms for growth. Additionally, the Company will seek to boost the enterprise value of the Group as a whole by formulating growth strategies that enable group synergies to be demonstrated, including synergies with new business platforms that have been acquired at this time, and by properly allocating resources while making decisions faster than ever before.

Alcoholic Beverages Business

Asahi Breweries, Ltd. will endeavor to expand overall demand by creating and proposing value sought by customers, and work on reforming its earnings structure.

In the beers and beer-type products business, value sought by customers will be proposed, and efforts will be directed at the sales of flagship brands “Asahi Super Dry”, “Clear Asahi” and “Asahi Style Free”, under the banner of “Re-Genki” (signifying “rejuvenating Japan”).

In regards to “Asahi” brand products overseas, success stories as exemplified by brisk sales in South Korea, etc. will be replicated in other countries and regions while enhancing collaboration with existing local partners, with the aim of raising brand awareness focusing on “Asahi Super Dry” worldwide and thereby expanding sales volume.

In the shochu, low-alcohol beverages, whisky and other spirits and wine categories, greater market presence will be sought by making efforts to develop and enhance core brands in each category, while working to improve profitability.

Furthermore, efforts will be made to stimulate the beer-taste beverages market, with the release of “Asahi Dry Zero”, characterized by its crispness and smooth aftertaste, in February.

In addition to the above, a stable product supply structure will be developed to resolve electricity shortage concerns that became prominent following the Great East Japan Earthquake by installing in-house power generation facilities in plants, and improved efficiency will be sought by consolidating production functions.

Soft Drinks Business

Asahi Soft Drinks Co., Ltd. is committed to further accelerating growth by pushing ahead with growth strategies in the water business, invigorating long-selling brands and creating new demand, while enhancing its brands to establish solid status in each category with a focus on “WONDA”, “MITSUYA”, and “Asahi Juroku-Cha”. Asahi Soft Drinks also aims to keep quality assurance as viewed through the eyes of the customer at the highest possible levels and to attain a greater degree of perfection in optimizing its production and logistics systems in the quest to become the industry leader in terms of cost competitiveness.

LB Co., Ltd. is seeking to generate synergies from the merger and build an earnings structure while proposing added value unique to chilled soft-drinks to customers by developing new products in its mainstay tea category, etc. In view of changes in the future business environment, LB will also start working on the reorganization of its production system for chilled soft-drinks and strive to realize the stable supply of products at low cost.

Foods Business

Asahi Food & Healthcare Co., Ltd. aims to expand sales by further enhancing existing products and developing new products in the growing businesses of confectionery, health foods and seasonings, and also by developing new markets. In addition, Asahi Food & Healthcare will work to realize a structure capable of consistently generating profits and a business platform that is sound, dependable, and resilient in the face of change.

Wakodo Co., Ltd. will strive to further enhance its powerful position in existing businesses focused on powdered baby milks and baby foods by launching new products and engaging in aggressive operating activities. Wakodo will also make efforts in new businesses to build overseas operations centering on Asia, and enhance its product lineup and expand its operations targeted at seniors by taking advantage of its wealth of technologies.

Amano Jitsugyo Co., Ltd. is committed to engaging in aggressive advertising in mail-order sales operations, and enhancing production facilities to meet the increased sales volume of freeze-dried products, which are performing strongly. In addition to these, Amano Jitsugyo is working to develop and cultivate core products that will follow the paths of freeze-dried products and expand its marketing network, to achieve dramatic growth in the years ahead.

International Operations

In the China business, the Company is committed to assisting the growth strategies of Tsingtao Brewery Co., Ltd. in the fields of production and product development by enhancing its partnership with Tsingtao Brewery, while improving profitability by such means as boosting the strength of brands of the Company's subsidiaries and increasing the production of Tsingtao-branded products under contract. Furthermore, Tingyi-Asahi Beverages Holding Co., Ltd., a Group affiliate accounted for by the equity method, will further bolster its status in the Chinese soft drinks market where competition is becoming increasingly fierce, by manufacturing and marketing Pepsi-branded carbonated drinks as well as non-carbonated drinks such as "Gatorade" and "Tropicana" in China (except Hong Kong, Macau and Taiwan) based on the strategic alliance agreement concluded with PepsiCo, Inc.

In the Oceania business, holding company Asahi Holdings (Australia) Pty Ltd will play a central role in reorganizing subsidiaries in the Oceania region, consolidating and standardizing operations and make other such efforts to maximize synergies and achieve further growth.

In the Southeast Asia business, Permanis Sdn. Bhd. will seek to attain growth independently by making aggressive marketing investments especially in key brands, as well as further expanding business platforms in Southeast Asia with Permanis at the core.

In accordance with "Medium-Term Management Plan 2012", the Asahi Group intends to strengthen all of its brands and increase its profitability through optimizing its finances and implementing a cash flow strategy aimed at increasing total enterprise value. Creating a stronger base for future growth is the Group's top priority. To this end, it plans to investigate and actualize opportunities for strategic business investments and alliances, both in Japan and abroad. The Group will adopt a flexible approach with respect to the allocation of funds in order to return cash flows to shareholders and create additional corporate value.

The Group cordially requests shareholders' continuing encouragement and support.

(7) Principal Subsidiaries

Company name	Capital (Million yen)	Shareholdings (%)	Main operations
Asahi Breweries, Ltd.	20,000	100.0	Production and marketing of alcoholic beverages
Asahi Soft Drinks Co., Ltd.	11,081	100.0	Production and marketing of soft drinks
LB Co., Ltd.	487	100.0	Production and marketing of soft drinks
Asahi Food & Healthcare Co., Ltd.	3,200	100.0	Production and marketing of foods
Wakodo Co., Ltd.	2,918	100.0	Production and marketing of foods
Amano Jitsugyo Co., Ltd.	67	100.0	Production and marketing of foods
Schweppes Australia Pty Limited	27,593 (A$372,231 thousand)	100.0	Production and marketing of soft drinks
Asahi Management Service Co., Ltd.	50	100.0	Contracting of clerical work

Notes:

1. Shareholding percentages include shares held indirectly.
2. LB Co., Ltd. absorbed and merged with the Company's subsidiary LB Co., Ltd. (Nagoya) effective January 1, 2011.
3. Capital of Schweppes Australia Pty Limited became ¥27,593 million (previous year-end: ¥13,591 million) as a result of debt-equity swap executed on August 26, 2011.
4. There were 79 consolidated subsidiaries of the Company as of the end of the fiscal year under review, including those listed above. There were 60 affiliates accounted for by the equity method, including Tsingtao Brewery Co., Ltd. and Tingyi-Asahi Beverages Holding Co., Ltd.
5. Asahi Management Service Co., Ltd. was renamed Asahi Professional Management Co., Ltd. effective January 1, 2012.

(8) Significant Developments such as Corporate Reorganization

A. The Company transferred its alcoholic beverages business to Asahi Breweries, Ltd. through demerger effective July 1, 2011.

B. LB Co., Ltd. absorbed and merged with LB Co., Ltd. (Nagoya) effective January 1, 2011.

C. On September 2, 2011, the Company acquired all shares of P&N Beverages Australia Pty. Limited (current Asahi Beverages Australia Pty Ltd) through wholly-owned subsidiary Asahi Holdings (Australia) Pty Ltd.

D. On September 30, 2011, the Company acquired all shares of Flavoured Beverages Group Holdings Limited, the holding company of Independent Liquor Group, through Asahi Liquor New Zealand Limited, which is a subsidiary of Asahi Holdings (Australia) Pty Ltd.

E. On November 11, 2011, the Company acquired all shares of Permanis Sdn. Bhd. through wholly-owned subsidiary Asahi Group Holdings Southeast Asia Pte. Ltd.

F. On January 11, 2011, the Company assigned its entire shareholding of Haitai Beverage Company., Limited. to LG Household & Health Care Ltd.

G. On September 6, 2011, the Company assigned its entire equity interest in Hangzhou Xihu Beer Asahi Co., Ltd. (China) held through its subsidiary Asahi Breweries Itochu (Holdings) Limited to Snow Breweries (China) Investment Limited.

H. On October 11, 2011, the Company assigned its entire equity interest in Zhejiang Xihu Beer Asahi Co., Ltd. held by the Company held through its subsidiary Asahi Breweries Itochu (Holdings) Limited to Snow Breweries (China) Investment Limited.

(9) Principal Offices and Factories

(As of December 31, 2011)

A. Asahi Group Holdings, Ltd.

(Registered head office)	23-1, Azumabashi 1-chome, Sumida-ku, Tokyo
(Laboratories)	Research Laboratories for Food Safety Chemistry, Research Laboratories for Fundamental Technology of Food, Research Laboratories for Applied Technology of Food, Research & Development Laboratories for Sustainable Value Creation (all in Moriya City, Ibaraki Prefecture)

B. Subsidiaries

Business segment	Company name	Major establishments	
Alcoholic Beverages	Asahi Breweries, Ltd.	Registered head office	23-1, Azumabashi 1-chome, Sumida-ku, Tokyo
		Regional sales offices	Tokyo Metropolitan Headquarters for On-Premise Retailers (Chuo-ku, Tokyo), etc.
		Production facilities	Ibaraki Brewery (Moriya City, Ibaraki Prefecture), etc.
		Laboratories	Development Laboratories for Alcoholic Beverages (Moriya City, Ibaraki Prefecture), etc.
Soft Drinks	Asahi Soft Drinks Co., Ltd.	Registered head office	23-1, Azumabashi 1-chome, Sumida-ku, Tokyo
		Regional sales offices	Kanto and Tokyo Metropolitan Headquarters (Chuo-ku, Tokyo), etc.
		Production facilities	Akashi Plant (Akashi City, Hyogo Prefecture), etc.
		Laboratories	Products Research & Development Laboratory (Moriya City, Ibaraki Prefecture), etc.
	LB Co., Ltd.	Registered head office	3469-1, Aza Sakuragaoka, Ooaza Kurohama, Hasuda City, Saitama Prefecture
		Regional sales offices	CVS Marketing Department (Taito-ku, Tokyo), etc.
		Production facilities	Hasuda Plant (Hasuda City, Saitama Prefecture), etc.
		Laboratories	Product Development Department (Hasuda City, Saitama Prefecture)
Foods	Asahi Food & Healthcare Co., Ltd.	Registered head office	23-1, Azumabashi 1-chome, Sumida-ku, Tokyo
		Regional sales offices	Food Sales Section for Chain Stores (Chiyoda-ku, Tokyo), etc.
		Production facilities	Osaka Plant (Suita City, Osaka Prefecture), etc.
		Laboratories	Laboratory (Chiyoda-ku, Tokyo)
	Wakodo Co., Ltd.	Registered head office	14-3, Kanda Tsukasa-cho 2-chome, Chiyoda-ku, Tokyo
		Regional sales offices	Tokyo Branch (Shinjuku-ku, Tokyo), etc.
		Production facilities	Tochigi Plant (Sakura City, Tochigi Prefecture), etc.
		Laboratories	Research Laboratory (Chofu City, Tokyo)
	Amano Jitsugyo Co., Ltd.	Registered head office	9-10, Dosan-cho, Fukuyama City, Hiroshima Prefecture
		Regional sales offices	East Japan Branch (Chiyoda-ku, Tokyo), etc.
		Production facilities	Satosho Factory (Asakuchi-gun, Okayama Prefecture)
		Laboratories	R&D Center (Asakuchi-gun, Okayama Prefecture)
International operations	Schweppes Australia Pty Limited	Registered head office	Victoria, Australia
		Business locations	New South Wales, Australia, etc.

(10) Employees

(As of December 31, 2011)

Business segment	Number of employees	Increase (decrease) from end of previous term
Alcoholic Beverages	4,925	(451)
Soft Drinks	3,002	76
Foods	1,648	108
International Operations	4,966	92
Other Businesses	1,747	(112)
Company-wide (common)	471	334
Total	16,759	47

2. Overview of the Company

(1) Shares Outstanding

(As of December 31, 2011)

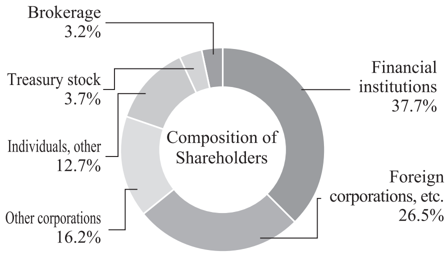
A. Total number of authorized shares 972,305,309

B. Total number of issued shares 483,585,862

(including 17,950,000 shares in treasury stock)

C. Number of shareholders 123,931

(Decreased by 7,331 from the end of the previous term)



	Number of shares held (in hundreds)	Number of shareholders
Financial institutions	1,821,455	130
Foreign corporations, etc.	1,282,018	483
Other corporations	781,219	2,652
Individuals, other	616,760	120,616
Treasury stock	179,500	1
Brokerage	154,895	48
Government, local public bodies	10	1

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)	246,934	5.3
Japan Trustee Services Bank, Ltd. (Trust Account)	214,284	4.6
Asahi Kasei Corporation	187,853	4.0
The Dai-ichi Life Insurance Company, Limited	169,200	3.6
Fukoku Mutual Life Insurance Company	168,830	3.6
JPMorgan Chase Bank 380055	109,718	2.4
SSBT OD05 Omnibus Account – Treaty Clients	98,527	2.1
Sumitomo Mitsui Banking Corporation	90,280	1.9
The Sumitomo Trust & Banking Co., Ltd.	81,260	1.7
Japan Trustee Services Bank, Ltd. (Trust Account 9)	69,234	1.5
Total	1,436,120	30.8

Notes:

1. The Company holds treasury stock numbering 179,500 hundred shares. However, the Company is excluded from the above list of major shareholders.
2. Shareholding percentages are calculated based on the total number of issued shares less the number of shares in treasury stock.

(2) Status of Stock Acquisition Rights, etc.

A. Stock acquisition rights held by Directors and Corporate Auditors of the Company

(As of December 31, 2011)

	1) Stock option system based on subscription rights
Date of issuance resolution	March 28, 2002
Class and number of shares subject to stock acquisition rights	Shares of common stock: 1,000
Fee for exercise of options	¥1,090 per share
Exercisable period	January 1, 2005 to March 27, 2012
Conditions for exercise of options	• The options are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be. • The options may be passed on to heirs. • The options shall be cancelled if a holder is dismissed for certain specified reasons. • Any assignment or pledging of the options is prohibited.
Situation concerning the holding of stock acquisition rights by Directors and Corporate Auditors	
Directors (except Outside Directors)	• Number of shares subject to stock acquisition rights: 1,000 • Number of holders: 1
Outside Directors	• Number of shares subject to stock acquisition rights: — • Number of holders: —
Corporate Auditors	• Number of shares subject to stock acquisition rights: — • Number of holders: —

	2) First issue of stock acquisition rights	3) Second issue of stock acquisition rights
Date of issuance resolution	March 28, 2003	March 30, 2004
Number of stock acquisition rights	20	451
Class and number of shares subject to stock acquisition rights	Shares of common stock: 20,000	Shares of common stock: 45,100
Fee for exercise of stock acquisition rights	¥830 per share	¥1,205 per share
Exercisable period	March 28, 2005 to March 27, 2013	March 30, 2006 to March 29, 2014
Conditions for exercise of stock acquisition rights	• The options are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be. • The options may be passed on to heirs. • The options shall be cancelled if a holder is dismissed for certain specified reasons. • Any assignment or pledging of the options is prohibited.	• The options are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be. • The options may be passed on to heirs. • The options shall be cancelled if a holder is dismissed for certain specified reasons. • Any assignment or pledging of the options is prohibited.
Situation concerning the holding of stock acquisition rights by Directors and Corporate Auditors		
Directors (except Outside Directors)	• Number of stock acquisition rights: — • Number of shares subject to stock acquisition rights: — • Number of holders: —	• Number of stock acquisition rights: 200 • Number of shares subject to stock acquisition rights: 20,000 • Number of holders: 2
Outside Directors	• Number of stock acquisition rights: — • Number of shares subject to stock acquisition rights: — • Number of holders: —	• Number of stock acquisition rights: — • Number of shares subject to stock acquisition rights: — • Number of holders: —
Corporate Auditors	• Number of stock acquisition rights: 20 • Number of shares subject to stock acquisition rights: 20,000 • Number of holders: 2	• Number of stock acquisition rights: 251 • Number of shares subject to stock acquisition rights: 25,100 • Number of holders: 3

	4) Third issue of stock acquisition rights	5) Fourth issue of stock acquisition rights
Date of issuance resolution	March 30, 2005	March 30, 2006
Number of stock acquisition rights	800	1,200
Class and number of shares subject to stock acquisition rights	Shares of common stock: 80,000	Shares of common stock: 120,000
Fee for exercise of stock acquisition rights	¥1,374 per share	¥1,688 per share
Exercisable period	March 30, 2007 to March 29, 2015	March 30, 2008 to March 29, 2016
Conditions for exercise of stock acquisition rights	• The options are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be. • The options may be passed on to heirs. • Any assignment or transfer of the stock acquisition rights is subject to approval of the Board of Directors.	• The options are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be. • The options may be passed on to heirs. • Any assignment or transfer of the stock acquisition rights is subject to approval of the Board of Directors.
Situation concerning the holding of stock acquisition rights by Directors and Corporate Auditors		
Directors (except Outside Directors)	• Number of stock acquisition rights: 350 • Number of shares subject to stock acquisition rights: 35,000 • Number of holders: 3	• Number of stock acquisition rights: 750 • Number of shares subject to stock acquisition rights: 75,000 • Number of holders: 5
Outside Directors	• Number of stock acquisition rights: — • Number of shares subject to stock acquisition rights: — • Number of holders: —	• Number of stock acquisition rights: — • Number of shares subject to stock acquisition rights: — • Number of holders: —
Corporate Auditors	• Number of stock acquisition rights: 450 • Number of shares subject to stock acquisition rights: 45,000 • Number of holders: 4	• Number of stock acquisition rights: 450 • Number of shares subject to stock acquisition rights: 45,000 • Number of holders: 4

B. Significant items regarding other stock acquisition rights

Overview of Euroyen conditional convertible bonds with stock acquisition rights

	1) Euroyen conditional convertible bonds with stock acquisition rights maturing in 2023	2) Euroyen conditional convertible bonds with stock acquisition rights maturing in 2028
Date of issuance resolution	May 13, 2008	May 13, 2008
Date of issue	May 29, 2008	May 29, 2008
Outstanding amount of bonds with stock acquisition rights	¥35,133 million	¥35,000 million
Details concerning the stock acquisition rights		
Number of stock acquisition rights	Total of 35,000 and the number calculated by dividing the total face value of the substitute bonds with stock acquisition rights by ¥1,000,000	Total of 35,000 and the number calculated by dividing the total face value of the substitute bonds with stock acquisition rights by ¥1,000,000
Class and number of shares subject to stock acquisition rights	Shares of common stock: 16,611,295	Shares of common stock: 17,073,170
Fee for exercise of stock acquisition rights	¥2,107 per share	¥2,050 per share
Exercisable period	June 12, 2008 to May 12, 2023	June 12, 2008 to May 12, 2028
Conditions for exercise of stock acquisition rights	• Certain stock acquisition rights may not be exercised. • Prior to May 29, 2011, but only when the closing price of the Company's common stock for 20 of the last 30 trading days (including the last trading day) exceeds 125% of the conversion price (¥2,107) as of the last trading date of each quarter. In such cases, exercise is possible, in principle, during the following quarter.	• Certain stock acquisition rights may not be exercised. • Prior to May 29, 2014, but only when the closing price of the Company's common stock for 20 of the last 30 trading days (including the last trading day) exceeds 125% of the conversion price (¥2,050) as of the last trading date of each quarter. In such cases, exercise is possible, in principle, during the following quarter.
Conditions under which the Company may acquire stock acquisition rights	• On or after May 29, 2011, the Company may acquire all of the bonds after notifying the bondholders. • The acquisition date shall be at least 60 but no more than 75 days from the notification date.	• On or after May 29, 2014, the Company may acquire all of the bonds after notifying the bondholders. • The acquisition date shall be at least 60 but no more than 75 days from the notification date.

(3) Directors and Corporate Auditors of the Company

A. Directors and Corporate Auditors

(As of December 31, 2011)

Name	Position	Areas of responsibility and significant concurrent held positions
Hitoshi Ogita	Chairman and Representative Director	Overseas operations in general Overall Group management Outside Director of Imperial Hotel, Ltd.
Naoki Izumiya	President and Representative Director	Corporate Strategy Section, External Growth & Development Section, IR Section (overseas), Lifestyle & Culture Section, Overall Group management
Kazuo Motoyama	Executive Vice President and Representative Director	IR Section (domestic), Finance Section, Logistics Section, IT Section, Agribusiness Development Section Group soft drinks business, Group agribusiness development, Australian business Director of Asahi Soft Drinks Co., Ltd. Director of LB Co., Ltd. President and Representative Director of Asahi Management Service Co., Ltd.
Katsuyuki Kawatsura	Managing Director Managing Corporate Officer	Procurement Section, Production Section, Research & Development Section, Intellectual Property Section, Quality Assurance Section
Toshihiko Nagao	Managing Director Managing Corporate Officer	Public Relations Section, Corporate Brand Section, Human Resources Section Group food business Director of Asahi Food & Healthcare Co., Ltd. Director of Wakodo Co., Ltd. Director of Amano Jitsugyo Co., Ltd. Director of Asahi Management Service Co., Ltd.
Toshio Kodato	Director Corporate Officer	International Business Section Group international operations
Yoshihiro Tonozuka	Director Corporate Officer	Audit Section, General & Legal Affairs Management Section, Secretary Section, Corporate Social Responsibility Section
Akiyoshi Koji	Director	Group alcoholic beverages business President and Representative Director of Asahi Breweries, Ltd.

Name	Position	Areas of responsibility and significant concurrent held positions
Mariko Bando	Outside Director	President of Showa Women's University Director of Showa Women's University Director of The Institute of Women's Culture, Showa Women's University Chairman of the Board of Rural Women Empowerment and Life Improvement Association Outside Director of Asahi Mutual Life Insurance Company
Naoki Tanaka	Outside Director	President of Center for International Public Policy Studies Chairman of Postal Services Privatization Committee
Ichiro Ito	Outside Director	Chairman and Representative Director of Asahi Kasei Corporation
Yoshifumi Nishino	Standing Corporate Auditor	Corporate Auditor of Asahi Breweries, Ltd. Corporate Auditor of Asahi Food & Healthcare Co., Ltd.
Yukio Kakegai	Standing Corporate Auditor	Corporate Auditor of Asahi Soft Drinks Co., Ltd. Corporate Auditor of Wakodo Co., Ltd. Corporate Auditor of Amano Jitsugyo Co., Ltd.
Takahide Sakurai	Outside Corporate Auditor	Special Adviser to The Dai-ichi Life Insurance Company, Limited Outside Director of Imperial Hotel, Ltd.
Naoto Nakamura	Outside Corporate Auditor	Partner and Attorney at Law of Nakamura, Tsunoda & Matsumoto Law Office Outside Corporate Auditor of Mitsui & Co., Ltd. Outside Corporate Auditor of Recruit Co., Ltd.
Tadashi Ishizaki	Outside Corporate Auditor	Professor, Faculty of Commerce, Chuo University

Notes:

1. Directors Mariko Bando, Naoki Tanaka and Ichiro Ito are Outside Directors as defined in Item 15, Article 2 of the Companies Act.
2. Corporate Auditors Takahide Sakurai, Naoto Nakamura and Tadashi Ishizaki are Outside Corporate Auditors as defined in Item 16, Article 2 of the Companies Act.
3. The Company designated Outside Directors Mariko Bando, Naoki Tanaka and Ichiro Ito and Outside Corporate Auditors Takahide Sakurai, Naoto Nakamura and Tadashi Ishizaki as Independent Directors/Auditors as defined by the Tokyo Stock Exchange and the Osaka Securities Exchange and reported to said exchanges thereof.
4. Corporate Auditor Yukio Kakegai was formerly General Manager of Audit Department of the Company and has considerable expertise in finance and accounting.
5. Corporate 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.
6. Corporate Auditor Tadashi Ishizaki has carried out research on accounting for many years as a university professor; he has considerable expertise in finance and accounting.
7. Ichiro Ito and Yukio Kakegai were newly elected as Director and Corporate Auditor, respectively, at the 87th Annual General Meeting of Shareholders held on March 25, 2011, and both assumed their respective offices. Also, Yukio Kakegai was elected as Standing Corporate Auditor by resolution of the Board of Auditors and assumed office on the same day.

8. In addition to the above, the retirement from significant concurrent held positions by Directors or Corporate Auditors during the year under review are detailed below.

Name	Position upon retirement	Significant concurrent held positions upon retirement	Date of retirement
Toshio Kodato	Director Corporate Officer	Director of Schweppes Australia Pty Limited	October 26, 2011
Yoshihiro Tonozuka	Director Corporate Officer	Director of Asahi Soft Drinks Co., Ltd.	March 23, 2011
Naoki Tanaka	Outside Director	Chairman of Financial System Council, Financial Services Agency	January 24, 2011
Yoshifumi Nishino	Standing Corporate Auditor	Corporate Auditor of Amano Jitsugyo Co., Ltd.	March 18, 2011

B. Remuneration paid to Directors and Corporate Auditors

Category	Basic remuneration		Bonus		Total amount (yen)
	Number of persons remunerated	Total amount of remuneration paid (yen)	Number of persons remunerated	Total amount of remuneration paid (yen)	
Directors	14	373,530,000	14	113,800,000	487,330,000
[of which, Outside Directors]	[3]	[28,800,000]	[3]	[10,500,000]	[39,300,000]
Corporate Auditors	6	96,000,000	—	—	96,000,000
[of which, Outside Corporate Auditors]	[3]	[32,400,000]	—	—	[32,400,000]

Notes:

1. The figures above include Directors Masatoshi Takahashi, Noriyuki Karasawa and Toshio Mori, and Corporate Auditor Yoshihiro Goto, who retired at the conclusion of the 87th Annual General Meeting of Shareholders held on March 25, 2011.
2. A resolution authorizing payments associated with the termination of the retirement bonus system to be paid at the time of retirement was passed at the 83rd Annual General Meeting of Shareholders held on March 27, 2007. As of the end of the fiscal year under review, the anticipated total amount of future payments was as follows:
   Total of ¥36,000,000 to three Directors
   Total of ¥33,000,000 to three Outside Corporate Auditors
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 General Meeting of Shareholders held on March 27, 2007.
4. The total amount of Corporate Auditors' remuneration is limited to ¥120 million (including ¥40 million for Outside Corporate Auditors) per year according to the resolution passed at the 83rd Annual General Meeting of Shareholders held on March 27, 2007.

C. Policies concerning the setting of remuneration paid to Directors and Corporate Auditors

Directors' and Corporate Auditors' remuneration amounts are set within the total amount of remuneration resolved in advance at a Shareholders' Meeting. Furthermore, Directors' remuneration is set in line with a resolution at a meeting of the Board of Directors, and Corporate Auditors' remuneration is set by discussion by the Corporate Auditors thereof. When remuneration -related resolutions are being made by the Board of Directors, the Compensation Committee, having Outside Directors making up half of its membership, acts as an advisory body to the Board of Directors, evaluating the content of said resolutions in the interests of greater transparency and objectivity.

It should be noted that the retirement bonus system and stock option system were both discontinued in 2007.

In the interests of setting Directors' remuneration in a reasonable manner given roles and responsibilities, the system for doing so takes into consideration each Director's motivational abilities in terms of ongoing enhancement of corporation performance and value in addition to the recruitment of talented persons.

In specific terms, remuneration comprises basic remuneration (a fixed monthly amount) and bonuses (yearly performance-linked amounts), and each item is determined using survey data prepared by external specialist organizations and based on duties and status as Director or Outside Director. In addition, bonuses are raised or lowered based on consolidated operating income as the main index.

In the interests of setting Corporate Auditors' remuneration in a reasonable manner given roles and responsibilities, the system for doing so takes the recruitment of talented persons into consideration.

In specific terms, remuneration comprises only basic remuneration (a fixed monthly amount), and it is determined by discussion by the Corporate Auditors using survey data prepared by external specialist organizations and based on duties and status as Corporate Auditor or Outside Corporate Auditor.

D. Outside Directors and Outside Corporate Auditors

A. Major activities of Outside Directors and Outside Corporate Auditors

Category	Name	Number of Board of Directors meetings attended	Number of Board of Auditors meetings attended	Form of participation
Outside Director	Mariko Bando	12/12	—	Ms. Bando participated in discussions as necessary, primarily from the perspective of her wealth of experience as an educator.
	Naoki Tanaka	12/12	—	Mr. Tanaka participated in discussions as necessary, primarily from the perspective of his wealth of experience as an expert in economic policy.
	Ichiro Ito	9/10	—	Mr. Ito participated in discussions as necessary, primarily from the perspective of his wealth of experience as a manager.
Outside Corporate Auditor	Takahide Sakurai	12/12	9/9	Mr. Sakurai participated in discussions as necessary, primarily from the perspective of his wealth of experience as a manager.
	Naoto Nakamura	10/12	9/9	Mr. Nakamura participated in discussions as necessary, primarily from his expert perspective as an attorney at law.
	Tadashi Ishizaki	12/12	9/9	Dr. Ishizaki participated in discussions as necessary, primarily from his expert perspective as a scholar of accounting.

Notes:

1. In addition to the aforementioned meetings of the Board of Directors held during the fiscal year under review, "deemed resolutions in writing" referred to in Article 370 of the Companies Act were adopted on three occasions.
2. Director Ichiro Ito was newly elected at the 87^{th} Annual General Meeting of Shareholders held on March 25, 2011, so the number of meetings of the Board of Directors held since his appointment is different from others.

B. Summary of agreements limiting liability

The Company has entered into an agreement with each of its Outside Directors and Outside Corporate Auditors limiting his/her liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act, to either ¥20,000,000 or the minimum amount stipulated by applicable laws and regulations, whichever is higher.

(4) Independent Auditor

A. Name of the Independent Auditor

KPMG AZSA LLC

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

	Amount payable
Remuneration paid for the fiscal year under review	¥182 million
Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Auditor	¥291 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 Companies Act and for auditing services governed by the Financial Instruments and Exchange Act. Consequently, the amount ¥182 million 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 KPMG AZSA LLC.

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

The Company also assigns professional duties to the Independent Auditor that are not statutory auditing duties as stipulated in Paragraph 1, Article 2 of the Certified Public Accountants Law. These non-audit services include “guidance and advisory services for conversion to International Financial Reporting Standards”.

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

Article 340 of the Companies Act stipulates that the Board of 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 the prior consent of, or a request by, the Board of 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 of the Asahi Group: "The Asahi 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 society worldwide." To make these aims a reality, the Company shall:

- establish, in accordance with the Companies Act and the Enforcement Regulations of the Companies Act, 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 Corporate Officers, through the respective departments and organizations they are in charge of, to develop and fully enforce individual internal regulations 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 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 Asahi Group's Corporate Action Guidelines, the Company shall establish "Regulations on Corporate Ethics" and "Corporate Ethics Guidelines" and procure its Directors, Corporate Auditors and employees abide by these regulations.

B. In accordance with internal regulations, the Company shall establish the "Risk Management Committee", which will oversee the compliance affairs and risk management of the Asahi Group. One of the committee's members shall be an outside attorney-at-law.

C. An Officer of the Company in charge of compliance shall have authority over compliance and risk management within the Asahi Group. The sections in charge of general and legal affairs shall handle day-to-day compliance and risk management tasks.

D. The Company shall assign an appropriate number of persons as compliance-promotion personnel in each Group Company depending on its size. In conjunction with the section in charge of legal affairs at the Company and respective organizations in charge of general or legal affairs 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 their respective Group Companies.

E. The Company shall establish a “Clean Line System” for employees of the Asahi Group, enabling them to blow the whistle on illicit behavior of others.

F. The Company shall establish “Asahi Group’s Basic Policy on Procurement” addressing mutual cooperation for fair deals and social responsibilities between the Company and suppliers and system that enables suppliers to blow a whistle on breaches of the Policy as necessary. The Company shall inform and spell out these measures to its suppliers to enable the Company to develop Internal Control in cooperation with its suppliers.

G. To ensure antisocial forces do not exert any undue influence on the Group, all relevant information shall be shared within the Asahi Group and the Company shall establish an internal system on the measures. The Company shall also cooperate closely with industry bodies, local communities, the police and other external specialist organizations in this area.

H. The operational details of the aforementioned agencies and systems shall be spelled out under a separately prepared set of internal regulations.

<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 internal regulations.

B. The aforementioned information shall be preserved and managed in a way accessible by Directors and Corporate 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 “Risk Management Regulations” and shall affirm the Regulations as the highest standards governing risk management within the Asahi Group. It shall also establish detailed provisions of the Regulations and disseminate the same among all over the Group.

B. In addition to having the appropriate sections manage risk in their respective areas, the "Risk Management Committee" shall perform comprehensive risk management across the entire Asahi Group. This committee shall periodically analyze and evaluate risks in accordance with internal regulations cited in the previous paragraph and, when necessary, carry out comprehensive reviews of the risk management system. Utmost attention shall be paid to the risk of failing to maintain product quality. As a food and drink manufacturing group, the Asahi 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 Corporate Officers in charge of different sections.

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

C. The Company shall ensure effective utilization of the system of the Corporate Strategy 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 Group. As the holding company, 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 section in charge of internal auditing in the Company shall get a grasp of and evaluate the Internal Control and discipline in day-to-day tasks within the Asahi Group by directly and indirectly auditing the Group Companies. In addition, regarding the Internal Control related to financial reporting, the organization in charge of evaluation established within the Asahi Group shall conduct the evaluation on the Internal Control of the Group Companies and submit the relevant reports.

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

D. Decision-making authority related to business activities of the Group Companies shall be subject to the document entitled “Asahi Group’s Authority Regulations”.

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

The Board of Auditors shall appoint staff to serve the Board of Auditors, for assistance in the day-to-day activities of the Corporate Auditors.

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

A. When a member of the staff who serves the Board of Auditors, as stipulated in the previous paragraph, receives an order from a Corporate 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 who serves the Board of Auditors shall require the prior concurrence of Corporate Auditors.

<System for Directors’ and employees’ reporting to Corporate Auditors; system relating to other reporting to Corporate Auditors>

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

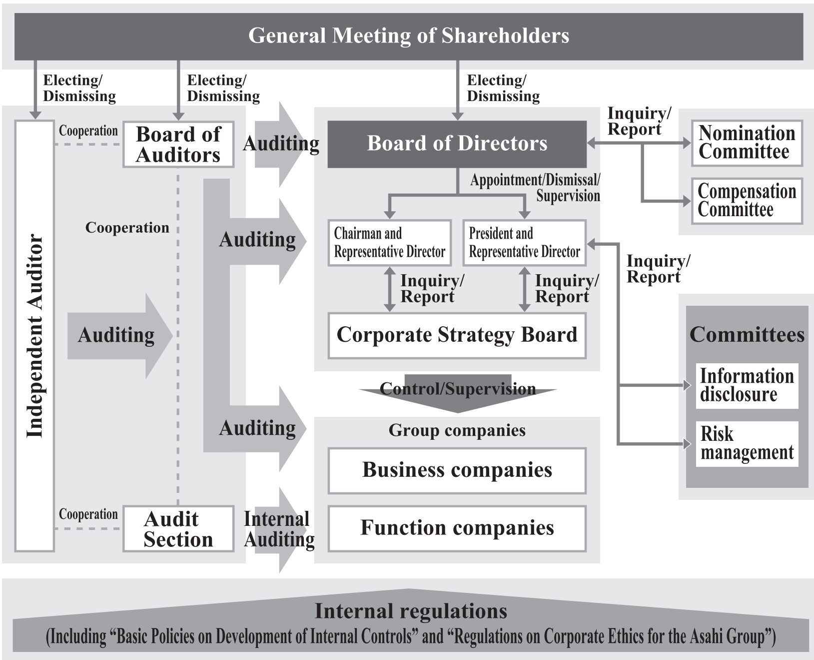
B. Directors shall ensure that Corporate Auditors have every opportunity to participate in discussions of important bodies, etc. such as the Board of Directors meetings, the Corporate Strategy Board meetings and the Risk Management Committee meetings. Directors shall provide details of the agenda items of such meetings beforehand for Corporate Auditors.

C. Corporate 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 Corporate Auditors>

To ensure the effectiveness of auditing activities, Directors shall ensure opportunities for Corporate Auditors to exchange information and opinions regularly with members of the section in charge of internal auditing of the Company and with the Independent Auditor.

The corporate governance system of the Company is shown in the chart below.



4. Basic Policy Concerning the Persons Who Control Decisions on the Company's Financial and Business Policy

<Basic policy>

According to the Company's view, the persons who control decisions on its financial and business policy must properly grasp various matters concerning its business, including the initiatives to "create appealing products", to "care about quality and craftsmanship" and to "convey the sense of joy to customers", which form the source of the corporate value of the Group, and other tangible and intangible management resources thereof, potential effects of forward-looking measures and other items that constitute the Group's corporate value, and must enable to maintain and enhance the Group's corporate value as well as the common interests of shareholders continuously and sustainably.

Upon facing a proposal of large-scale share purchases, the Company is not always in a position to automatically object to a so-called hostile takeover, which is pursued without approval from the Board of Directors (hereinafter referred to as 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 Company 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 a company, 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/or 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.

The person who intends to conduct a large-scale purchase of shares in the Company must have an understanding of the source of the Group's corporate value and have the capability to maintain and enhance it in the medium and long term; otherwise, the Group's corporate value and the common interests of shareholders would be damaged.

Based on the factors and matters stated above, the Company determines that it is vital to have in place a framework for preventing large-scale share purchases that would undermine the Group's corporate value and the common interests of shareholders.

<Framework that contributes to realization of the basic policy>

A. Special Measures Contributing to Realization of the Basic Policy

In its “Long-Term Vision 2015”, the Company sets out its aim to grow as an enterprise with a trusted reputation for global quality that transforms the bounty of nature into emotionally inspiring foods and beverages. Measures set forth in “Medium-Term Management Plan 2012” in order to achieve this aim got underway in earnest in 2010.

“Medium-Term Management Plan 2012” targets further enhancement of the Company’s strengths in craftsmanship as a means of boosting corporate value; in addition, it also looks to raise quality in all aspects of business – from products, to management, to human resources – to world class levels and to raise the profitability of existing businesses in order to develop a new growth path.

Meanwhile, the Company has adopted “Share the Kando” as its Corporate Brand Statement, underlining its commitment to clearly define the value that the Group delivers to customers and to society as a whole.

The Company is convinced that by diligently implementing “Medium-Term Management Plan 2012” in pursuit of the goals of “Long-Term Vision 2015”, and therefore, by successfully delivering the value called for by the Corporate Brand Statement based on the raison d’être engrained in the Group’s corporate philosophy, it can significantly strengthen the relationship of trust between the Group and its stakeholders, and in addition, can secure and enhance corporate value, and thus, the common interests of shareholders.

Furthermore, the Company also plans to further strengthen its corporate governance in the execution of the above-mentioned measures.

By introducing a corporate officer (*Sikko-Yakuin*) system on March 30, 2000, the Company separated the management decision-making and execution functions with a view to speeding up execution of business decisions and endeavored to strengthen the supervisory function of the Board. In addition, the Company operates a system that facilitates checks by outside directors/auditors by electing Outside Directors/Corporate Auditors and by establishing the “Nomination Committee” and the “Compensation Committee,” both including Outside Directors as their members, as a sub-body of the Board.

In order to further clarify the accountability of the management to shareholders, the Company shortened the term of office of its directors from two years to one year at the 83rd Annual General Meeting of Shareholders held on March 27, 2007.

B. Efforts to prevent decisions on the Company's financial and business policy from being controlled by any person who is inappropriate according to the basic policy (plan against large-scale purchase of shares in the Company)

With the approval at the meeting of the Board held on February 8, 2010, the Company resolved to update its countermeasures against large-scale purchases of the shares in the company (hereinafter, "the Plan") in light of the fundamental approach to corporate control as set forth in <Basic policy> above, and the updated Plan was approved at the 86th Annual General Meeting of Shareholders held on March 26, 2010.

The Plan shall be applicable to any of the following two types of Purchase(s).

i) A purchase of shares in the Company as a result of which the holder's (shareholder's) holding ratio will rise to 20% or more of the total outstanding shares in the Company; and

ii) 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 "persons in special relationship", 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 statement of intent containing a written pledge to follow the procedures set forth in the Plan in conducting the Purchase. Thereafter, the Purchaser shall be requested to provide, in a format set forth by the Company, a Purchase Prospectus containing the information necessary to evaluate the content of the Purchase. The Company shall present the content of the Purchase Prospectus to the Independent Committee whose members shall consist of Outside Directors, Outside Corporate Auditors and/or experts, all of whom are independent of management of the Company. The content shall 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, 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. In the event that the Independent Committee cannot easily determine whether or not the Purchase as set forth in the Plan (a) could cause obvious damage to the Company's corporate value and the common interests of shareholders; (b) could result in implementation of a coercive two-tier purchase method or any other method by which the shareholders could be forced to sell their shares; or (c) would be notably inadequate or inappropriate in light of the fundamental value of the Company, said Independent Committee may attach an opinion to its recommendation that the will of the shareholders concerning execution of the gratis Allotment of the Stock Acquisition Rights should be confirmed at a shareholders' meeting. 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 - 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 utmost respect to the recommendation made by the Independent Committee as stated above, the Company's Board shall, as the organizational body authorized to do so under the Companies Act, promptly decide whether or not to execute the gratis Allotment of the Stock Acquisition Rights. In the event that the Board deems confirmation of the will of the shareholders to be appropriate and convenes a shareholders' meeting for this purpose, the Board shall, as the authorized body as described above and in accordance with the resolution of said meeting, issue a resolution concerning execution or non-execution of the gratis Allotment of the Stock Acquisition Rights.

The Plan shall be effective from the close of the 86^{th} Annual General Meeting of Shareholders held on March 26, 2010 until the close of the Company's annual general meeting of shareholders that concerns the last one of the Company's business years that end within three years from the close of the 86^{th} 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.

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 regarding the specific measures and reasons therefor>

The special measures intended to contribute to realization of the Basic Polices described above in A of <Framework that contributes to realization of the basic policy> conform to the basic policy of the Company as described above, are fully compatible with the corporate value and the common interests of shareholders of the Company, and are never implemented for the purpose of maintaining the status of Directors and Corporate Auditors of the Company.

The following elements having been taken into consideration and incorporated into the design of the Plan described above in B of <Framework that contributes to realization of the basic policy>, the Board 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 Corporate Auditors of the Company.

A. Respect for Shareholders' Will

- The Plan was approved at the 86th Annual General Meeting of Shareholders held on March 26, 2010.
- The effective period of the Plan is limited, running until the close of the Company's annual general meeting of shareholders that concerns the last one of the Company's business years that end within three years from the close of the above annual general meeting of shareholders.
- The term of office of Directors is one year, allowing the shareholders to have their intentions reflected through elections of Directors every year.

B. Respect for Judgment of Outside Parties with High Degree of Independence and Information Disclosure

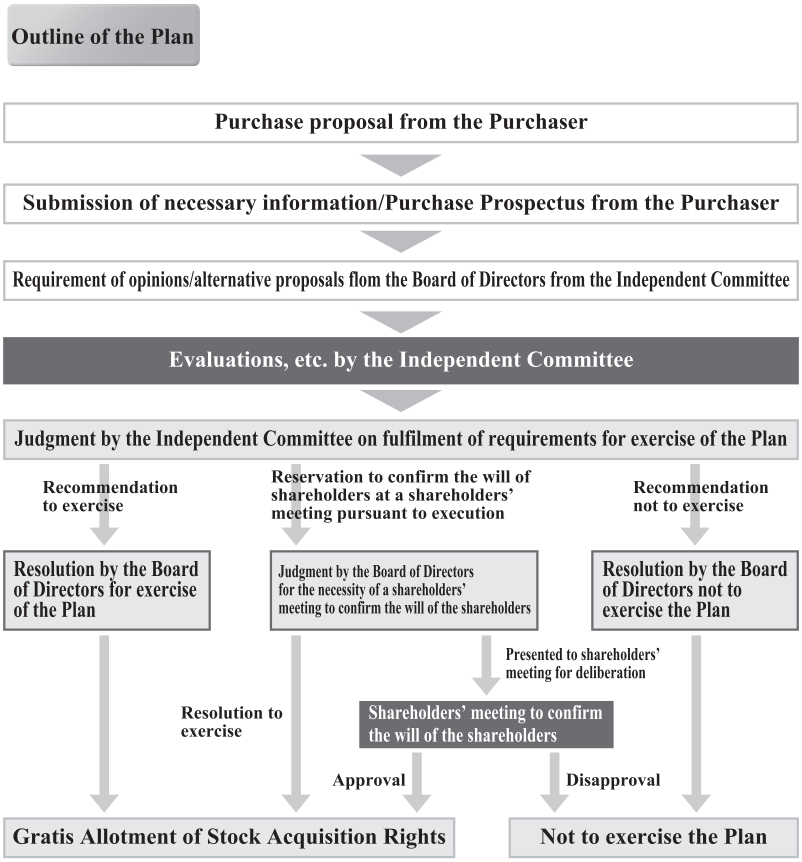
In updating the Plan, the Company has established the Independent Committee as a body to make a substantial judgment objectively with regard to matters concerning the operation of the Plan such as its exercise of, abrogation of, amendment to or alteration of the Plan for and on behalf of shareholders with a view to preventing arbitrary decisions by the Board. The members of the Independent Committee consisting of 3 or more are appointed by the Board from among Outside Directors, Outside Corporate Auditors and/or experts who meet the requirements stipulated in the Company's internal rules for the Independent Committee.

Once a Purchase has been made, the Independent Committee shall offer a recommendation as to whether or not the Purchase would damage the Company's corporate value and the common interests of shareholders, as stated above. Then, the Board shall honor the Independent Committee's recommendation and subsequently make a resolution under the Companies Act.

In this way, the Independent Committee shall maintain close surveillance over the Board to prevent any arbitrary decision by the Board and disclose to shareholders information concerning the details of its judgment, thus ensuring that the Plan will be handled in a transparent manner within the limits necessary for contributing to the enhancement of the Company's corporate value and the common interests of shareholders.

C. Setting of Reasonable and Objective Conditions

The Plan is designed in ways not to be triggered unless and until reasonable and objective conditions are met, and ensures a structure to eliminate arbitrary triggering by the Board.



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

Million yen

	As of December 31, 2011	(Reference) As of December 31, 2010
ASSETS		
Current assets:		
Cash and deposits	16,893	11,534
Notes and accounts receivable	279,596	274,379
Inventories	102,630	95,358
Deferred tax assets	12,982	14,622
Other current assets	48,369	30,842
Allowance for doubtful accounts	(3,326)	(5,685)
Total current assets	**457,145**	**421,052**
Fixed assets:		
Tangible fixed assets:		
Buildings and structures	164,671	173,729
Machinery, equipment and vehicles	123,455	131,522
Tools, furniture and fixtures	46,740	47,548
Land	176,054	182,569
Lease assets	19,871	14,920
Construction in progress	5,354	6,714
Other tangible fixed assets	88	95
Total tangible fixed assets	**536,236**	**557,100**
Intangible fixed assets:		
Goodwill	184,407	84,172
Other intangible fixed assets	49,880	37,640
Total intangible fixed assets	**234,288**	**121,812**
Investments and other assets:		
Investment securities	236,099	235,685
Long-term loans receivable	5,103	6,602
Long-term prepaid expenses	8,601	8,611
Deferred tax assets	28,950	30,450
Other investments	29,136	29,942
Allowance for doubtful accounts	(5,655)	(5,900)
Total investments and other assets	**302,237**	**305,392**
Total fixed assets	**1,072,762**	**984,305**
Total assets	**1,529,907**	**1,405,358**

CONSOLIDATED BALANCE SHEETS

Million yen

	As of December 31, 2011	(Reference) As of December 31, 2010
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities:		
Notes and trade accounts payable	104,527	102,948
Short-term borrowings	136,679	69,259
Bonds due within one year	25,000	15,000
Lease obligations	6,200	4,011
Alcohol tax payable	111,063	119,338
Consumption taxes payable	17,412	8,583
Income taxes payable	25,018	32,493
Other accounts payable	61,221	52,560
Accrued expenses	61,877	56,460
Deposits received	18,931	19,609
Commercial paper	28,000	14,000
Allowance for employees' bonuses	3,051	2,817
Other current liabilities	3,182	2,789
Total current liabilities	**602,166**	**499,874**
Long-term liabilities:		
Bonds	160,133	135,144
Long-term borrowings	40,279	78,019
Lease obligations	15,133	12,163
Allowance for employees' severance and retirement benefits	21,854	24,738
Allowance for retirement benefits for directors and corporate auditors	372	597
Deferred tax liabilities	6,601	4,831
Asset retirement obligations	478	-
Other long-term liabilities	39,089	37,318
Total long-term liabilities	**283,942**	**292,813**
Total liabilities	**886,108**	**792,688**

CONSOLIDATED BALANCE SHEETS

		Million yen
	As of December 31, 2011	(Reference) As of December 31, 2010
NET ASSETS		
Shareholders' equity:		
Capital stock	**182,531**	**182,531**
Capital surplus	**150,788**	**150,910**
Retained earnings	**338,809**	**295,228**
Treasury stock	**(28,295)**	**(28,721)**
Total shareholders' equity	**643,833**	**599,948**
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	**(2,685)**	**198**
Deferred gains or losses on hedges	**1**	**693**
Foreign currency translation adjustments	**584**	**11,351**
Total accumulated other comprehensive income	**(2,100)**	**12,243**
Minority interests	**2,065**	**478**
Total net assets	**643,798**	**612,670**
Total liabilities and net assets	**1,529,907**	**1,405,358**

CONSOLIDATED STATEMENTS OF INCOME

Million yen

	For the year ended December 31, 2011	(Reference) For the year ended December 31, 2010
Net sales	**1,462,736**	**1,489,460**
Cost of sales	**907,243**	**943,323**
Gross profit	**555,492**	**546,137**
Selling, general and administrative expenses	**448,302**	**450,787**
Operating income	**107,190**	**95,349**
Non-operating income:	**11,154**	**13,178**
Interest income	333	314
Dividend income	1,136	1,389
Gain on valuation of derivatives	3,079	—
Equity in net income of non-consolidated subsidiaries and affiliated companies	5,479	9,846
Other non-operating income	1,125	1,627
Non-operating expenses:	**7,435**	**7,384**
Interest expenses	3,668	4,328
Other non-operating expenses	3,767	3,056
Recurring profit	**110,909**	**101,142**
Extraordinary gains:	**10,387**	**36,067**
Gain on sales of fixed assets	2,607	653
Gain on sales of investment securities	535	1,738
Gain on sales of shares in affiliates	4,677	32,336
Reversal of allowance for doubtful accounts	966	179
Gain on change in equity	—	726
Other extraordinary gains	1,599	432
Extraordinary losses:	**30,874**	**44,744**
Loss on sales and disposal of fixed assets	3,695	5,991
Loss on sales of investment securities	0	1,068
Loss on devaluation of investment securities	2,192	1,004
Loss on liquidation of subsidiaries and affiliates	18	1,265
Earthquake related expenses	17,914	—
Impairment loss on fixed assets	—	13,573
Loss on factory restructurings	734	19,780
Loss on adjustment for changes of accounting standard for asset retirement obligations	460	—
Business integration expenses	3,615	—
Other extraordinary losses	2,243	2,061
Income before income taxes and minority interests	**90,422**	**92,464**
Income taxes－current	29,937	53,547
Income taxes－deferred	4,949	(12,625)
Income before minority interests	**55,535**	**-**
Minority interests in net gains (losses) of non-consolidated subsidiaries	**441**	**(1,536)**
Net income	**55,093**	**53,080**

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended December 31, 2011 — Million yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Dec. 31, 2010	182,531	150,910	295,228	(28,721)	599,948
Changes during the term					
Dividends			(11,170)		(11,170)
Net income (loss)			55,093		55,093
Acquisition of treasury stock				(11)	(11)
Disposal of treasury stock		(121)		437	315
Change in scope of consolidation			(125)		(125)
Change in scope of equity method			(217)		(217)
Other changes in non-shareholders' equity items during the term (net)					
Total changes during the term	—	(121)	43,580	425	43,884
Balance as of Dec. 31, 2011	182,531	150,788	338,809	(28,295)	643,833

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance as of Dec. 31, 2010	198	693	11,351	12,243	478	612,670
Changes during the term						
Dividends						(11,170)
Net income (loss)						55,093
Acquisition of treasury stock						(11)
Disposal of treasury stock						315
Change in scope of consolidation						(125)
Change in scope of equity method						(217)
Other changes in non-shareholders' equity items during the term (net)	(2,884)	(691)	(10,767)	(14,343)	1,587	(12,755)
Total changes during the term	(2,884)	(691)	(10,767)	(14,343)	1,587	31,128
Balance as of Dec. 31, 2011	(2,685)	1	584	(2,100)	2,065	643,798

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: 79

Principal consolidated subsidiaries

Please see Item 1 of the "Business Report" ("Overview of Operations of the Asahi Group, section (7) 'Principal Subsidiaries'"), for a summary of the current status of principal consolidated subsidiaries.

Companies added to the scope of consolidation during the consolidated fiscal year under review were Asahi Liquor New Zealand Limited, Asahi Beverages New Zealand Limited and Asahi Group Holdings Southeast Asia Pte. Ltd. due to their incorporation; Flavoured Beverages Group Holdings Limited and fourteen (14) other companies, P&N Beverages Australia Pty. Limited (The name P&N Beverages Australia Pty. Limited has been changed to Asahi Beverages Australia Pty. Ltd.) and one (1) other company, Charlie's Group Limited (Charlie's Group Limited has merged together with Charlie's Trading Company Limited and changed its name to Charlie's Trading Company Limited.) and five (5) other companies, and Permanis Sdn. Bhd. and nine (9) other companies due to the acquisition of their shares; and Asahi Breweries, Ltd., which succeeded to the alcoholic beverage business, and Michinoku, Ltd. due to an increase in their materiality.

Companies removed from the scope of consolidation during the consolidated fiscal year under review were LB Co., Ltd. (Nagoya), Asahi Beer Garden, Ltd., Charlie's Group Limited and Flavoured Beverages Limited due to merger with consolidated subsidiaries; Asahi Office and Building Services Co., Ltd., Full House, Ltd. and Asahi Logistics Research, Ltd. due to liquidation; Haitai Beverage Company, Limited due to the assignment of shares thereof to LG Household & Health Care Ltd.; and Hangzhou Xihu Beer Asahi Co., Ltd. and Zhejiang Xihu Beer Asahi Co., Ltd. due to the assignment of capital equity participation therein to China Resources Snow Breweries (China) Investment Limited.

B. Principal non-consolidated subsidiaries:

DEMBALL LIMITED

Rationale for exclusion from the scope of consolidation:

The non-consolidated subsidiaries including the one mentioned above 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: 60

Non-consolidated subsidiary subject to application of the equity method: 1

Asahi Beer Engineering Co., Ltd.

Affiliates subject to application of the equity method: 59

These include Asahi Business Solutions Corp., Shenzhen Tsingtao Beer Asahi Co., Ltd., Asahi & Mercuries Co., Ltd., Tsingtao Brewery Co., Ltd., China Foods Investment Corp., Yeastock, Ltd., Jiangsu Shengguo Wine Co. Ltd, Tingyi-Asahi Beverages Holding Co., Ltd. and fifty-one (51) other affiliated companies.

Companies that became subject to application of the equity method in the consolidated fiscal year under review were as follows: eighteen (18) affiliates of Tingyi-Asahi Beverages Holding Co., Ltd. due to their incorporation; and Yeastock, Ltd. due to an increase in its materiality.

B. Principal non-consolidated subsidiaries and affiliates not subject to application of the equity method

Non-consolidated subsidiaries:	DEMBALL LIMITED
Affiliates:	Asahi Business Produce Co., Ltd.

Rationale for not applying the equity method to the non-consolidated 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 significant 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 (write-downs to net selling value regarded as decreased profitability).

Raw materials and supplies are stated at cost determined mainly by the moving-average method (write-downs to net selling value regarded as decreased profitability).

B. Depreciation methods for major assets:

Tangible fixed assets (excluding lease assets):

Tangible fixed assets are mainly depreciated using the straight-line method. However, some consolidated subsidiaries use the declining balance method.
The estimated useful lives of the assets are based mainly on the same standards as those specified in the Corporation Tax Act.

Intangible fixed assets (excluding lease 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 those specified in the Corporation Tax Act.

Software for internal use is amortized by the straight-line method over a useful life of five (5) years. Trademark rights are mainly amortized over twenty (20) years using the straight-line method.

Lease assets:

Finance leases that do not transfer ownership rights are amortized to a residual value of zero using the straight-line method, with the lease period as the estimated useful life.

Of the finance leases that do not transfer ownership rights, those that began before December 31, 2008 are treated similarly as those applied to regular operating leases.

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 the amounts 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 as of the end of the consolidated 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 (mainly ten (10) years) within the employees' average remaining years of service.

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

Allowance for retirement benefits for directors and corporate auditors:

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

Allowance for employees' bonuses:

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

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

1) Significant hedge accounting method

a. Hedge accounting method

The Company defers gains or losses on its hedges.

For 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 hedged items:

Hedging instruments:	Currency swaps, foreign exchange contracts and interest rate swaps

Hedged items: 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 exceptional treatment, these determinations allow it to forgo evaluation of the effectiveness of hedges in these cases.

2) Treatment of consumption taxes

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

(5) Amortization of goodwill

Goodwill is amortized by the straight-line method over a five (5)- to twenty (20)-year period.

(Changes in accounting policy)

Application of "Accounting Standard for Equity Method of Accounting for Investments" and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method"

The Company has applied "Accounting Standard for Equity Method of Accounting for Investments" (Accounting Standards Board of Japan ("ASBJ") Statement No. 16, published March 10, 2008) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ PITF No. 24 published March 10, 2008) beginning with the consolidated fiscal year under review. This change has had no effect on profit or loss.

Application of "Accounting Standard for Asset Retirement Obligations", etc.

The Company has applied "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, published March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 published March 31, 2008) beginning with the consolidated fiscal year under review. This change resulted in a decrease in both operating income and recurring profit by ¥38 million each, and a decrease in income before income taxes and minority interests by ¥499 million.

(Change in method of presentation)

Consolidated Statements of Income

The Company has applied “Cabinet Office Ordinance on the Partial Revision of the Rules including Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements, etc.” (Cabinet Office Ordinance No. 5 dated March 24, 2009) in accordance with “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 published December 26, 2008) and presented “Income before minority interests” in the consolidated statements of income beginning with the consolidated fiscal year under review.

(Additional information)

Application of “Accounting Standard for Presentation of Comprehensive Income”

The Company has applied “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No.25, June 30, 2010) beginning with the consolidated fiscal year under review. The amounts of “Valuation and translation adjustments” and “Total valuation and translation adjustments” are indicated as the amounts of “Accumulated other comprehensive income” and “Total accumulated other comprehensive income” for the previous consolidated fiscal year.

2. Notes to the Consolidated Balance Sheets

(1) Pledged assets and secured liabilities

The following assets have been provided as collateral for short-term borrowings of ¥275 million and long-term borrowings of ¥1,204 million:

Buildings and structures:	¥4,120 million
Machinery, equipment and vehicles:	¥1,510 million
Land:	¥9,188 million
Total	¥14,819 million

(2) Accumulated depreciation of tangible fixed assets: ¥695,068 million

(3) Contingent liabilities

Guarantees: ¥586 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 the next business day. Current assets and current liabilities thus respectively include notes receivable and notes payable with maturity on the balance sheet date as follows:

Notes receivable:	¥1,067 million
Notes payable:	¥154 million

3. Notes to the Consolidated Statements of Income

Non-operating expenses

Among non-operating expenses, “Other non-operating expenses” include goodwill amortization costs of ¥424 million arising in relation to the holding company of a Group affiliate accounted for by the equity method.

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

(1) Total number of the issued shares as of the end of the consolidated fiscal year under review

Common stock

As of the end of the consolidated fiscal year (Dec. 31, 2011) 483,585,862 shares

(2) Dividends from surplus distributed during the consolidated fiscal year under review

A. It was resolved at the 87th Annual General Meeting of Shareholders of March 25, 2011 as follows:

Item related to dividends on common stock

Total amount of dividends:	¥5,817 million
Dividend per share:	¥12.50
Record date:	December 31, 2010
Effective date:	March 28, 2011

B. It was resolved at the Board of Directors Meeting of August 2, 2011 as follows:

Item related to interim dividends on common stock

Total amount of interim dividends:	¥5,352 million
Interim dividend per share:	¥11.50
Record date:	June 30, 2011
Effective date:	September 1, 2011

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

The following item has been placed on the agenda for approval at the 88th Annual General Meeting of Shareholders scheduled for March 27, 2012.

Item related to dividends on common stock

Source of dividends:	Retained earnings
Total amount of dividends:	¥6,286 million
Dividend per share:	¥13.50
Record date:	December 31, 2011
Effective date:	March 28, 2012

(4) Number of shares subject to stock acquisition rights upon exercise thereof at the end of the consolidated fiscal year under review

The First Issue of stock acquisition rights (issued March 28, 2003)

Number of stock acquisition rights:	86
Class and number of shares subject to the stock acquisition rights:	86,000 shares of common stock
Amount to be paid in per share upon exercise of the stock acquisition rights:	¥830
Exercise period:	March 28, 2005 to March 27, 2013

The Second Issue of stock acquisition rights (issued March 30, 2004)

Number of stock acquisition rights:	4,153
Class and number of shares subject to the stock acquisition rights:	415,300 shares of common stock
Amount to be paid in per share upon exercise of the stock acquisition rights:	¥1,205
Exercise period:	March 30, 2006 to March 29, 2014

The Third Issue of stock acquisition rights (issued March 30, 2005)

Number of stock acquisition rights:	5,789
Class and number of shares subject to the stock acquisition rights:	578,900 shares of common stock
Amount to be paid in per share upon exercise of the stock acquisition rights:	¥1,374
Exercise period:	March 30, 2007 to March 29, 2015

The Fourth Issue of stock acquisition rights (issued March 30, 2006)

Number of stock acquisition rights:	6,190
Class and number of shares subject to the stock acquisition rights:	619,000 shares of common stock
Amount to be paid in per share upon exercise of the stock acquisition rights:	¥1,688
Exercise period:	March 30, 2008 to March 29, 2016

5. Notes on Financial Instruments

(1) Financial instruments

A. Policy on handling of financial instruments

The Company and its principal consolidated subsidiaries procure necessary funds via loans from financial institutions and by issuing commercial paper and bonds while taking into account the changing business environment. In doing so, the Company and its principal consolidated subsidiaries consider direct or indirect financing as well as the balance between short and long-term debt based on fund procurement costs and risk diversification. Looking to use funds efficiently, the Group introduced a cash management system among the Company and its principal domestic consolidated subsidiaries to reduce consolidated interest-bearing debt. If surplus funds are generated temporarily, as a result, the Company invests it in safe financial instruments.

The Company's policy is to use derivatives trading only to hedge risks to be discussed later, and not for speculation.

B. Details of financial instruments and risks

Trade receivables of the Group companies, including notes and accounts receivable and long-term loans receivable, are exposed to client credit risks. Additionally, foreign currency-based trade receivables are exposed to currency fluctuation risk as well.

Investment securities of the Company and the Group companies include equity interests in business partners and bonds to be held to maturity and are thus exposed to risks of the stock or bond issuer (i.e., the business partner) as well as market price fluctuation risk. Of these, foreign currency-based investment securities are exposed to currency fluctuation risk as well.

Trade payables of the Group companies, including notes and trade accounts payable and other accounts payable, generally have a due date of one (1) year or less. Foreign currency-based trade payables are exposed to currency fluctuation risk as well.

Commercial paper, borrowings, and bonds are exposed to liquidity risk (i.e., the risk of being unable to make payment on the due date due to deterioration in the funds procurement environment). Some of the Company's borrowings are based on variable interest rates, for which the Company hedges risks using interest rate swaps. Foreign currency-based borrowings are exposed to currency fluctuation risk as well.

Derivatives trades include foreign exchange contracts to hedge against foreign exchange fluctuation risks related to foreign-currency based receivables and payables, interest rate swap transactions to hedge against interest rate risks on borrowings, and commodity swap transactions and currency option transactions to hedge against price fluctuation risks when overseas subsidiaries procure raw materials.

For hedging instruments, hedged items, hedging policy, and method of evaluating the effectiveness of the hedging for the hedge accounting, please see "Significant hedge accounting method" within "Significant accounting policies" discussed earlier.

C. Risk management system relating to financial instruments

1) Credit risk management (managing risks related to business partners not fulfilling contract obligations)

In accordance with accounting rules, guidelines on handling accounting operations, and accounts receivable management rules, each business section or sales management section of the Group companies regularly monitors trade receivables and long-term loans to major business partners. The above sections also routinely check the management status of deadlines and balances for each business partner. In collaboration with each of the sales sections, the Group companies monitor non-performing assets and their collection status.

When executing derivatives transactions, the Company as a rule limits its transactions to financial institutions with high credit ratings to minimize credit risk.

2) Managing market risks (foreign exchange and interest rate fluctuation risks)

Looking to reduce foreign exchange fluctuation risks on future foreign currency-based cash flows which the Company has ascertained for specific currencies, the Company has established a currency hedging policy which mainly uses currency forward contracts based on the current status and future outlook of the foreign exchange market. The transactions are being carried out in accordance with the authority regulations. The Company also engages in interest rate swap transactions to avoid interest rate fluctuation risks relating to borrowings.

For investment securities, the Group companies regularly monitor their market values and financial status of the issuers (the Company's business partners). This is to review the Company's holdings on a consistent basis based on its relationship with business partners.

Each finance section engages in derivatives transactions in accordance with the derivatives transaction management rules which stipulate the transaction policy and trading authority and reports the transactions to the Executives in charge of finance pursuant to the authority regulations. Consolidated subsidiaries also manage their trading according to the Company's rules.

3) Managing liquidity risk related to funds procurement (risk of being unable to make payment on the due date)

Since the Company and its principal domestic consolidated subsidiaries have introduced the cash management system, the Company manages liquidity risks of those companies participating in this system.

Based on reports from each Section and each company, the Company's Finance Section manages liquidity risk by creating and updating its cash management plan as necessary and by engaging in efficient fund procurement while reducing short-term liquidity.

(2) Market value of financial instruments

The amount recorded on the consolidated balance sheets at the end of the consolidated fiscal year under review, the market value and the difference between the two are shown below for each financial instrument. Financial instruments with respect to which the Company considers deriving the market value to be extremely difficult are not included in the table (see Note 2).

Million yen

	Amounts recorded on the consolidated balance sheets	Market value	Difference
(1) Cash and deposits	16,893	16,893	—
(2) Notes and accounts receivable	279,596		
Allowance for doubtful accounts (*1)	(3,123)		
Notes and accounts receivable (net)	276,472	276,472	—
(3) Investment securities			
A. Shares in affiliates	72,616	116,938	44,321
B. Held-to-maturity debt securities	500	504	4
C. Other securities	64,246	64,246	—
(4) Long-term loans receivable (*2)	7,012		
Allowance for doubtful accounts (*3)	(2,982)		
Long-term loans receivable (net)	4,030	4,054	23
Total assets	434,759	479,109	44,349
(1) Notes and trade accounts payable	104,527	104,527	—
(2) Short-term borrowings	90,218	90,218	—
(3) Other accounts payable	61,221	61,221	—
(4) Deposits received	18,931	18,931	—
(5) Commercial paper	28,000	28,000	—
(6) Bonds (*4)	185,133	187,076	1,943
(7) Long-term borrowings (*5)	86,740	87,444	703
(8) Lease obligations (*6)	21,333	22,041	708
Total liabilities	596,107	599,462	3,355
Derivatives (*7)	(322)	(322)	—

(*1) Allowances for doubtful accounts recorded under notes and accounts receivable are excluded.
(*2) Long-term loans receivable within one (1) year are included.
(*3) Allowances for doubtful accounts recorded individually under long-term loans receivable are excluded.
(*4) Bonds due within one (1) year are included.
(*5) Long-term borrowings due within one (1) year are included.
(*6) Lease obligations (current liabilities) are included.
(*7) The net amount of receivables and payables accrued from derivatives transactions are indicated.

Note 1. Calculation methods for deriving market values of financial instruments, items relating to securities and derivatives transactions

<u>Assets</u>

(1) Cash and deposits, (2) Notes and accounts receivable

Book value is used because these items are settled in a short time, making their market value about equivalent to their book value.

(3) Investment securities

Market value at financial instruments exchange is used for stock, whereas the value indicated by the financial institution with which the Company does business is used for debt securities and others.

(4) Long-term loans receivable

The market value of long-term loans receivable is calculated by discounting the expected value of principal and interest receivable by the interest rate expected if a similar new loan were to be issued.

Liabilities

(1) Notes and trade accounts payable, (2) Short-term borrowings, (3) Other accounts payable, (4) Deposits received, and (5) Commercial paper

Book value is used because these items are settled in a short time, making their market value about equivalent to their book value.

(6) Bonds

For bonds the Company issues, market price is used for those that have a market value and the price indicated by financial institutions with which the Company does business is used for those without market value.

(7) Long-term borrowings

The market value of long-term borrowings is calculated by taking the total amount of principal and interest and discounting it by the interest rate expected if a new borrowing were to be taken out, thereby deriving the present value. Long-term borrowings with variable interest rates are subject to exceptional treatment using interest rate swaps. These are calculated by discounting the total amount of principal and interest involved in the interest rate swap concerned by the interest rate deemed appropriate if a similar borrowing were to be taken out.

(8) Lease obligations

The market value of lease obligations is calculated by taking the present value of the obligation concerned – discounting the total amount of principal and interest by the interest rate expected if a similar, new lease obligation were to be incurred.

Derivatives transactions

The Company considers the price indicated by the financial institution with which it does business as the market value. However, since derivatives transactions subject to exceptional treatment using interest rate swaps are processed as part of long-term borrowings subject to hedging, the market value of these derivative transactions are recorded as part of the market value of the long-term borrowings concerned.

Note 2. Of the other securities and securities of affiliates, those that are unlisted (¥98,736 million recorded on the consolidated balance sheets) do not have a market price and estimating future cash flow is not possible. The Company thus considers deriving their market value as being extremely difficult and does not include these securities under (3) Investment securities.

6. Per share information

(1) Net assets per share:	¥1,378.19
(2) Net income per share:	¥118.36

7. Other notes

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

Reference: CONSOLIDATED STATEMENTS OF CASH FLOWS (Summary)

Million yen

	For the year ended December 31, 2011	For the year ended December 31, 2010
Cash flows from operating activities:		
Income before income taxes and minority interests	90,422	92,464
Depreciation	58,134	59,709
Amortization of goodwill	6,796	5,931
Increase (decrease) in allowance for employees' severance and retirement benefits	(1,423)	2,141
Increase (decrease) in allowance for doubtful accounts	(1,811)	(233)
Decrease (increase) in trade receivables	(837)	(255)
Decrease (increase) in inventories	(3,089)	1,716
Increase (decrease) in trade payables	(890)	2,255
Increase (decrease) in alcohol tax payable	(9,293)	(4,128)
Other cash flows from operating activities	14,896	5,633
Subtotal	**152,904**	**165,234**
Interest and dividend income received	5,745	6,964
Interest expenses paid	(3,345)	(4,090)
Income taxes paid	(46,791)	(42,499)
Net cash provided by operating activities	**108,513**	**125,608**
Cash flows from investing activities:		
Purchase of fixed assets	(26,594)	(30,145)
Purchase of investment securities	(8,352)	(50,264)
Proceeds from sales of investment securities	977	46,488
Purchase of investments in subsidiaries	—	(2,920)
Payments for transfer of business	—	(5,339)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(142,142)	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	3,014	—
Other cash flows from investing activities	1,863	390
Net cash used in investing activities	**(171,234)**	**(41,790)**
Cash flows from financing activities:		
Increase (decrease) in financial liabilities	83,831	(78,412)
Purchase of treasury stock	(11)	(22)
Cash dividends paid	(11,170)	(9,999)
Other cash flows from financing activities	(5,559)	(2,393)
Net cash provided by (used in) financing activities	**67,090**	**(90,828)**

Reference: CONSOLIDATED STATEMENTS OF CASH FLOWS (Summary)

Million yen

	For the year ended December 31, 2011	For the year ended December 31, 2010
Effect of exchange rate change on cash and cash equivalents	**819**	**(261)**
Net increase (decrease) in cash and cash equivalents	**5,187**	**(7,271)**
Cash and cash equivalents at beginning of year	**10,813**	**18,082**
Increase in cash and cash equivalents resulting from merger with non-consolidated subsidiaries	**136**	**2**
Cash and cash equivalents at end of year	**16,137**	**10,813**

FINANCIAL STATEMENTS

NON-CONSOLIDATED BALANCE SHEETS

Million yen

	As of December 31, 2011	(Reference) As of December 31, 2010
ASSETS		
Current assets:		
Cash and deposits	3,637	3,696
Notes receivable	—	3,040
Accounts receivable	—	180,353
Merchandise and finished goods	—	9,672
Semi-finished goods	—	7,325
Raw materials	—	14,188
Supplies	—	4,546
Short-term loans receivable	43,445	21,643
Prepaid expenses	782	10,096
Deferred tax assets	193	6,964
Other current assets	16,587	8,674
Allowance for doubtful accounts	(389)	(4,634)
Total current assets	**64,257**	**265,569**
Fixed assets:		
Tangible fixed assets:		
Buildings	14,677	112,552
Structures	349	14,616
Machinery and equipment	177	91,969
Vehicles	1	13
Tools, furniture and fixtures	664	40,069
Land	15,034	126,074
Lease assets	532	538
Construction in progress	305	1,363
Total tangible fixed assets	**31,743**	**387,198**
Intangible fixed assets:		
Rights to use of facilities	41	517
Trademark rights	16,684	17,652
Software	6,020	6,858
Lease assets	21	17
Other intangible fixed assets	0	9
Total intangible fixed assets	**22,767**	**25,055**

NON-CONSOLIDATED BALANCE SHEETS

Million yen

	As of December 31, 2011	(Reference) As of December 31, 2010
Investments and other assets:		
Investment securities	32,394	73,253
Shares in affiliates	902,820	293,751
Capital invested in affiliates	7,309	5,219
Long-term loans receivable	4,877	8,816
Deferred tax assets	21,338	19,389
Prepaid pension cost	—	12,626
Other investments	1,337	16,249
Allowance for doubtful accounts	(1,931)	(6,804)
Total investments and other assets	**968,145**	**422,501**
Total fixed assets	**1,022,656**	**834,755**
Total assets	**1,086,914**	**1,100,325**

NON-CONSOLIDATED BALANCE SHEETS

	As of December 31, 2011	(Reference) As of December 31, 2010
		Million yen
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities:		
Trade accounts payable	—	55,718
Short-term borrowings	121,400	42,500
Bonds due within one year	25,000	15,000
Lease obligations	284	219
Alcohol tax payable	—	110,271
Consumption taxes payable	—	6,545
Income taxes payable	—	16,927
Other accounts payable	1,080	4,819
Accrued expenses	2,714	42,215
Deposits received	191,187	33,010
Commercial paper	28,000	14,000
Allowance for employees' bonuses	130	1,375
Allowance for directors' and corporate auditors' bonuses	101	121
Other current liabilities	217	326
Total current liabilities	**370,116**	**343,051**
Long-term liabilities:		
Bonds	160,133	135,144
Long-term borrowings	35,200	71,200
Lease obligations	299	366
Long-term deposits received	—	33,317
Allowance for employees' severance and retirement benefits	—	2,809
Other long-term liabilities	100	208
Total long-term liabilities	**195,732**	**243,047**
Total liabilities	**565,848**	**586,098**

NON-CONSOLIDATED BALANCE SHEETS

Million yen

	As of December 31, 2011	(Reference) As of December 31, 2010
NET ASSETS		
Shareholders' equity:		
Capital stock	**182,531**	**182,531**
Capital surplus	**159,805**	**159,927**
Capital reserve	130,292	130,292
Other capital surplus	29,513	29,635
Retained earnings	**209,705**	**199,034**
Other retained earnings	209,705	199,034
Reserve for reduction in entry of fixed assets	—	946
General reserve	185,000	175,000
Retained earnings carried forward	24,705	23,087
Treasury stock	**(28,295)**	**(28,721)**
Total shareholders' equity	**523,747**	**512,771**
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	**(2,681)**	**761**
Deferred gains or losses on hedges	**—**	**693**
Total valuation and translation adjustments	**(2,681)**	**1,455**
Total net assets	**521,065**	**514,226**
Total liabilities and net assets	**1,086,914**	**1,100,325**

NON-CONSOLIDATED STATEMENTS OF INCOME

Million yen

	For the year ended December 31, 2011	(Reference) For the year ended December 31, 2010
Net sales	**400,141**	**963,270**
Operating revenue	**12,523**	**—**
Operating income of the Group	11,191	—
Rent income from real estate	726	—
Dividends from subsidiaries and affiliates	605	—
Total operating revenue	412,665	963,270
Cost of sales	**278,948**	**675,160**
Gross profit	**121,192**	**288,110**
Selling, general and administrative expenses	**90,363**	**203,369**
Operating expenses	**11,878**	—
Operating income	**31,474**	**84,741**
Non-operating income:	**20,179**	**4,898**
Interest and dividend income	15,817	2,539
Gain on valuation of derivatives	3,281	—
Other non-operating income	1,079	2,359
Non-operating expenses:	**5,092**	**4,932**
Interest expenses	2,445	2,637
Other non-operating expenses	2,647	2,294
Recurring profit	**46,562**	**84,707**
Extraordinary gains:	**1,746**	**2,223**
Gain on sales of fixed assets	0	17
Gain on sales of investment securities	—	1,653
Gain on sales of shares in affiliates	257	—
Gain on liquidation of subsidiaries and affiliates	39	—
Reversal of allowance for doubtful accounts	1,449	309
Gain on contribution of securities to retirement benefit trust	—	242
Extraordinary losses:	**15,485**	**49,039**
Loss on sales and disposal of fixed assets	1,078	4,680
Loss on sales of investment securities	—	566
Loss on devaluation of investment securities	1,587	989
Loss on sales of shares in affiliates	63	—
Loss on devaluation of shares in affiliates	433	16,678
Loss on devaluation of equity participation in affiliates	—	0
Loss on liquidation of subsidiaries and affiliates	596	3,409
Earthquake related expenses	9,833	—
Extra retirement payments	1,637	—
Impairment loss	—	1,595
Loss on factory restructurings	—	19,778
Loss on adjustment for changes of accounting standard for asset retirement obligations	254	—
Other extraordinary losses	—	1,340
Income before income taxes	**32,823**	**37,892**
Income taxes－current	3,708	31,193
Income taxes－deferred	7,273	(10,962)
Net income	**21,841**	**17,661**

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended December 31, 2011 — Million yen

	Shareholders' equity							
		Capital surplus			Retained earnings			
					Other retained earnings			
	Capital 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
Balance as of Dec. 31, 2010	182,531	130,292	29,635	159,927	946	175,000	23,087	199,034
Changes during the term								
Dividends							(11,170)	(11,170)
Net income (loss)							21,841	21,841
Acquisition of treasury stock								
Disposal of treasury stock			(121)	(121)				
Reversal of reserve for reduction in entry of fixed assets					(59)		59	—
Provision of general reserve						10,000	(10,000)	—
Reversal for corporate division					(887)		887	—
Other changes in non-shareholders' equity items during the term (net)								
Total changes during the term	—	—	(121)	(121)	(946)	10,000	1,618	10,671
Balance as of Dec. 31, 2011	182,531	130,292	29,513	159,805	—	185,000	24,705	209,705

	Shareholders' equity		Valuation and translation adjustments			
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	Total net assets
Balance as of Dec. 31, 2010	(28,721)	512,771	761	693	1,455	514,226
Changes during the term						
Dividends		(11,170)				(11,170)
Net income (loss)		21,841				21,841
Acquisition of treasury stock	(11)	(11)				(11)
Disposal of treasury stock	437	315				315
Reversal of reserve for reduction in entry of fixed assets		—				—
Provision of general reserve		—				—
Reversal for corporate division		—				—
Other changes in non-shareholders' equity items during the term (net)			(3,443)	(693)	(4,136)	(4,136)
Total changes during the term	425	10,975	(3,443)	(693)	(4,136)	6,839
Balance as of Dec. 31, 2011	(28,295)	523,747	(2,681)	—	(2,681)	521,065

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

(1) Valuation basis and method for securities

Shares in subsidiaries and affiliates:

Stated at cost based on the moving-average method.

Other securities

Securities with market value

Carried at the average market value for the month immediately preceding the 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 by the weighted-average method (write-downs to net selling value regarded as decreased profitability).

Raw materials and supplies are stated at cost determined by the moving-average method (write-downs to net selling value regarded as decreased profitability).

(4) Depreciation methods for fixed assets:

A. Tangible fixed assets (excluding lease assets):

Tangible fixed assets are mainly depreciated using the straight-line method.

The estimated useful lives of the assets are based on the same standards as those specified in the Corporation Tax Act.

B. Intangible fixed assets (excluding lease assets):

Intangible fixed assets are amortized using the straight-line method.

The estimated useful lives of the assets are based on the same standards as those specified in the Corporation Tax Act.

Software for internal use is amortized by the straight-line method over a useful life of five (5) years. Trademark rights are mainly amortized over twenty (20) years using the straight-line method.

C. Lease assets:

Finance leases that do not transfer ownership rights are amortized to a residual value of zero using the straight-line method, with the lease period as the estimated useful life.

Of the finance leases that do not transfer ownership rights, those that began before December 31, 2008 are treated similarly as those applied to regular operating leases.

(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 the amounts 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 (ten (10) years) within the employees' average remaining years of service.

Prior service costs are amortized by the straight-line method within the employees' average remaining years of service (ten (10) years) 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 corporate auditors' bonuses:

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

(6) Hedging accounting method

A. Hedging accounting method

The Company defers gains or losses on its hedges.

For foreign exchange contracts, 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 hedged items:

Hedging instruments:	Foreign exchange contracts and interest rate swaps
Hedged items:	Loans receivable 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 exceptional treatment, these determinations allow it to forgo evaluation of the effectiveness of hedges in these cases.

(7) Treatment of consumption taxes:

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

(Significant change in accounting policy)

Application of "Accounting Standard for Asset Retirement Obligations", etc.

The Company has applied "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, published March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 published March 31, 2008) beginning with the fiscal year under review. This change resulted in a decrease in both operating income and recurring profit by ¥1 million each, and a decrease in income before income taxes and minority interests by ¥255 million yen.

(Change in method of presentation)

Change in method of presentation relating to Balance Sheets

In consideration of the financial materiality and the perspective of increasing the clarity of presentation, "Supplies", which had been classified as a separate item under current assets in the previous fiscal year, was included in "Other current assets".

Change in method of presentation relating to Statements of Income

Owing to an increase in materiality, 〝Extra retirement payments〞 (valued at ¥928 million as of the previous fiscal year-end), which had previously been included in 〝Other extraordinary losses〞, was classified as a separate item beginning with the fiscal year under review.

2. Notes to the Non-Consolidated Balance Sheets

(1) Accumulated depreciation on tangible fixed assets: ¥27,935 million

(2) Contingent liabilities

A. Guarantees, etc., against bank borrowings
Guarantees: ¥5,059 million

B. Guarantees, etc., against derivatives
Guarantees:
Contract amount, etc.: ¥3,909 million
Unrealized gains (losses): ¥(163) million

(3) Monetary claims and obligations with affiliates

Short-term monetary claims on affiliates: ¥48,576 million
Long-term monetary claims on affiliates: ¥4,877 million
Short-term monetary obligations to affiliates: ¥191,674 million

3. Notes to the Non-Consolidated Statements of Income

(1) Transactions with affiliates:

Net sales: ¥21,080 million
Operating revenue: ¥12,430 million
Purchases: ¥35,766 million
Selling, general and administrative expenses: ¥16,230 million
Operating expenses: ¥581 million
Transactions other than operating transactions: ¥15,860 million

(2) "Net sales", "Cost of sales" and "Selling, general and administrative expenses" each indicates the amount that was posted prior to the transition to the pure holding company structure, and "Operating revenue" and "Operating expenses" each indicates the amount that was posted subsequent to the transition.

(3) "Gross profit" indicates "Net sales" less "Cost of sales".

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

Treasury stock

Type of stock	Balance as of the end of the previous fiscal year	Increase	Decrease	Balance as of the end of the fiscal year under review
Common stock	18,220,056	7,246	277,302	17,950,000

(Reasons for change)

The increase in the number of shares was the result of the following:

Increase resulting from purchases of Less-than-One–Unit Shares from shareholders upon request: 7,246 shares

The decrease in the number of shares was the result of the following:

Decrease resulting from sales of Less-than–One-Unit Shares to shareholders upon request: 502 shares

Decrease resulting from exercise of stock options: 276,800 shares

5. Tax effect accounting

(1) Deferred tax assets and liabilities

Deferred tax assets	
Shares in affiliates due to restructuring	¥19,278 million
Allowance for doubtful accounts, in excess of tax-deductible amount:	¥800 million
Allowance for employees’ bonuses, non-tax deductible:	¥52 million
Loss on devaluation of investment in subsidiaries, non-tax deductible:	¥13,028 million
Loss on devaluation of investment securities, non-tax deductible:	¥985 million
Loss on devaluation of capital contributions for subsidiaries, non-tax deductible:	¥4,513 million
Valuation difference on available-for-sale securities	¥1,465 million
Others:	¥330 million
Subtotal deferred tax assets:	¥40,454 million
Valuation allowance:	¥(18,886) million
Total deferred tax assets:	¥21,567 million
Deferred tax liabilities	
Others:	¥(35) million
Total deferred tax liabilities:	¥(35) million
Net deferred tax assets:	¥21,531 million

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

Statutory effective tax rates:	40.4%
Adjustments	
Permanent difference (non-deductible), including entertainment expenses:	3.3%
Valuation allowance:	0.3%
Permanent difference (non-taxable), including dividend income:	(18.6)%
Difference due to change in tax rates:	8.7%
Tax credit:	(0.9)%
Others:	0.3%
Effective tax rates after application of tax effect accounting:	33.5%

6. Related party transactions

Subsidiaries and affiliates

Million yen

Type	Company	Percentage of voting rights, etc. held	Relationship with related party	Description of transaction	Transaction amount	Account item	Balance as of Dec. 31, 2011
Subsidiary	Asahi Breweries, Ltd.	100% direct ownership	Interlocking of directors	Keeping funds in deposit (Note 1)	-	Deposits received	178,388
				Assignment of alcoholic beverages business (Note 2) Total assets assigned Total liabilities assigned	 625,694 138,325	 - -	 - -
Subsidiary	AI Beverage Holdings, Ltd.	100% direct ownership	Interlocking of directors	Loaning funds (Note 3)	-	Short-term loans receivable	26,334

Terms and conditions of transaction and policy on determination thereof

Note 1. The interest rate for the deposits received is reasonably determined, taking the market interest rate into consideration.

Note 2. In accordance with the absorption-type demerger agreement entered into with the Company's wholly owned subsidiary Asahi Breweries, Ltd. (hereinafter, the "Successor Company") pursuant to the resolution of the Board of Directors dated February 8, 2011 in order to transition to a pure holding company structure, the alcoholic beverages business of the Company was passed onto the Successor Company as of July 1, 2011. The business was assigned to keep the business objective in line with the business of the respective companies following transition to the pure holding company structure. The consideration for the assignment was determined based on a reasonably calculated value.

Note 3. The interest rate for the loans receivable is reasonably determined, taking the market interest rate into consideration.

7. Notes related to leased fixed assets

Separately from the fixed assets carried on the balance sheets, some sales-related fixtures are treated based on finance lease agreements that do not transfer ownership rights.

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

Amount equivalent to acquisition costs: ¥199 million

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

Amount equivalent to accumulated depreciation: ¥165 million

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

Amount equivalent to prepaid lease rents: ¥36 million

8. Per share information

(1) Net assets per share: ¥1,119.04

(2) Net income per share: ¥46.92

9. Other notes

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

(2) Demerger due to adoption of the pure holding company structure

A. Assets and liabilities passed on to the successor company in the absorption-type demerger and acquisition cost pertaining to the shares of subsidiaries purchased by the Company

Million yen

	Asahi Breweries, Ltd.
Assets	625,694
Liabilities	138,325
Valuation difference on available-for-sale securities	1,066
Acquisition cost of shares of subsidiaries	464,268

B. Summary of the accounting procedure implemented

The demerger was accounted for as stipulated in "Accounting Standard for Business Combinations: Common Control Transactions – Accounting Procedures for Non-consolidated Financial Statements".

The divestiture did not result in goodwill.

AUDIT REPORT

Accounting audit report on consolidated financial statements

INDEPENDENT AUDITOR'S REPORT

February 7, 2012

To: The Board of Directors
ASAHI GROUP HOLDINGS, LTD.

KPMG AZSA LLC

Hiroyuki Sakai (Seal)
Designated Limited Liability and Engagement Partner
Certified Public Accountant

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

Hirotaka Tanaka (Seal)
Designated Limited Liability and Engagement Partner
Certified Public Accountant

In accordance with the provisions of Paragraph 4, Article 444 of the Companies Act, we have audited the consolidated financial statements of ASAHI GROUP HOLDINGS, LTD. (formerly Asahi Breweries, Ltd.; the "Company") for the fiscal year from January 1, 2011 to December 31, 2011. 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.

Accounting audit report on non-consolidated financial statements

INDEPENDENT AUDITOR’S REPORT

February 7, 2012

To: The Board of Directors
ASAHI GROUP HOLDINGS, LTD.

KPMG AZSA LLC

Hiroyuki Sakai (Seal)
Designated Limited Liability and Engagement Partner
Certified Public Accountant

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

Hirotaka Tanaka (Seal)
Designated Limited Liability and Engagement Partner
Certified Public Accountant

In accordance with the provisions of Item 1, Paragraph 2, Article 436 of the Companies Act, we have audited the financial statements of ASAHI GROUP HOLDINGS, LTD. (Asahi Breweries, Ltd.; the “Company”) for its 88th fiscal year, the period from January 1, 2011 to December 31, 2011. 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 AUDITORS

The Board of Auditors has prepared the following report based on the audit reports prepared by individual Corporate Auditors related to the Directors' execution of their duties during the 88th fiscal year, the period from January 1, 2011 to December 31, 2011, after due discussions and consultations among the Corporate Auditors.

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

(1) The Board of Auditors determined the audit policies and division of duties, and received reports from each Corporate Auditor regarding the status and results of the audits, as well as reports from the Directors and Independent Auditor on the execution of their duties, and requested explanations of those reports when necessary.

(2) Each Corporate Auditor sought to achieve mutual understanding with the Directors, sections in charge of internal audit and other employees, and strove to collect information and create an audit environment in accordance with the audit policies and division of duties based on the audit standards established by the Board of Auditors. The Corporate Auditors also attended meetings of the Board of Directors and other important meetings, received reports from Directors and other employees regarding the execution of their duties and requested explanations when necessary, reviewed documents related to important decisions, and inspected the operations and property of the head office and other locations. With respect to "the development of systems necessary to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation (internal control systems)" (Item 6, Paragraph 4, Article 362 of the Companies Act and Paragraph 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act) that is included in the Business Report, the Board received reports regularly from Directors and other employees regarding the status of the establishment and implementation of the systems, sought additional explanations as necessary and expressed opinions thereon. As regards "the basic policy and measures concerning the persons responsible for controlling decisions pertaining to the Company's financial affairs and business policies" (Item 3, Article 118 of the Ordinance for Enforcement of the Companies Act) included in the Business Report, based on discussions with the Board of Directors and other parties. With respect to subsidiaries, the Corporate Auditors took steps to facilitate communications with the directors and corporate auditors of subsidiaries and, when necessary, received reports from subsidiaries on the status of their businesses. Using the foregoing methods, the Corporate Auditors reviewed the Business Report and the supporting schedules thereto for the fiscal year under review.

(3) The Board of Auditors oversaw and verified that the Independent Auditor maintained its independence and carried out appropriate audits, moreover, and received reports from the Independent Auditor regarding the execution of its duties and requested explanations when necessary. The Board also received notifications from the Independent Auditor to the effect that "a system for the maintenance of appropriate execution of duties" (included in Article 131 of the Corporate Calculation Regulations) in accordance with the "standards for quality control of audits" (Business Accounting Council; October 28, 2005), and requested explanations when necessary. Based on the above activities, the Board of Auditors examined the financial statements (Balance Sheets, Statements of Income, Statements of Changes in Net Assets, and notes to those statements), supporting schedules, and the consolidated financial statements (Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Changes in Net Assets, and notes to those statements) for the business year under review.

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, content of the Business Report regarding the internal control systems and the execution by the Directors have 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 in the Business Report is appropriate. We acknowledge that the measures implemented to achieve this basic policy are consistent with the basic policy, will not harm the common interest of the Company's shareholders, and serve the purpose of maintaining the positions of the Company's executives.

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

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

(3) Results of the audit of consolidated financial statements

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

February 8, 2012

Board of Auditors
ASAHI GROUP HOLDINGS, LTD.

Yoshifumi Nishino (Seal)
Standing Corporate Auditor

Yukio Kakegai (Seal)
Standing Corporate Auditor

Takahide Sakurai (Seal)
Outside Corporate Auditor

Naoto Nakamura (Seal)
Outside Corporate Auditor

Tadashi Ishizaki (Seal)
Outside Corporate Auditor

Asahi